What the future demands:
The growing challenge of global leadership development
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Companies worldwide seem to be seized by a new enthusiasm for innovation and growth after a sobering period of retrenchment and downsizings. Fast-moving technologies, rapid global expansion, shifting business models, mergers and acquisitions all hold out dazzling possibilities. But in order to capitalize on these opportunities, corporate leaders are confronting a serious need for new kinds of talent and leadership.

One has the sense that CEOs all over the world are emerging from strategy sessions and turning to their HR leaders with the same questions: How will we get our company from here to there? And do we have the leadership to make that transition?

HR executives bear increasing responsibility for helping their organizations find and develop leaders who can move their companies forward – and then for helping those leaders to succeed. This responsibility is complicated by the fact that it’s often difficult to get a clear view into the future state of the business. Among the outstanding questions for HR executives:

- How fast must we be prepared for change throughout the organization and change at the top?
- What leadership skills are required for the future? How do we ensure that we hire, develop and retain the people with the right skills – intellectually, technologically and emotionally?
- Should leaders be the same worldwide or should they have distinct talents and characteristics based on their location? Is there one leadership brand for a company or many?
- How can we prepare the next generation of leaders, fast enough and well enough, to meet the company’s strategic goals?
- How will we find the leaders who can work effectively in an ever more globalized environment?

From mid-2006 through early 2007, Mercer (formerly Mercer Human Resource Consulting), Oliver Wyman – Delta Organization & Leadership (formerly Mercer Delta) and Harvard Business School Publishing conducted four executive roundtables, along with a series of interviews with senior HR executives from large, mostly multinational firms based in the US and Europe, all on the topic of “Building your global leadership pipeline.” Our aim was to hear more about the issues they were wrestling with, particularly in the area of leadership talent management.

While a wide variety of industries were represented – from high-tech and global consumer goods to health care and financial services – certain challenges, frustrations and tactics were raised again and again. This paper attempts to distill those discussions.
The uncertain view

What seemed striking by way of first impressions was how much change and uncertainty each participant’s company faced. When asked to describe their principal leadership challenges, almost everyone said that the fast pace of change complicated their ability to retain and develop the best leadership talent, hire new talent with the right competencies, and understand which skills would be required of that talent. The HR executives voiced concerns about the challenges they face in helping long-term leaders adapt to the fast pace of change. But they also are feeling pressure to accelerate the development of younger leaders in order to get them ready for top roles faster.

“At our company, three years ago a new CEO came in and had to scrub the decks. We’ve gone from being siloed to wanting to be one culture worldwide. We have new incomers who want to be innovative, and then we mix them with a heritage culture that was very comfortable and didn’t want to be a global corporation,” said one leader of her dilemma.

Another described a shift in business models that led to a series of acquisitions of companies with divergent cultures and values for leaders: “Some 65 percent of the population is new since 2000... People are struggling to answer the question, ‘Who are we as a company?’”

Still another said that with the “baby boom” retirement wave looming, he was still uncertain who should be targeted for development. “We have 25-year veterans and then after them, I have a big gap. I need to know who I want to develop and how I can accelerate that so they are ready in five years, not 20 years,” he said.

Almost everyone also registered a sense of uncertainty about how their companies would deal with the challenges of globalization. “We’re strong, currently, in our silos, but how do you hire and develop leaders who can see across the organization and who can lead globally? My concern is how to develop those broad leaders across the company. And we only have our US lens on leadership. We don’t know what a truly global company would look like,” one observed.

The next leaders

Despite the uncertainty, most executives agreed their companies needed new leaders capable of:

- **Fostering growth:** “We need growth leaders, and growth leaders who can do it on a global basis – who can deal with the complexity.” Added another: “Right now, we need more entrepreneurs, people who might tend to be more intuitive.” Another leader lamented that only 5 percent of her up-and-coming talent has revenue-producing skills – “everybody else has an operations focus.”

- **Being global:** Said one participant, “You have to have the language skills. You have to understand different cultures. You have to understand how to do business with people in different parts of the world.” Added another: “We have 100,000 employees worldwide, so we have to talk about leadership on a truly global basis. Developing and hiring leaders who are credible globally has got to be core competency.”

- **Thinking like the customer:** “The customers in every industry get savvier every day. How do you keep up with them?”

