The 2010 Leadership Development Conference
Developing Agile, Resilient Leaders for a VUCA World

As a community of business leaders, The Conference Board convenes senior executives to share cutting-edge ideas and best practices. These Conference KeyNotes summarize the discussions held by approximately 160 senior executives that attended 2010 Leadership Development Conference in New York, NY in May 2010. The views expressed are those of the presenters and participants of the conference.

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- Leaders in a VUCA world need new skills
- Prepare leaders to lead
- How to create a modern leadership development program
- Technology transforms leadership development

Benchmarks Page 7
- Investment in leadership development includes formal classes, blended learning, and job experiences
- Organizations are worried about/have plans to address talent retention
- Social media is used in learning but more value can be gained with increased usage
- It is important to integrate leadership development with talent management

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What conference participants plan to do differently
- Strategy
- Programs
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KEY ISSUES

The traditional ways of developing leaders will not necessarily work in today’s VUCA (volatile, uncertain, complex, and ambiguous) business world. Globalization, economic uncertainty, and changing regulatory issues are forcing companies to change the way they do business. As a result, they need to change the way they prepare their leaders. When companies align learning with business results and make the learning process experiential, they gain a competitive advantage. Development programs that integrate technology and social media prepare leaders for the changing marketplace.

Leaders in a VUCA World Need New Skills

Effective leaders in a VUCA world pick up new ideas and let go of old ones that reinforce outdated mindsets and skills. When solving problems, they take into account corporate culture, innovation, technology, organizational design, employees’ ability to adapt to change, and the role of talent. And they must possess competencies that were not as important in the past.

Agility as a competency

- Large, hierarchal organizations with a long history find it challenging to develop agile leaders who anticipate market trends and quickly respond to those challenges. A visible commitment to leadership development shifts an organization from reactive to proactive.
- Leaders who demonstrate agility see opportunities before others and develop options when a threat is posed, giving their organizations a competitive advantage.
- Agile leaders reinvent themselves to lead diverse teams and deliver business results as organizations transform.
- Leaders who demonstrate agility are in high demand. Select external candidates who have demonstrated agility in past experiences.

Learn to lead globally

- Global organizations strive to have leadership teams better reflect their geographic footprint and diverse customer base. Leaders who adjust their approach and leadership style can lead organizations in a variety of geographies, economic conditions, and industries.
- Effective global leaders use their head, heart, and gut and are able to articulate where the organization is heading, connect with diverse stakeholders, and take action.
- Organizations love bold, innovative risk-takers who never make a mistake. However, making a mistake at some point is inevitable. When a leader makes a mistake without destroying value, don’t penalize him/her for it, and view it as a learning experience for leading across the globe and in times of crisis.
- To develop global leaders, a high-tech organization created a new list of competencies and experiences necessary for successful leadership across geographies. Then it created a leadership development program based on the importance of local perspectives and feedback from customers, suppliers, government, and non-government agencies. The program took place in Singapore, a key market for the company. Participants spent time with business leaders from other companies and gained new insights and perspectives on business.
- Be deliberate when you assign leaders to international assignments. Placement in foreign offices is most effective when specific development goals are identified prior to placement, and a coach is assigned to reinforce and support the individual's learning throughout the assignment. Those who work in an international role benefit by gaining an expanded perspective.
Personal resilience in a VUCA world

- Leaders build resilience when they identify workplace adversities (lack of control/information, conflict with coworkers/values, excessive workload, limited career options), understand the emotions (sadness, anxiety, anger, guilt, embarrassment) triggered by such adversities, and plan how to act differently in the future when faced with a similar situation.

- Resilience erodes when a leader jumps to conclusions, makes generalizations due to limited experience, focuses on one aspect of a situation, attributes the cause of an event to another person, assumes what will happen in the future, or expects another person to know what he/she is thinking.

- Stamina is essential in a VUCA world. Constant change, nonstop communication via handheld devices, and competition lead to stress, which can deplete energy levels and affect how leaders communicate and deliver results. When they are overworked, tired, and stressed, they are less likely to identify business opportunities, and more likely to make errors. They are also more likely to have tense relationships with coworkers, friends, and family. A large consumer products company developed a plan to build employee stamina by making health, family, and exercise a priority.

- Leaders can cut back on stress by attending only to those things aligned with their goals.

Prepare Leaders to Lead

The traditional, linear approach to leadership development does not sufficiently prepare people to lead in turbulent, uncertain times. In a VUCA world, leadership is not directly linked to the position a person holds; instead, it is linked to the number and commitment of followers. Many organizations have multiple lines of business at different stages of growth, so they need to think about developing talent like running a relay race: make sure the right person is on the track to run the leg of the race he/she is most suited for and ensure the baton is passed smoothly.

- Every level of the organization should plan for future talent needs to ensure it develops enough employees to fill future leadership roles.

