

SETTING THE STAGE FOR SUCCESS:

Building the Leadership Skills that Matter

By J. Evelyn Orr and Kathleen Sack

How will you focus your organization's leadership development efforts in the areas that matter most?

Our research suggests that some leadership skills are emerging as even more important.

The current economic environment has ushered in new expectations for leaders – from increased scope of responsibility to heavier workloads to making decisions in more ambiguous conditions. Have these different expectations affected the set of skills that make a great leader? In this paper we will explore whether certain leadership competencies are increasing or decreasing in importance and skill level in the current economic climate. In addition, based on our analysis of the data, we will provide a perspective on the leadership skills that could matter most for leadership development in the coming year.

The recent turbulence in the marketplace has shaken things up in many organizations. It's worth paying attention to the noticeable shifts that have occurred. Leaders who were previously successful with their approach may be finding that they need to alter how they lead to get results in this new environment. In general, leadership skills that always have been important are still important today. However, our research suggests that some leadership skills are emerging as even more important. With limited time and resources, how will you focus your organization's leadership development efforts in the areas that matter most?

A SNAPSHOT IN TIME

If we were to take a snapshot of leadership during this uniquely challenging economic climate, what would we see? The 2009 Leadership Architect® Global Normative Study focuses on data collected over a one year period, from April 2008 through May 2009 (Dai, Tang, and De Meuse, 2009). During this time period, 7,575 leaders across regions, industries, job functions and levels were rated on *skill* for the 67 Leadership Architect® competencies in the VOICES® 360° multi-rater survey. For 6,155 of those leaders, raters also assessed *how important* the leadership competencies are for success in their job.

Overall, leaders' *skill* levels have remained fairly stable when we compare the rank order in this study to past normative studies from 2006 ($r=0.97$) and 2003 ($r= 0.94$). *Importance* ratings are also fairly stable when compared with 2006 ($r=0.98$) and 2003 ($r= 0.94$).

However, several key themes emerge when we take a closer look at how leadership competencies have shifted in rank order – both in terms of skill level and perceived importance. Noting the competencies that show an increase or decrease in rank order compared to the 2003 normative study gives us a sense of the changing landscape. Specifically, we can see which

competencies raters perceive to be even more important today. But that does not provide us with the total picture.

Eichinger and Lombardo (2002) state that raters accurately predict the competencies critical to success about 60% of the time. The margin of error needs to be addressed with another set of data. Research conducted at Lominger has defined a core set of leadership competencies that correlate with performance and potential. Furthermore, the competencies most related to performance and potential vary by level. In other words, what matters most for an executive is often different from what matters most for an individual contributor. Combining what we know about the competencies raters perceive to be important as well as the competencies our research links to performance and potential provides us with a more complete analysis of what leadership skills matter most. Before we dive into the specifics for the executive, manager, and individual contributors levels, let us first review our findings at a high level.

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The data reveal that some leadership skills are increasing in importance and leaders' skill level is keeping in step. Leaders are proving themselves to be master problem solvers during these tough times. They seem to be willing to encounter and learn from challenges and high stakes situations. And they appear to recognize the importance of bringing others along as they lead people through tough situations in a determined and courageous way.

Our research indicates that other critical leadership skills are either undervalued or low in skill. Leaders are lacking a creative spark – the ability to incubate new ideas that could transform the business landscape. Creativity and Innovation Management* are being drowned out by the play it safe, hunker down in a crisis, risk averse mode of operating. Along with the lack of creativity, there seems to be a lack of inspiration. Leaders are not helping employees focus on why what they are doing matters. Of course, employees are appreciative to have a paycheck. But as the job market opens up, it will take more than benefits and compensation to motivate employees to stay. In a recent poll, 65% of senior executives were “highly” or “very highly” concerned that high potentials and leadership will leave once the economy turns (Billington and Korver Swanson, 2009). How leaders begin to engage and inspire the organization can head off a potential brain drain.

**Note: Leadership competencies capitalized throughout the paper are from The Leadership Architect® library of competencies (Lombardo and Eichinger, 2009).*

Overall, importance ratings show an increased emphasis on the ability to operate the business and execute work effectively in a challenging environment. Complex decision making and innovation show a decrease in importance ratings. Getting the work done by developing others, carefully tracking progress, and managing resources and processes efficiently have all increased in importance. However, it's not just about execution, there is increased emphasis on leaders' ability to be courageous and manage conflict – all while remaining patient, approachable team builders. Sounds like a tall order.

FOCUSING LEADERSHIP DEVELOPMENT EFFORTS

So, what leadership skills need immediate attention? Let's take a closer look at how you can focus leadership development efforts for executives, managers, and individual contributors.