- **Being complete leaders:** Leadership today is more than what you know. It requires the ability to adapt and respond to different circumstances and to connect with different kinds of employees, including employees of different ages and different cultural backgrounds. “Leaders (globally) will exist on the basis of their interpersonal relationships, behavior and flexibility, as opposed to what they know... It puts more focus on an individual’s ability to shape things in a way that fits with different scenarios and organizational circumstances.”

- **Working within processes:** Said one participant in quoting another executive at her company, “We need leaders who define their value by working in the process, being successful in the process, rather than defining their value by being a hero. [It used to be that] you got promoted because you could make things happen despite all the broken processes. Now a lot of the focus is on what are the processes, on how we, strategically, get focus on those processes and get everyone around a performance-based culture.”

- **Being boundary-less and managing virtually:** “We need to get people to think outside the building. And we need people who know how to manage people they can’t see,” noted another participant.
Are you at risk?

The following executive talent challenges could derail your business strategy:

- Type of leadership that drove past success is no longer sufficient
- No clear view of leadership skills or roles critical for business success
- No clear view of fit between requirements and current bench strength
- Significant number of key leaders nearing retirement
- No successors identified and ready to fill mission-critical roles
- Limited line of sight to next generation leadership talent
- Leaders unprepared to drive business strategy/growth
- Failure to retain leaders in key roles
- Talent data is not sufficiently accurate, accessible and/or actionable
- Talent management activities are disconnected and under-delivering
The strength and depth of the leadership talent pool is a key predictor of business success. A strong leadership pipeline requires attention to the attraction, development and retention of leaders at all levels – from project team leader to general manager to top executive. When many organizations think about developing the next generation of leadership, they often think only about those seasoned professionals who are nearly “ready now” replacements for the senior management team. In today’s highly competitive world, it is more important than ever for companies to identify and groom employees who represent the longer-term leadership of the organization.

When considering employees at this level, the numbers can get very large. So an organization must have:

- A clear understanding of the current leadership capabilities that will likely remain important
- An educated view of the future leadership success profile based on future business challenges
- A way to identify these current and future capabilities in workers who are early in their careers

High performance across varied assignments is an indicator of leadership potential, so this challenge can be met, in part, by having a strong performance management system that provides accurate information on performance track records. But recognizing that younger workers tend to be more mobile and often are not attracted to management positions, some companies have introduced programs specifically designed to identify and develop future leaders and help them understand how they can advance. For example:

- One financial institution has developed a strong mindset around building its leadership pipeline by articulating what the company looks for in its leaders. It clearly communicates to current and prospective employees what is wanted and needed at each leadership level. This mindset extends to college recruiting, where recruiters actively look for people who could be the company’s next CEO.

- A technology company recognized that high-potential employees move through jobs faster, so it identified early-detection tools for identifying young, individual contributors who learned new technologies, changed project teams quickly and showed high “career velocity.”

- Another company developed a “next generation” panel of high-performing team leaders in their 20s. These employees attend executive education sessions to talk to company leaders about why they joined the company and why they stay. The sessions are informative for current leaders and give the younger employees good experience with and exposure to the executive team.

By taking such explicit steps, companies can ensure that their leadership pipeline will remain filled with top talent.
The talent gap

There were complicated concerns expressed universally about the prospect of the baby boomers retiring, or more precisely, about their taking critical skills with them without their companies having similarly skilled people to take their place. One participant spoke of a business unit with 20 people who might leave in the near future: “I have seven people to fill those holes.”

Other HR executives described overseeing large growth spurts without being able to attend to the leadership pipeline. Here is how one executive described his experience in a company that has expanded quickly with a number of successful mergers: “The pace is outstripping our talent base, our bench. Our mergers are successful – 100 percent successful – because of discipline and management (around mergers). But we have six units who do not share talent. And it is important that we foster knowledge and rotate players through key units. Right now, the head of international is 41 years old! We are taking people who are in the adolescence of their careers and seeing if we can develop talents while pushing them higher, faster.”

Lamented another, “We were so cautious about costs and cutting costs (over the past five years), the bench has been depleted. Now, the average age on the leadership team is 53! Cultural change is coming. I just don’t know what it will be or if that includes focus on some new competencies that we don’t allow to flourish today. Frankly, the CEO isn’t sure the competency that will be critical to the company is in the company today.”

