Identifying and Retaining Leadership Talent

White Paper

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Abstract: Identification and retention of talented leaders are fundamental to the success and stability of any organization. The financial burden of lost leadership can reach into the millions, depending on the organization and lost position, but the costs can be even higher as it affects the team morale, operations, and future strategy. Thoughtful selection and the development and retention of individuals in leadership roles is essential to the overall success of the organization. This paper describes key characteristics of quality leaders. Through a case study, readers will learn the process for placing and retaining the optimal candidate to ensure the ever-increasing success of the organization.

Keywords: leadership, recruitment, learning agility, retaining talent, learning leader, change alacrity, environmental mindfulness, drive to excel, interpersonal acumen, cognitive perspective, self-insight, feedback responsiveness.

Introduction

Today's business leaders in every industry find themselves in a sobering state of affairs due to a leadership deficit. The complex tasks related to managing the global enterprise are creating significant needs for effective leadership. However, according to a recent survey of 200 companies, only 17% of executives were satisfied with their organization's capacity to identify individuals with the talent to move the company forward.[i] Another study from 2011 found that 50% of managers who are identified fail.[ii] Nevertheless, organizations continue to search and spend large amounts of resources to hire and retain the leaders they desperately need. The reasons are many for this state of affairs. Here are but a few:

- Executives are too busy to focus on talent.
- Recruitment is not fully integrated into the business.
- Effective leadership is not well defined.

So, what can an organization do when facing this situation? There are three essential pillars of development that all organizations must consider in talent searches and retention initiatives.

Knowledge and Skill Set

First, ask the question, "Does the individual have the knowledge and skills necessary to lead?" While it is important to identify the content-based skills and technical expertise, it is just as important to determine the individual's capacity to influence others, such as leading teams and managing complex tasks.

Professional Experience

The second question is, "What practical experience does the individual have in putting these skills to use? Has the individual been effective in a variety of contexts that reflect cultural

diversity and different types of business settings? Examine the individual's prior history of taking risks and the capacity and willingness to stretch professionally. These examples signal their sense of curiosity, courage, and willingness for creativity and innovation.

Predicting Future Performance

Even though the individual's knowledge and skill set and professional experience are typically documented on the individual's resume, reviewed by the search team, and discussed through lengthy interviews, it is often tough to determine their ability to perform in the future. Therefore, it is also essential to go behind the scenes and develop a clear understanding of what makes the individual tick. This estimation can be accomplished by administering a set of diagnostic assessments to determine the individual's leadership, communication and behavioral styles, emotional well-being, along with their learning agility. Learning agility, which is an individual's desire and ability to learn concepts and skills as well as their adaptability to new contexts, recently has been recognized as a key to effective leadership and is essential to the overall success of the organization.

Case Study

The CEO of a medium-sized, global company orchestrated a review process to replace the retiring President of a highly profitable division of his organization. The review process was conducted over a nine-month period because the President was retiring with notice. We designed a multi-faceted diagnostic assessment for six internal candidates that included the Hogan Leadership Series, Decision Styles, and Learning Agility. Ultimately, the assessments resulted in individual profiles of the candidates across the following dimensions:

- Strategic reasoning
- Tactical problem-solving
- Operational excellence
- Results
- Talent management
- Collaboration
- Strategic awareness
- Tenacity
- Judgment

The results of the three assessments were summarized in a 12-page Executive Summary Report that provided the CEO and retiring President with a written debriefing, a comparative color-coded chart, and a set of recommendations. What was particularly fascinating about the written findings and the verbal debriefing was the emphasis on the factors related to Learning Agility. While the other instruments provided valuable information, the CEO and retiring President found the information on Learning Agility to be most insightful as it provided clear distinctions

among the candidates and meaningful data on the leadership style of the incoming President. Specifically, the Learning Agility instrument measured the following:

- **Interpersonal Acumen**: how the individual interacts effectively with a diverse group
- **Cognitive Perspective**: the degree to which the individual thinks critically and strategically
- **Environmental Mindfulness**: the level to which the individual is fully aware of his or her external surroundings
- **Drive to Excel**: the extent to which the individual is motivated by challenges
- **Self-Insight**: how accurately the individuals understand themselves and their capabilities
- **Change Alacrity**: the person's level of curiosity and willingness to learn new ideas
- **Feedback Responsiveness**: how well the individual solicits and listens to feedback