As discussed earlier, leadership competencies that correlate with performance and potential may or may not be perceived to be important - sometimes they are overlooked and undervalued. People may not immediately buy into the value of these competencies. They are hidden gems. Other leadership competencies are already recognized as highly important. Raters have ranked them in the top third. No convincing is required to get people on board with the importance of these skills.

Address strengths and weaknesses for important leadership skills that may or may not be seen as important by the organization.

Skill level varies for competencies deemed to be important by research, raters, or both. Competencies rated low in skill are in low supply in the general population. These are the competencies that will differentiate an individual and create competitive advantage for an organization. It may be tempting to rest easy on the leadership competencies that show up in the top third of skill ratings, however, if importance is increasing, or if skill is slipping slightly, these areas require some attention.

The table below illustrates how you can address strengths and weaknesses for important leadership skills that may or may not be seen as important by the organization.

Important Leadership Skills

SKILL	Higher	<p>Untapped Strengths</p> <p>Leaders possess these strengths which correlate with performance and potential, but many people don't perceive these skills to be important. Raise awareness and leverage these valuable skills.</p>	<p>Leveraged Strengths</p> <p>Leaders are strong and need to maintain or improve their competence in these increasingly important skills. Build on these strengths.</p>
	Lower	<p>Hidden Differentiators</p> <p>If we took the time to value and develop these skills, leaders could stand out from the crowd and create competitive advantage for the organization. Get buy-in and develop these differentiators.</p>	<p>Known Differentiators</p> <p>These skills are increasingly important, but leaders are low or average in these areas and need development. Develop these differentiators.</p>
		Important but Undervalued...	Important and Valued...
IMPORTANT			

BUILDING THE LEADERSHIP SKILLS THAT MATTER FOR EXECUTIVES

How are executives doing overall? As we would suspect, their skill ratings are higher than those of managers or individual contributors. That's good news for those of us who want to trust and follow the leaders in our organization. The other good news is that the executive skill set appears relatively well matched to the job. To judge the degree of alignment between skills and the job, we looked at low, middle, and high skill ratings and mapped those to low, middle, and high importance ratings. Over 57% of the time (38 out of 67 competencies) executives' level of skill matched the level of importance. For example, Problem Solving was rated high in importance and high in skill whereas Personal Disclosure was rated low in importance and low in skill. What about the other 29 competencies where the skill level is not perfectly matched to the degree of importance? Let's take a closer look at where to focus executive leadership development.

Executive skill ratings are higher than those of managers or individual contributors and executives' skill set is relatively well matched to the job.

Executives: Important Leadership Skills

SKILL	Higher	Untapped Strengths Learning on the Fly	Leveraged Strengths Dealing with Ambiguity Decision Quality Perspective Problem Solving
	Lower	Hidden Differentiators Creativity Innovation Management	Known Differentiators Managerial Courage Managing Vision and Purpose Motivating Others
		Important but Undervalued...	Important and Valued...
IMPORTANT			

Leveraged Strengths

The increased importance of Problem Solving and Decision Quality is a testament to how people are looking to executives for leadership in tough times. Executives are expected to find solutions, provide decisive direction in a crisis, and tackle challenges with fervor. Problem Solving skills are strong and trending up. On the other hand, Decision Quality, while still ranked in the top third of executives' skills, has decreased in skill. Complementing decision making with other skills such as Problem Solving and Perspective can help leaders avoid poor judgment.

People are looking to executives to find solutions, provide decisive direction in a crisis, and tackle challenges.

Two emerging strengths for leaders that are increasingly important are Dealing with Ambiguity and Perspective. Taking a broad view of an issue, projecting it into the future (even though the future is more uncertain than ever), and taking action without the total picture is a daily requirement for most executives. These skills are moderately hard to develop, but with all the practice of late, executives are showing improvement.

Known Differentiators

As mentioned above, leaders seem to be courageously facing up to problems. For executives, Managerial Courage is highly important and moving up in rank order, while skill is average and trending up. Getting executives to speak up about and deal with things that are not going well will be critical to getting the business back on track.

A very strong theme in the data is the need for executives to inspire people. If a leader can frame up the mission and vision for the organization, articulate how people's activities or skills fit into that picture, and engender trust and hope in ambiguous times, then employees will be more engaged and more likely to expend extra effort to achieve the organization's goals. Raters have cast their vote and Managing Vision and Purpose is among the most important skills for executives but remains low in skill. Motivating Others, already low in skill, has dipped 8 spots in rank order of skill. If there is one area that leaders need to focus on, this is it. And for organizations that fear losing talented employees once the recovery begins, the sooner leaders begin to inspire them, the better.