Research conducted among the roundtable participants echoes these concerns. More than nine in 10 respondents to our Leadership Pipeline Risk Assessment said the following factors posed a significant or moderate threat to their current or future business success:

- Current leadership capabilities not aligned with current or emerging business requirements
- Weak bench of leadership talent ready to step into key roles
- Shortage of potential succession candidates for mission-critical roles
- Insufficient bench strength to support business growth and meet future business demands

By contrast, leadership attraction and retention were at the bottom of the list of potential threats. (See page 16 for a summary of survey findings.)

The issues connected to filling these vacancies were most frequently problems around mobility: the company’s difficulties in identifying the right people to move as well as the struggle to get people to relocate in the company’s interest and for their own development. For companies trying to build a global leadership pipeline, mobility represents a particularly daunting challenge.

One reason is management’s reluctance to part with talent for new roles: “One of our company’s big challenges is about sharing leaders; our managers won’t let people go” to new assignments or geographies.

One HR leader said he turned to the CEO to launch a program to identify 1,200 employees for development opportunities. “We had an arm-twisting session with the CEO,” he said. “Now, we have a regular review session and he basically makes them (the unit heads) do it. When the names are out there three times a year and the CFO and CEO say, ‘Swap people,’ they do it.”

Structuring incentives so managers are rewarded for taking a transnational perspective is also key. “There has to be something about accountability that ties incentives and talent management,” said one director. “My CEO says there will be ‘X’ amount of global moves and ‘Y’ amount of promotional moves. If a manager has part of his performance management review tied to that... he or she will get real excited about it.”

Another challenge arises when senior management complains that the next generation has not faced the “tests by fire” that their elders had faced in their lengthy careers and thus cannot be ready to move up. This complaint, many HR leaders said, often comes from senior leaders who forget their own green, untested state as they moved into their leadership roles. However, the perception of “unreadiness” may lead to fewer people being moved into new roles at the necessary pace – and seeking different routes for development.
But HR leaders agreed there is a rising generation who will do things differently: “For us, where more of our employee group is young, how do we deal with the issue of people coming up who may want to run the company, but who don’t necessarily want to work and do things like the people running it today did? Are they capable? Yes. But they are going to do it differently, and there aren’t as many of them either. How do we get the folks [currently in managerial positions] to help us think differently about bringing these people up while we’re working with them?”

Finding global leaders
Clearly the need to find and develop people who have the ability to lead in a multilingual, multicultural world is bedeviling many of the HR leaders who contributed to the discussion. This comes at a time when many organizations are still struggling to understand how their companies should operate globally.

“We’ve been international for many years, but what it means to be global hasn’t really been defined,” one noted. “How do you develop leaders when it’s not clear what you’re going to do [in that regard]? Does ‘global’ mean more local or more centralized? And what does that mean for leaders?”

Many HR leaders complained they felt talent identification and development had lagged too far behind the corporate plan for international expansion. With new markets demanding on-the-ground, real-time leadership, companies are finding it difficult to identify managerial talent overseas. In one large company with 35,000 employees in Asia, the HR leader reported it took nine months to find an HR manager for the region.

“We are doing a poor job of developing global perspective,” said one leader. “And we need to develop down to the local plant manager. We are looking for people who are not just executives, but senior managers. Where will they come from?”

With swift-moving mergers and expansion overseas, some HR directors say they often find their teams struggling to deal with the immediate problems and no time to focus on overall strategy for global leadership development. “Where do I focus to get results?” said one director. “If you have a clean sheet of paper, where do you start? Global alignment is key right now. We’ve had to focus on establishing culture and aligning through all our ranks. But is that the most immediate need?”

The quest for the right kind of global manager was something just about everybody was struggling with. If the choices were a) hiring a local who could fit in with the company or b) sending out an American, most seemed inclined to try to find the local. However, all admitted this was by no means easy to do, given that the market for English-speaking managers in certain parts of the world (like China) was wildly competitive and that attracting local talent could mean that you had to adapt your basic employment model, for instance by reviewing their performance and raising their pay more frequently. “The challenge is having a one-size-fits-all model, which is administratively nice, but what do you do when the business models [in different markets] are distinctly different? How do you synch up your talent model with your business model?”

Some of the HR leaders said that efforts to identify high-potentials, and then move them into jobs internationally that broaden their expertise, have been stymied in part because siloed operations had been so successful for their companies in the past. “I have three different divisions, and they don’t see the synergy and they don’t understand sharing information about employees,” said one director. “And among them, there is very little institutional memory.”
In business today, there is a clear need for more leaders who can think and operate globally – and that means far more than knowing how to greet a client or colleague from a different culture. Successful global leaders must be able to lead with their heads (to manage complexity), with their hearts (to manage diversity) and with their guts (to manage uncertainty).