- Taking a portfolio approach – a collection of business experiences and relationships – is a more effective leadership development path than the traditional linear approach. Individuals who want to move into senior leader positions should have a combination of experience, such as managing a turnaround situation, divestiture, or acquisition, as well as an international assignment. Their ability to inspire followers should also be monitored.

Lay the foundation for sound leadership

- Shareholders for U.S. businesses are interested in people strategy. A strong employment brand that retains key talent enhances financial results.

- Hire people smarter than you and develop enough employees to ensure ample talent to take over your role when you move on.

- Three key elements that develop agile, resilient leaders include: a performance-based culture that demands excellence at every level; 360-degree feedback since it produces diverse feedback on performance and behaviors from direct reports, peers, and managers; and a reward system that reinforces collaboration.

- Effective leaders create an “internal personal library” of ideas or approaches that they can access and apply whenever a situation demands a different approach, instead of relying on a cookie-cutter model or process.
Support leaders to avoid failure

- Peer rankings and performance best predict a leader’s success at the next level. Prepare incoming leaders and provide onboarding support, coaching, development plans, and structured mentoring.

- Leadership failure impacts an organization subtly. Personality characteristics that disrupt performance appear during stressful times. They erode effectiveness and relationships, as well as lead to a decrease in employee retention and engagement.

- Negative behaviors – lack of communication, delivering results without considering the impact on others, or questionable ethical decisions – that become accepted ways of doing business create a negative culture within the organization. Employees who don’t accept those behaviors become disengaged and leave.

- To mitigate the impact of a negative, disruptive culture, identify the potential for a leader to fail, measure behaviors over time, and don’t make “cultural excuses” for negative behaviors.

- Stay aware of negative behaviors, coach those who demonstrate them, and evaluate how engaged a leader’s team is in identifying possible retention issues.

How to Create a Modern Leadership Development Program

Successful leadership development programs include senior-level commitment, a robust selection process for participants, experience-based learning, training, coaching, and dedicated resources. Measure leadership development programs over time and modify them as needed.

Identify your emerging leaders

- Since the future of any organization is unpredictable, CEOs should develop a group of successors. Assess current employees for their leadership potential and create a “leader of the future” profile that defines development experiences. When a role becomes vacant, a successor can be selected from this group.

- The characteristics of high-potential talent have changed as organizations and business models evolved during the economic crisis. Identify successors by looking for employees who are collaborative, confident, supportive of those who work with and for them, and acknowledged by others as people who add value. Assess employees on both general management and technical skills.

- Leadership potential includes the ability to simultaneously execute today’s business strategy while leading transformation efforts.

- Ensure that potential leaders and the actions taken to develop them are supported across business functions.

Create experience-based and apprenticeship development programs

- Develop individuals at the organization’s lower ranks by creating peer groups based on common challenges, and take a cohort approach to build relationships.

- One high-tech company created a program to develop individuals to lead large divisions and business lines. The CEO sponsors the program and selects participants who recommend practical strategies for real business or market issues. Then the participants observe senior leaders debating and deciding on a recommendation. The company has adopted several strategies based on such participant recommendations.
Some leadership skills still need to be developed through the apprentice model – participants observe someone performing a task, and then apply what they learned so they can perform the task themselves. A large financial services firm uses an apprentice program to develop leaders who will understand the industry, manage operational excellence, and respond with sound judgment. It uses four, six-month rotations to develop skills in business fundamentals, execution, strategy, and specialization. Learning and development experiences focus on leadership practices and aptitude.

**Measure leader effectiveness**

- Use a scorecard to measure your company’s success at placing available talent in new or open roles. Hold leaders accountable when their employees are not prepared to take on more senior roles according to the succession plan.
- An increase in employee engagement indicates that leaders have taken accountability for driving the right kinds of change.
- Measure and track responses to questions regarding employee engagement on the employee satisfaction survey. Better results on the survey predict better financial results, greater revenue per capita, and employee retention. Leaders who coach and develop their direct reports score better on the survey.
- Reassess leaders periodically to be sure the most accurate information is driving development and to avoid decisions based on outdated data.

**Technology Transforms Leadership Development**

Social media and technology enhance personal connections and learning. Use these tools to accelerate leadership and team development, appeal to diverse audiences, and save costs.