Untapped Strengths

People see that executives are strong in Learning on the Fly, but they do not see how it contributes to success. Being open to change, willing to experiment, and eager to learn from new experiences may be undervalued but it is correlated with performance and potential. Learning on the Fly is the difference between being stumped, frustrated, or bailing out versus being solution-oriented when faced with a seemingly insurmountable problem.

Hidden differentiators

Creativity and Innovation Management are two skills that we know correlate with high performance, but these have decreased in both skill and perceived importance since 2003. In order to be competitive, it's time to move out of crisis management and begin to value innovation and the creative process once again. These skills won't be luxuries – they will be critical success factors and possibly a matter of survival for organizations in the next couple of years.

BUILDING THE LEADERSHIP SKILLS THAT MATTER FOR MANAGERS

For managers' leadership competencies, the level of skill aligns with the level of importance 51% of the time. This suggests that there is some room for improvement. Managers are transitioning from doing the work themselves to getting results through others which requires a lot of new skills. Many of managers' development opportunities are concentrated in the themes of Getting Work Done Through Others, Dealing with Trouble, and Inspiring Others.

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Managers: Important Leadership Skills

SKILL	Higher	Untapped Strengths Self-Development Time Management	Leveraged Strengths Action Oriented Business Acumen* Ethics and Values Perseverance
	Lower	Hidden Differentiators Creativity* Perspective*	Known Differentiators Building Effective Teams Command Skills* Conflict Management Decision Quality* Developing Direct Reports and Others Managing Vision and Purpose* Motivating Others*
		Important but Undervalued...	Important and Valued...
Important			

* Develop now to prepare for executive level roles.

Leveraged Strengths

Taking initiative, having strong business sense, and an unwillingness to give up are sought after skills at the manager level. These are among managers' top skills, and any increase in these skills will help managers continue to meet and exceed expectations. Action Oriented, Business Acumen, and Perseverance are ranked higher in importance by 7, 12, and 5 spots respectively.

Deepening awareness of personal and corporate ethics and values will enable managers to make decisions and take actions in a consciously principled manner. It is increasingly important that managers model ethics and values to reinforce the organization's standard of conduct. To be considered talented in this area, managers need to be able to deal with close calls or paradoxical issues as well as speak up when they notice anything inconsistent. Ethics and Values rose in rank order of importance by 14 spots at the manager level.

Managers need to develop the ability to inspire others for success in their current role – and it's even more important as they move to the executive level.

Known Differentiators

In times of uncertainty and dwindling resources, keeping employees engaged, motivated, and working together to accomplish business objectives is increasingly important. Managers have a lot of work to do in this area. Motivating Others, Managing Vision and Purpose, and Building Effective Teams are all ranked high in importance but are among the low end of managers' skills. Managers need to develop the ability to inspire others for success in their current role. Moving to the executive level, the importance of these skills only increases.

Command Skills and Conflict Management have both increased in importance. Some might say that being able to take the heat, take unpopular stands, and deal directly with conflicts are innate qualities or depend on an individual's personality. But these skills can be developed. Managers are average and improving in their ability to lead in a crisis, face adversity and facilitate tough debate. Managers need more practice managing conflict, however. The ability to address conflict directly and use it as an opportunity to facilitate productive dialogue and find common ground is something that can be taught and learned.

Decisions are made today with more ambiguity and higher stakes. Making quick decisions showed a slight decrease in importance while skill remained static. Decision Quality, on the other hand, was rated highly important but decreased in skill (by 11 spots). Managers who master balancing decision making so that it is both speedy and sound will have found the golden ticket.

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Developing Direct Reports and Others continues to be one of the lowest ranked skills. It's not hard to make a case for improving this – managers who develop people fuel the talent pipeline for the entire organization.

Untapped Strengths

Self-Development correlates with performance and potential at the manager level though it is not perceived to be important. Being skilled at Self-Development involves a strong commitment to self-improvement and active effort toward using strengths and making up for weaknesses. Managers tend to be average at this, and we know that it is moderately difficult to develop. However, the simple act of acknowledging the value of Self-Development can provide managers with more opportunities to put this critical skill into practice.

With resources diminished and expectations for productivity increasing – managers will have to leverage their ability to manage time and set priorities.

Taking a broad view and drawing on a variety of topics to pull together something new and original would create competitive advantage.

Remember, individual contributors are future leaders of the organization – start developing them early in areas that will continue to be important as they move up in the organization.