However, too few organizations make the effort to move their leaders past a basic understanding in any of these categories. The journey to becoming a whole leader in a global world requires deeper levels of understanding and different types of behaviors in each category. (See Exhibit 1.)

For example, at the most basic level, a global leader should develop a global mindset, value diversity and lead with global responsibility. A more developed global leader knows how to improve personal and organizational performance by driving for the broader picture, managing laterally and balancing paradoxes.

A truly effective global leader is highly capable at the strategic level and can articulate a point of view, lead global teams and lead global change.

Many organizations remain stuck at the fundamental level. For some, creating global leaders at the most advanced level requires an investment that they are not willing or able to make. Others don’t understand the need to move beyond the fundamentals to achieve greater sophistication in how their leaders lead. Still other companies simply become focused on what is directly in front of them or what is most urgent at the time; creating global leaders is not a top priority.

What’s important to realize is that creating effective global leaders is a matter of competitive advantage. It’s an investment worth making because if you don’t adequately serve your global clients, someone else will.

Exhibit 1
Becoming a whole leader in a global world

<table>
<thead>
<tr>
<th>Level 3</th>
<th>Lead with your head to manage complexity</th>
<th>Lead with your heart to manage diversity</th>
<th>Lead with your guts to manage uncertainty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articulate a point of view</td>
<td>■ Develop insights about doing business globally</td>
<td>■ Establish clear direction and norms for global teams</td>
<td>■ Lead change</td>
</tr>
<tr>
<td>■ Reassess strategy based on changes in the global environment</td>
<td>■ Build open and trusting relationships across cultures</td>
<td>■ Create new opportunities out of change and chaos</td>
<td></td>
</tr>
<tr>
<td>■ Articulate a compelling vision across cultures</td>
<td>■ Leverage the unique skills and talents of the team</td>
<td>■ Remove obstacles to allow for change</td>
<td></td>
</tr>
<tr>
<td>Level 2</td>
<td>Drive for the broader picture</td>
<td>Manage laterally</td>
<td>Balance paradoxes</td>
</tr>
<tr>
<td>■ Take a systemic view of the organization</td>
<td>■ Develop global networks</td>
<td>■ Tolerate ambiguity</td>
<td></td>
</tr>
<tr>
<td>■ Synthesize knowledge from a global perspective</td>
<td>■ Manage virtual relationships</td>
<td>■ Seek and appreciate competing interests</td>
<td></td>
</tr>
<tr>
<td>■ See local and global issues simultaneously</td>
<td>■ Leverage relationships inside and outside the organization</td>
<td>■ Take calculated risks</td>
<td></td>
</tr>
<tr>
<td>Level 1</td>
<td>Develop a global mindset</td>
<td>Value diversity</td>
<td>Lead with global responsibility</td>
</tr>
<tr>
<td>■ Engage in lifelong learning</td>
<td>■ Develop cultural self-awareness</td>
<td>■ Act with integrity</td>
<td></td>
</tr>
<tr>
<td>■ Understand global challenges and opportunities</td>
<td>■ Respect cultural differences</td>
<td>■ Make decisions based on what customers value</td>
<td></td>
</tr>
<tr>
<td>■ Transfer best practices across cultures</td>
<td>■ Balance the needs of a diverse workplace</td>
<td>■ Persevere in the face of adversity</td>
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Managing the process

One of the most underappreciated aspects of executive talent management is the effort and discipline required to manage the process effectively. By process, we mean the act of compiling and reviewing relevant information on current and potential leaders, making decisions about their readiness to take on new roles and responsibilities, and providing development opportunities and other support to help them succeed.

There is no easy, rote way to build and sustain this executive talent management competency; each organization needs to create its own unique prescription for success. However, three factors will pave the way:

- **Executive engagement and ownership.** Talent management requires a community of executives—not just single chains of command—to engage in a shared accountability for the management of people. This should include strong “by example” ownership and leadership from the CEO.

- **Process resonance and simplicity.** The talent management process must be simple and closely integrated with other key people processes, and it must resonate with the decision-making culture of your executive team. It also must align with business and workforce strategies and the organizational culture.