The professional literature on executive leadership provides us with ample evidence of the dimensions of effective leadership. As early as 1988, a study conducted by McCall, Lombardo, and Morrison noted that a key component for executive success was the ability to learn from past experiences and to utilize this knowledge to solve new problems.[iii] Since 2011, research teams led by Robert Hogan have identified the components of effective leadership, as well as the characteristics of a derailment, both of which provided insight into how executives adapted and responded to stress.[iv] Similarly, in 2010, De Meuse, Dai & Hallenbeck expanded the notion of understanding leadership behavior coining the term "learning agility."[v] According to these authors, "learning agility" describes the individual's capacity to take what they have learned over time and apply this knowledge to new and challenging situations. This research team further determined that a person's agility is often related to his or her role in the organization. For example, to be an effective CFO, it is acceptable to demonstrate "functional agility", which is a thorough understanding of finance. However, Presidents who are responsible for assuring profitability across the entire organization need to show high levels of "learning agility" across several of the factors listed above and demonstrate the capacity to learn and solve problems in real time.

The CEO in our case study realized that his company was operating in a highly competitive environment with a wide array of challenges involving operations, sales, and R&D in a global landscape that required levels of analyzing problems from multiple perspectives. Given that the retiring President's business operated in 23 countries, his workforce was highly diverse. This factor meant that to be effective, the future candidate must demonstrate high levels of learning agility, particularly in the areas of Change Alacrity, Environmental Mindfulness, Drive to Excel, and Interpersonal Acumen. Before making the final selection, the CEO and the incumbent President considered the results of all of the assessments. However, in the end, they were most interested in the levels of learning agility.

An organization does not need to operate globally to require its leaders to be agile, continuous learners. The need for agility depends on the level of *complexity* that each leader must face each

day. Understanding and productively managing the level of organizational complexity demands that leaders must be open to the challenges and opportunities of the day, listen to those around them, learn from new input, and respond with a fresh perspective. Leaders with a high degree of learning agility create cultures that attract and retain talent. Leaders with high learning agility surround themselves with curious minds who examine problems from multiple perspectives before making final decisions. In 2001, Jim Collins stated that effective Level 5 leaders demonstrated high levels of humility and an awareness of their environment that is not based on their egos but on the greater good inside and outside the organizations they serve. While Collins did not use this language, these Level 5 leaders obviously had high levels of learning agility.[vi]

Identifying and retaining talent requires a leader who learns. All learning leaders have a clear understanding of themselves and what makes them tick, and they display this self-awareness authentically and openly with others each day. If they know something, they say it. If they don't, they ask questions until they do. Learning leaders understand themselves, and they understand the importance of culture. When you have a leader who is a learner in your group or, more importantly, one who is responsible for leading the entire organization, you have someone who is in tune with what is important to the team, whether it is in skill building, values, engagement, or growth. They know because they are in the learning mode every day, and they build the culture accordingly.

This initiative demands that the leaders spend the time and energy to explore and reflect on the experiences that have brought them both successes and failures, and then they must develop an honest understanding of who they are as individuals and leaders of others. They need to look in the mirror and admit what they see. As the case study indicates, the potential leaders of the business unit embarked on an array of assessments with feedback to provide an understanding of what makes them tick today based on their skill sets, experiences, and potential for the future. They embraced the discovery process. Learning leaders understand the importance of the assessment process. They undergo a type of mini-review through feedback each day and through reflection gained from the experience. They know through humility that opening the door to learning is their best shot at success.

Much of this process is self-directed and driven by the internal motivation of the leader.

Learning can be a messy business with many ups and downs, obstacles, and vulnerabilities along the way, which is often the reason leaders do not venture into the assessment realm. Self-introspection requires humility and internal drive to learn from feedback and experience, and it can be painful. Some leaders prefer not to know the unfavorable information, and, consequently, they rely on shields, barriers, and defense mechanisms to avoid the adverse reports. The learning initiative has no pathway to run with such leaders. This type of leadership can be devastating to the culture and those in it. Here, the CEO understood this fundamental

point and again looked at the Learning Agility scores, together with the entire assessment suite, for factors in each candidate's makeup.

SUMMARY

It is important, therefore, to have a clear understanding of who this leader is in terms of their capabilities and potential before making the decision to hire, develop, or retain him or her. Skills, experience, and exposure alone are not sufficient. It is also essential to understand the personality makeup and how the individual would operate in the culture or environment as a leader. Does he or she have the internal drive and motivation for learning? Can the candidate admit what he doesn't know and show humility in front of the staff? Is the individual able to be reflective? All of these questions are fundamental for those who engage and lead with a learning mindset.

In summary, the cost of losing key talent is high and can reach into the millions, depending on the organization and lost position.[vii] In addition to the financial burden lost leadership imposes, the costs is even higher as it affects the team morale, operations, and future strategy. Therefore, thoughtful selection, as well as the development and retention of individuals in leadership roles is essential to the overall success of the organization.

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