Time Management is considered important by raters, but both importance and skill have dropped since 2003. Currently, managers are compensating by compromising their work/life balance (this skill has decreased in rank order by 26 spots). With resources diminished and expectations for productivity increasing – managers will have to leverage their ability to manage their time and set priorities.

Hidden differentiators

Taking a broad view and drawing on a variety of topics to pull together something new and original are skills that would provide competitive advantage to an organization. Both Perspective and Creativity are undervalued at this level, and managers' ability to be creative has slipped by 12 spots in rank order of skill. Understandably, managers have been heads-down and focused on the short-term tactical picture lately. But it's time to look up and look around to spark ideas for the next innovative idea or product.

BUILDING THE LEADERSHIP SKILLS THAT MATTER FOR INDIVIDUAL CONTRIBUTORS

Providing some leadership development for individual contributors can be a critical component to an organization's learning and development and succession strategies. Remember, individual contributors are future leaders of the organization – they just happen to be in the early stages of their career, or for seasoned professionals, they just happen to not have direct reports at the moment.

Individual contributors' skill set is a 45% match to what's critical for their role. One encouraging finding is that individual contributors are rated at least moderate to highly skilled at competencies that are highest in importance. There's plenty to work on, however. This is the talent pool of individuals who will be taking on leadership roles with fewer years of experience than their predecessors. Start developing them early in areas that will continue to be important as they move up in the organization.

Individual Contributors: Important Leadership Skills

SKILL	Higher	Untapped Strengths Creativity*	Leveraged Strengths Action Oriented* Drive for Results* Ethics and Values* Perseverance* Process Management*
	Lower	Hidden Differentiators Sizing Up People Managing Vision and Purpose*	Known Differentiators Business Acumen* Conflict Management* Informing Motivating Others* Organizing* Planning Strategic Agility*
		Important but Undervalued...	Important and Valued...
Important			

* Develop now to prepare for manager and executive level roles.

Leveraged Strengths

Individual contributors make a strong showing in the area of Energy and Drive. They don't hesitate to take action, they persevere when it would be easier to give up, and they are focused on getting results. On top of it all, they're doing a great job of Process Management (which increased in both importance and skill) by efficiently coordinating resources and work flow.

Individual contributors are expected to be very skilled in Ethics and Values, which rose 20 spots in rank order of importance. Similar to managers, they need to clarify and be conscious of their personal values as well as the values of the organization. The ability to state the values and standards they hold will enable them to apply them and speak up in situations that need careful ethical consideration.

Known Differentiators

Where do individual contributors need to focus their development? Some areas will reap immediate benefits and other areas will benefit them later

Overall, individual contributors don't hesitate to take action, they persevere when it would be easier to give up, and they are focused on getting results.

For immediate impact, individuals should focus on thinking ahead, and scoping effort / resource requirements to accomplish specific objectives.

Individual contributors need to be even better at multi-tasking, finding scarce resources and reducing waste and re-work.

in their career. For immediate impact, individuals should focus on thinking ahead, scoping effort and resource requirements to accomplish specific objectives, and providing the right information at the right time to people who need to know. Planning and Strategic Agility are important, but skill level is sliding and needs to be shored up. Informing has jumped up 16 spots in importance since 2003 which could be related to the fast-paced but ambiguous environment in which we are all operating.

Motivating Others or influencing without authority is important for individual contributors and continues to be important at higher levels in the organization. And yet, all levels are weak in this area. So, perhaps focusing on the development of this differentiating competency early will change the result later on when this group takes on manager and executive roles.

Organizing is trending up in skill, but the level of skill doesn't quite match the degree of importance for this competency. Doing more with less has become a way of life. Organizing is correlated with high performance at all levels, so it makes sense for individual contributors to improve their ability to multi-task, find scarce resources and reduce waste and re-work.

Other skills that increase in importance over the course of an individual's upwardly mobile career include:

- Business Acumen (increasing in importance but trending down in skill and correlated with performance at the executive level)
- Conflict Management (increasing in importance and correlated with performance at the manager level)

Addressing these with development plans now will ensure that individuals seek out and learn from the experiences that test and build the skills that contribute to future success.

Untapped Strengths

For individual contributors, Creativity is again under-valued as it is at the executive and manager levels. In fact, Creativity has dropped 32 places in rank order of importance. Knowing that it correlates with performance and potential across all levels creates a compelling case to build awareness and appreciation for this skill in the organization and find ways to encourage the generation of new ideas.

Hidden differentiators

Sizing Up People correlates with performance and potential at this level,

but individual contributors are not skilled at observing people's strengths and weaknesses or predicting how people will perform in various situations. Noticing people's particular styles and talents can help individuals navigate the differences in order to get the best results. Moving the needle on this skill will help individual contributors leverage colleagues' diverse talents to get valuable work done.