- **The right tools.** Effective talent management requires strong data management and decision-support technology so that relevant data can be easily and efficiently pulled together from multiple sources and then used to support talent-related decisions. Technological solutions must deliver accurate, accessible and actionable data and be easy to deploy, globally accessible and executive-friendly. Essential is the ability to transform data into knowledge.

The real challenge is creating a process that “sticks”—one that top leadership buys into and actively supports. To do this, you must find the point where executives believe that the value derived exceeds the effort expended, and where they are willing to set aside their individual interests and make talent-related decisions that benefit the overall organization.
Others at long-established, more traditional companies reported that the necessity in markets abroad to hire middle- and upper-level managers, which their companies weren’t used to doing back home, was helping top management learn to be more flexible, even though this entailed accepting tough trade-offs: “Either we’re going to be market relevant or we’re going to be internally equitable, to maintain internal equities. But we can’t be both.”

Another leader said there was a danger in not providing enough support to new hires in international jobs, as well as to those who joined through acquisitions. To combat these challenges, this company recently developed a talent acquisition and 12-month onboarding program that includes coaching and multi-source feedback.

“It’s about putting the right people in place, but also giving them support,” she said. “As I worked on building a talent management strategy, it became clear that we do better on grading people than sustaining, supporting and developing talent. When you look at the high cost of turnover, you realize we’ve got to have both talent acquisition and development models.”

**Other concerns**

Many at the roundtables worried that their upcoming talent didn’t have the ability to think strategically, in particular about international growth. “Our people’s experience was in their centers of excellence and in their silos,” noted one executive. For some, their strong culture had exacted a price: “It’s a narrow skill set – you must be error-free and intense – and that can foster a narrowness of thinking.”

Others reported that they had managers who could go in and do what it took to turn around a troubled operation, “but they’re stop-gaps, good for a couple of years; they can’t sustain it beyond that because the way they operate is counter to the culture.” These individuals didn’t prove to be the best candidates to become general managers for businesses not in crisis.

Rounding out the list of talent-related concerns were several specific to HR, its organization and capabilities:

- “What should our infrastructure be outside the US? Should we do something regional?”
- “We have to get better at objective assessment of talent. We’ve been very reluctant to let third parties help us with this.”
- “We’re trying to instill [an ethic whereby] HR isn’t the sole recruiter; the whole organization is a recruiter.”

**Attacking the global leadership challenge**

The HR leaders interviewed in this series were experienced, imaginative and successful executives, so it’s not surprising that they had hit upon a number of tactics to help them attack these challenges. All agreed that making the link between leadership development and corporate goals was key. “Whatever you do, you constantly have to be able to say why you are doing it, what impact you want to have, and what contribution it is going to make to the company. It is a matter of organizational sizing and design.”

The list that follows makes no attempt to track precisely against the worries enumerated above, but most could be useful in addressing talent and leadership development challenges.
Assessing talent
“In a star system, oftentimes stars become stars because everyone around them was a star,” one participant noted. “Now we’re in a different [more demanding] environment, and in our executive search work we’ve revamped how we do references and changed the structure of how we collect information.” With a focus on the “jobs where they’ve had the most important accomplishments,” this company now also considers the context of those jobs. “What was the environment? What were the norms? What kind of technology was there in the organization? What was the hierarchy? What was the boss like? If the candidate’s prior boss was very autocratic and the new one is very laid back, that may signal trouble ahead. “We put it together to see if this person will survive.”

Developing talent
There was lively discussion about the advantages of focusing on the developee’s strengths rather than his or her weaknesses. “Some people will have different skills. Shouldn’t you go with their strengths – ‘horses for courses’?” It’s a question of degree, suggested others, and keeping the process from settling on the lowest common denominator. “The key is also to inhibit the derailers,” observed one participant. “When you find a person with towering strengths on one or two out of three dimensions, often there’s a fatal weakness on another.” It’s also “a big mind shift [for an organization] to focus on strengths than weaknesses,” a veteran of such a shift reported. A possible alternative approach: “Let’s talk about [developing] the whole team, studying the complementarities” and working on strengthening those.

What do you do if you need to hire “really skilled, experienced people” from outside the company, but management wants to pay them only a third of the market rate? Look for individuals with 20 or 30 years’ experience who aren’t necessarily seeking top-level executive jobs, suggested a participant who has found success with this approach. Further, she advised that you should give these older candidates great freedom in designing how and when they want to work, “and tell them they can put their thumbprints all over” the project they’re needed for, and that “they’ll be able to see where they had a complete impact on the work.”