- Learning technology combines instructor-led training with on-demand tools to help one do his/her job and access information supported by social media. The best “blended learning” experiences combine technology and written content through different mediums, and involve managers.
- Simulations help leaders and employees think through complex situations and see how the decisions they make and the actions they take will affect business outcomes, but without having a negative impact on the business. Gaming, video clips, and portraying concepts through visual images (example: the level of mercury in a thermometer is a visual representation for temperature) assist learning and development.
- Social media is used to conduct online interviews and give expatriates access to country information and culture when taking an international assignment.
- Technology tools increase collaboration of virtual teams, enable dispersed employees to mentor each other on a more personal level, and provide an equal platform for all employees to contribute. One large, global organization conducted virtual focus groups using social media to get input on how future leaders should be developed across the globe.
How One Company Boosts Sales Skills through Leadership Development

Emerging and existing leaders at a large, global technology and solutions firm participated in a pilot leadership development program that combined virtual classrooms, self-paced work, virtual labs, and a three-day, face-to-face training class. Now the company is starting programs in other locations and divisions using what it learned from the pilot.

The company’s leadership challenge

- If the organization wanted to retain top talent in its emerging markets, it needed to show employees how they could grow and develop. It did this, in part, by sharing the projected sales and marketplace benefits of having more qualified sales leaders in local, emerging markets.
- The stakes of leadership failure are high. When employees have access to experienced mentors and focus on developing skills, they are able to take on broader, senior roles more quickly.

How the program began

- A pilot leadership development program focused on developing the sales force in key emerging markets that had a limited local, qualified talent supply.
- The organization assessed talent against critical competencies, created communities of learning, mentored high-potential employees, and provided job and classroom experiences where participants could apply learning. For the duration of the program – four months with two months of face-to-face time – the company reduced participants’ sales quotas. Twenty senior sales leaders from the United States and Europe mentored approximately 100 sales leaders from across the globe on sales skills, relationship building, and product knowledge.
- Social media allowed participants to introduce themselves and develop relationships prior to the beginning of the program.

The results

- Participants in the program generated double the revenue of a group that did not participate in the development program.
- Ninety percent of participants said the program will improve their job performance, and 85 percent said they are better sellers as a result of the program – one of the common competencies for successful sales people is confidence.

Lessons learned

- Having strong leadership support by a sponsor with the right amount of authority and influence is critical.
- Identify success metrics before launching the program.
- Emerging leaders will only improve their skills when they are paired with highly skilled mentors.
- Take advantage of social networking tools to introduce participants prior to in-person introductions and during each learning session.
Conference participants were polled on the following questions:

**Chart 1**

How would you describe your investment in leadership development over the past year?

- 47% All of the above
- 19% We have increased our formal in-class learning programs
- 16% We are relying more heavily on blended learning approaches
- 11% We are trying to embed learning into everyday work instead of taking our talent off the job
- 7% We have cut back on leadership development

**Chart 2**

How worried are you about retaining your top talent?

- 38% We have analyzed retention risk factors and have a plan in place to address them
- 36% Somewhat worried – we have been too busy to focus on this much
- 16% We are very worried – we have not done anything
- 10% We are totally on top of it

**Chart 3**

How much have you invested in social media/networking as a tool for developing leaders?

- 53% We have made a good initial investment – we see the value and will continue to expand efforts
- 36% Somewhat – we do see some potential for learning and relationship building
- 19% No investment has been made – the organization does not see the value
- 4% We are investing heavily as we see this as a big part of how future leaders will connect and learn
- 3% Other

**Chart 4**

How important does your organization think it is to integrate leadership development with other key elements of talent management?

- 56% Very important – we are doing it
- 34% Important but don’t have the right model currently
- 8% Somewhat important – we are starting to look at it
- 4% Not at all important – we have initiatives currently [0]
ACTION PLANS

What actions will participants take after the conference? A post-conference “action survey” highlights a range of objectives.

Strategy
- Create a leadership model for my organization.
- Train leaders on how culture impacts strategy and appropriate leadership style.
- Develop a leadership learning strategy.
- Work with global offices to develop a learning strategy.
- Integrate best practices from large companies into our talent management strategy.
- Determine ways to communicate and tell the story of why leadership development matters.

Programs
- Review existing programs to see if they need to be updated.
- Recreate our leadership development program.
- Create an emerging leaders program.
- Integrate blended learning into our leadership development program.
- Implement a mechanism to track progress of those attending the front-line development program.
- Assign a coach to all new leaders.

Tools
- Develop a tool to measure leadership agility.
- Every 30 days, email high-potential employees to determine whether they have been coached.
- Launch an action learning initiative to provide “real life” learning experiences.
- Draw upon tools shared to drive thought leadership and knowledge sharing.
- Use live-survey response cards to drive honest feedback and more effective discussions at department meetings.
- Include social networking and action learning into leadership development programs to deliver content and facilitate peer-to-peer communication.
- Use technology to deliver learning opportunities.
- Create visuals to articulate learning strategy.

Engage
- Participate on a leadership development roundtable.
- Have leaders identify their top five meaningful development opportunities.
- Recognize leaders who have developed others.
- Stress the importance of emotional resilience with leaders.
- Spend more time networking with other leaders.
- Mentor talent and help them see the bigger picture.
- Develop a “high-potential” interest group to engage in networking.
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