Another differentiator to focus on developing is Managing Vision and Purpose. We're not suggesting that individual contributors create the vision, rather that they thoroughly understand the vision, embrace it, and link their work to the broader purpose. Strong ability in this area will enable individual contributors to ask the right questions, think critically about their deliverables, and offer better ways to achieve the results the organization is after.

Individuals who link their work to the broader organizational purpose can offer better ways to achieve the results the organization is after.

WHAT YOU CAN DO

In a recent poll, talent management professionals were asked which trends they see as the greatest challenge to their talent acquisition efforts (Hallenbeck and Connell, 2009). The top three responses were:

- #1 Internal resources will continue to be stretched thin.
- #2 Keeping the talent we need will be a challenge.
- #3 The requirements for success have changed.

These challenges apply not only to acquiring and placing the right talent but also to developing talent. How can you adjust your leadership development approach in light of these challenges? We've identified seven key approaches to consider as you implement your leadership development strategy.

How can you adjust your leadership development approach in light of the current challenges?

Clearly state the company's expectations

Take the time to articulate what is necessary for success and what is valued. Providing leaders with the language to describe the target skill set will help them reflect on what they're doing well and where they're falling short. Making the target visible will help shape the company culture, give people a way to seek feedback, and set them up for success. If you already have success profiles or competency models in place, review and refresh them to reflect the current reality of what makes people successful.

Articulate what is necessary for success – it will help shape the company culture and people's behavior.

Focus your development investment

Budgets require us to look for alternatives to the traditional approach to training and development. With time and money in scarce supply, re-evaluate the dollars and hours spent on classroom training for specific skills. Consider

Create development initiatives that become a natural part of employees' work day.

providing some structure and support around development initiatives that become a natural part of employees' work day. This could include development conversations with managers, mentor assignments, action learning opportunities, or thoughtfully matching employees to projects and explaining why. Whichever approach you pursue, ensure that developing talent is not eclipsed by the organization's focus on surviving the downturn.

Keep development relevant

No one has time for anything that isn't going to help them do their job better or faster *today*. Make sure that you provide skill building opportunities that are just-in-time for on-the-job application.

Tailor development to the individual

Let the individual seek out what they need when they need it. This is a pull model. What's available if someone calls up with a need? Will you have a resource to point them to? How will you position yourself as an invaluable business partner who can support their development?

Frame work as development

Research strongly suggests that 70% of development comes from experiences where there is something at stake, where success matters. Leaders are facing challenges today that are likely taking them out of their comfort zone. The current economic climate provides a work environment rich with development potential. Help people see that and what's in it for them.

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Watch out for overload

Challenging experiences and assignments are developmental, but when do they reach the point of diminishing returns? If leaders sense that support and empathy are non-existent, the burn out factor becomes very real. Optimum learning happens when the challenge is just beyond the grasp of the learner... not when it's a sink or swim assignment that is 10 steps beyond the person's capability.

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Be proactive

Business cycles are well documented. We know that there will be boom and bust, so don't get caught off-guard. Build your organization's resiliency by developing leaders who can handle different economic environments. It may be tempting to call upon seasoned leaders who have successfully navigated through a similar crisis, but consider strategically placing high potentials in high stakes situations. Providing real development opportunities will build your organization's bench strength and help ensure long-term success.

The bad news / good news story is that the very experiences that make work stressful (high risk, high stakes, the possibility of failure) are the same experiences that develop leadership skills. Carefully frame high stakes assignments as opportunities for employees to develop their leadership skills. Provide a place where leaders can try things out, learn, watch reactions and interactions, develop theories and test them. This approach will build the skills and confidence to prepare them for the next level of leadership. Albert Einstein said, "I never teach my pupils. I only attempt to provide the conditions in which they can learn." By leveraging the challenges you're facing in the recession and recovery, you can create the conditions that will build the leadership skills that matter most for the future.

*I never teach my pupils.
I only attempt to provide
the conditions in which
they can learn.
– Albert Einstein*

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About Korn/Ferry International

Korn/Ferry International (NYSE: KFY), with more than 90 offices in 40 countries, is a premier global provider of talent management solutions. Based in Los Angeles , the firm delivers an array of solutions that help clients to identify, deploy, develop, retain and reward their talent.

About Lominger

Founded in 1991 by Robert W. Eichinger, Ph.D. and Michael M. Lombardo, Ed.D., Lominger produces a suite of competency-based leadership development resources for individuals, teams, and organizations. In August 2006, Lominger joined the Korn/Ferry International family of companies.

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