This same participant was intrigued with the idea of “slow meritocracy”: “Meritocracy means the best and brightest rise to the top, but it doesn’t have to be [judged] every day. If it’s a slow meritocracy, it means you need to prove yourself over and over again on a lateral basis. [But people know] there is the path, and it is truly meritocratic.” What about all those Gen Y types who expect immediate gratification? “This is an educative process,” more akin, some commented, to the old Japanese system wherein everyone worked in a variety of jobs until 40, no one expecting advancement until then, when the system suddenly became meritocratic. Could slow meritocracy work in the here and now?
Assessing leadership talent

It may be natural to want to know how your leaders stack up to other companies’ leaders, but it’s not necessarily relevant. Companies focus on the wrong reference point when normative data is a centerpiece of their leadership assessment process. Instead, they should focus on their own business strategy and leadership requirements and assess leaders against these business-specific measures.

For instance, a company whose business strategy depends on rapid growth needs a leader who can drive that growth. The profile of this leader is likely to be markedly different from the leader of a company with a strategy that relies on operational excellence, customer service or innovation. Leaders in your pipeline must have the “right stuff” to address your business challenges; it’s about fit, not generic capability.

An effective leadership assessment process should cover three key groups:

- **The top team.** The executives reporting directly to the CEO must have the right mindset and skill set to drive the future strategy.

- **Leaders who play mission-critical roles.** This varies tremendously by company, so identifying these key roles is an important step. For example, pharmaceutical companies increasingly need skilled leaders in areas like governmental and regulatory affairs, and a company that has moved from a holding company to an operating company model needs strong leadership to drive change in the finance function. For companies focused on global growth, general manager and country manager roles are vital.

- **Future leaders.** Companies must invest in identifying the next generation of leaders and fast-tracking their development.

Assessment should be multi-modal – not relying on just one tool or approach – and tailored to the unique needs of the organization. Among the suite of tools that should be considered are structured interviews to capture the perspective of the leader, multi-source assessments to provide insights from the leader’s circle of influence, behavioral examples from simulation or role play, career achievement summaries, and assessment tools, such as those that identify leadership risk factors or “derailers.” Each company must decide which tools provide the best picture of capabilities to be evaluated and best fit the company culture and requirements.

An effective leadership assessment process – one firmly anchored in the company’s strategy and future business direction – enables the CEO, other executives and HR leaders to understand the organization’s current and future leadership capability and any gaps that exist. Armed with this knowledge, they can take actions to ensure strong leadership across the organization to support successful strategy implementation.
Too many organizations invest – and waste – millions of dollars in leadership development. Why? Because they don’t take the critical first step of assessing where they have been versus where they need to go. They remain overly focused on the past and, as a result, create leadership development programs that are retrospective instead of prospective in nature. They teach leaders what is already known, rather than what they must learn for the future.

Any leadership development effort should start with an assessment of the strategy and future direction of the business and what this means for current and future leaders of the organization. (See Exhibit 2.) Once agreement is reached here, it is possible to identify leadership skill and development gaps and begin to develop a plan to close them.

The right development approach will vary by company, but a few key principles should prevail:

■ It is better to focus and build on people’s strengths, not try to modify their weaknesses. Improving on weaknesses requires leaders to stay conscious and try to moderate behavior, while building on strengths comes more easily. Most action-oriented leaders have more energy and enthusiasm for learning to leverage their strengths, rather than remembering they are flawed and need to improve.

■ Don’t focus exclusively on the head (for example, analytical ability) at the expense of the heart and guts (for example, the ability to connect with people and the resolve to do the right thing). Effective leaders are “whole” leaders who integrate all three.

■ Don’t try to reduce leaders to a set of behavioral competencies. Leadership is as much about spirit, personality and character as it is about discrete, specific competencies. People want to follow human beings with passion and energy as well as skills.

■ Finally, leadership is not about possessing a body of knowledge or “knowing it all.” It’s about having the capacity to keep learning and to change and evolve – while staying humble.

A forward-looking plan that embodies these principles will help companies nurture and develop their leadership talent.
**Action learning**

Just about everyone was using some form of “action learning” as part of their executive development efforts. This could take the form of putting people on special projects commissioned and overseen by top management or of mentoring up-and-comers.

But there seemed to be agreement that the best action learning, particularly if you were interested in accelerating talent development – and almost everyone was – came from putting people in new jobs that really stretched them, particularly by putting them in a business or a geography that was unfamiliar to them.

It was also precisely in this kind of stretch assignment where top management support often bogged down or held up the process. Senior managers whose own development process was “painful and laborious,” when asked to promote others who have come up via a different model think, “no one is ready because they haven’t done it the way they [the senior managers] did.”

A participant offered a useful response to this kind of provincialism: rethinking “who owns some of the talent decisions – maybe it’s the leadership team or the HR team. It can’t always be up to the hiring manager. We saw this when we tried to increase diversity. [It came down to] the CEO saying, ‘She will get this job.’ The CEO or the board has to actually put out real expectations around developing and moving talent.”

In building management support for accelerated development, some participants had found it useful to do an internal assessment of the strengths of their managerial talent pool across the company. They then found themselves using more assessment tools than they had in the past to evaluate individual managers, which led to a customized plan for each manager. Others sang the praises of coaching: “It used to be that we had managers and leaders whose job in part was to develop people.” But now at many companies, those middle managers have been eliminated and those who remain are busy full time meeting their business goals. “Executive coaching is replacing the managers who used to do the job.”

At least one company has found it useful to slightly slow down the rotation of its high-potential managers, keeping them in place for three years rather than two, in major part so they could develop “domain expertise” in a particular business. How did the high-potentials take to this? At first they were concerned, to put it mildly: “I won’t be seen as a hi-po if I don’t change jobs after a year and a half or two,” was the standard response. “It took a year for people to see that those folks staying in their jobs a year longer really are still high-potential. And [now] they love it. They say, ‘My kids really love the schools here’ and they were actually kind of tired of moving every year or so.”
Hiring from outside also seems to be more common when it comes to developing the new generation of talent; indeed, it is often a necessity in markets abroad. Said one leader, “If we do not develop talent and take risks, and if we don’t do it internationally, then the expansion of our business, the plans that our company has laid out, will be in danger.”

(Though this isn’t always the case: Said one guest, in a position to observe a number of companies, “They used to say, ‘Isn’t it cheaper to steal talent rather than build it, develop it yourself?’ But some of those companies who had been in a steal mode now can’t afford it and have had to shift to a build mode.”) Participants observed that the competition for talent, which in the ’90s was for IT professionals, is now around leadership talent.

But as one canny participant observed, “The way we buy talent will be different. Now we ask the question, ‘Who and what will they bring with them?’ They may be a brand in and of themselves; some people have followers. It’s cheaper to overpay for that person because you don’t have to pay search fees for the posse they bring with them.”

**Managing mobility**

A number of companies found their pipelines faced challenges because of the lack of mobility. In today’s virtual world, many leaders are pushing back on the need to move. They move willingly early in careers, but once they have families and put down roots, they don’t want to keep moving. Many companies are interested in finding creative ways to get these more experienced veterans global experience without moving them. Meanwhile, unit heads are often reluctant to see top performers leave their teams for new assignments.

“Moving people is the antithesis of what we’re used to,” one HR executive said. “Unit managers want to keep their best people to help their unit succeed.”

The most commonly cited approach for managing mobility was making talent a corporate asset and having the CEO lead the charge on its deployment. One participant cited his chief executive’s declaration: “I own those people, you rent them from me, and this silo stuff is over.” From another: “Our CEO said we’ll increase lateral mobility for our top 300 by 10 percent. He’s been moving people!”

In approaching talent as a corporate asset, one participant’s company was posting all jobs, even those of executive vice presidents – “and people are competing for them” – while also establishing a database of the company’s talent that it uses in doing searches for people to fill international postings.

Yet another organization had developed a policy of letting people who were asked repeatedly to move take leaves between assignments – with benefits but without full pay – making sure that each person knew what the next assignment would be and when, before leaving the last one.

**Conclusion**

The demands for growth and change have put HR leaders in a key role, ensuring their companies have the right global leadership talent, in the right place at the right time. To make that happen, these executives are developing the right strategies, systems and processes across their organizations and across the globe. They are entering into partnerships with CEOs who are committed to playing an active role in building the global leadership pipeline.

And they are defining the new global leader. “My biggest challenge now is helping the business understand what it takes to develop exceptional global leaders,” said one participant. “We need leaders who know we must focus on people who in turn develop and inspire great people.”
Maximizing mobility’s impact

By Rick Guzzo, PhD
Mercer

In principle, internal mobility is a useful development tactic that makes for well-rounded leaders. Opportunities to do different things in different places also can help attract and retain quality leaders.

In practice, however, mobility can go wrong in many ways. Done poorly, it can disrupt operations and undermine accountability, cause talent loss, and become unduly expensive. It can also become an end in itself, with little discernable benefit.

How can you make sure mobility pays off for both the individual and the enterprise? The key word is context. The rates and types of mobility have different consequences for each organization, so it’s important to calibrate the right solution for your organization. Critical questions to ask are:

■ What kind of mobility? Different types of mobility (for example, change of position, function, business group or location/geography) serve different developmental ends, so be clear on your mobility objectives.

■ Mobility for whom? Choices range from a sponsored-mobility approach, with investments directed at a chosen few, to a contest-mobility approach, with opportunities open to many. These approaches are not mutually exclusive; in many large companies, both exist.

■ How much mobility? Too much mobility can be as detrimental as too little. A good guideline is that mobility as a leadership development device has a time horizon of at least two years – ideally a bit longer.

The right answers to these questions will vary by company, and they can be found through careful analysis of data – about mobility and its consequences – that reside in a company’s own HRIS, financial and business performance systems. This data can be used to go beyond mere descriptions of who moves how often to discern mobility’s impact – both positive and negative – on individual and company performance and to provide the business case for managing mobility for maximal advantage.
The HR executives who attended the “Building your global leadership pipeline” roundtables were asked to complete a brief Leadership Pipeline Risk Assessment for their organizations, and nearly 30 responded. They were asked to rate how each of 15 factors could affect their current or future business success.

The greatest threat identified by the group was a weak bench of leadership talent ready to step into key roles. More than half of the survey respondents (52 percent) cited this as a significant threat. Close behind were two related factors: insufficient bench strength to support business growth and meet future business demands (cited by 44 percent as a significant threat) and a shortage of potential succession candidates for mission-critical roles (cited by 42 percent as a significant threat).

Retaining key leadership talent was the least of the respondents’ concerns – only 9 percent cited this as a significant threat, and 52 percent said it posed no threat to current or future business success.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Poses a significant threat to current or future business success</th>
<th>Poses a moderate threat to current or future business success</th>
<th>Poses no threat to our current or future business success</th>
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</thead>
<tbody>
<tr>
<td>1. Weak bench of leadership talent ready to step into key roles</td>
<td>52%</td>
<td>39%</td>
<td>9%</td>
</tr>
<tr>
<td>2. Insufficient bench strength to support business growth and meet future business demands</td>
<td>44%</td>
<td>50%</td>
<td>6%</td>
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<tr>
<td>3. Shortage of potential succession candidates for mission-critical roles</td>
<td>42%</td>
<td>52%</td>
<td>6%</td>
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<td>4. Lack of effective metrics to measure the success of leadership talent management</td>
<td>33%</td>
<td>46%</td>
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<td>5. Unable to identify early career talent with the highest potential for leadership growth</td>
<td>27%</td>
<td>49%</td>
<td>24%</td>
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<td>6. Strategic business priorities not reflected in leadership development</td>
<td>27%</td>
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<td>7. Inability to accelerate the development of key talent</td>
<td>27%</td>
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<td>8. Unable to differentiate the performance and rewards of leadership talent</td>
<td>27%</td>
<td>46%</td>
<td>27%</td>
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<td>9. Career moves not well-planned according to business needs and individual development needs</td>
<td>24%</td>
<td>61%</td>
<td>15%</td>
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<tr>
<td>10. Current leadership capabilities not aligned with current or emerging business requirements</td>
<td>21%</td>
<td>70%</td>
<td>9%</td>
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<tr>
<td>11. Lack of effective coaching and mentoring skills</td>
<td>21%</td>
<td>64%</td>
<td>15%</td>
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<td>12. Lack of effective knowledge transfer when leaders change jobs or leave the organization</td>
<td>21%</td>
<td>55%</td>
<td>24%</td>
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<tr>
<td>13. Inability to attract top leadership talent</td>
<td>15%</td>
<td>49%</td>
<td>36%</td>
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<td>14. Unable to identify and manage underperformers</td>
<td>12%</td>
<td>58%</td>
<td>30%</td>
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<tr>
<td>15. Inability to retain key leadership talent</td>
<td>9%</td>
<td>39%</td>
<td>52%</td>
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