

THE LEADER DEVELOPMENT VALUE CHAIN

By Stephen L. Cohen

The most effective leader development requires an organizational commitment to giving leaders the tools for success and ensuring alignment with business goals.



By now, little convincing needs to be done regarding the relationship between great (even good) leadership and improved business performance. Whether it is anecdotal stories or fact-based research of how great leaders built up their organizations or sustained strong business results, there aren't many arguments against the value and impact of solid leadership. Indeed, there are even recent studies demonstrating increased shareholder value, stock price, and bottom-line performance for those organizations that have shown a strong commitment to the management of their leadership talent versus comparison organizations that have not.

How each of these companies goes about identifying, developing, and retaining leaders may differ in concept, but rarely in context. They all recognize not only the value of great leaders to the bottom line, but also the cost of maintaining a workforce of relatively inept leaders.

This article offers an approach that can help organizations get the most return on their leader development investment through more focused alignment of business strategy with expected performance results. There couldn't be a more important time for clarity on how to better ensure the return on leader development investment as we face a worldwide leadership capacity and capability crisis, which has been exacerbated by the economic downturn.

The key leader development challenges organizations must address can be categorized into four broad areas:

- **Strategic issues.** Creating an integrated and systematic process for identifying, assessing, developing, and retaining talent for critical roles
- **Alignment challenges.** Ensuring that leadership is in step with an organization's strategy and that the competencies being groomed across the leadership pipeline are indeed those that will deliver the capabilities required and the business results desired
- **Talent areas.** Building a steady and ready deep bench of leaders available to fill any gaps that surface
- **Performance aspects.** Ensuring that leaders are effectively and efficiently producing the goods and services that meet and exceed customer needs.




 LISTEN TO THIS FEATURE
at www.astd.org/TD/TDpodcasts.htm

Figure 1 | The Business of Leader Development



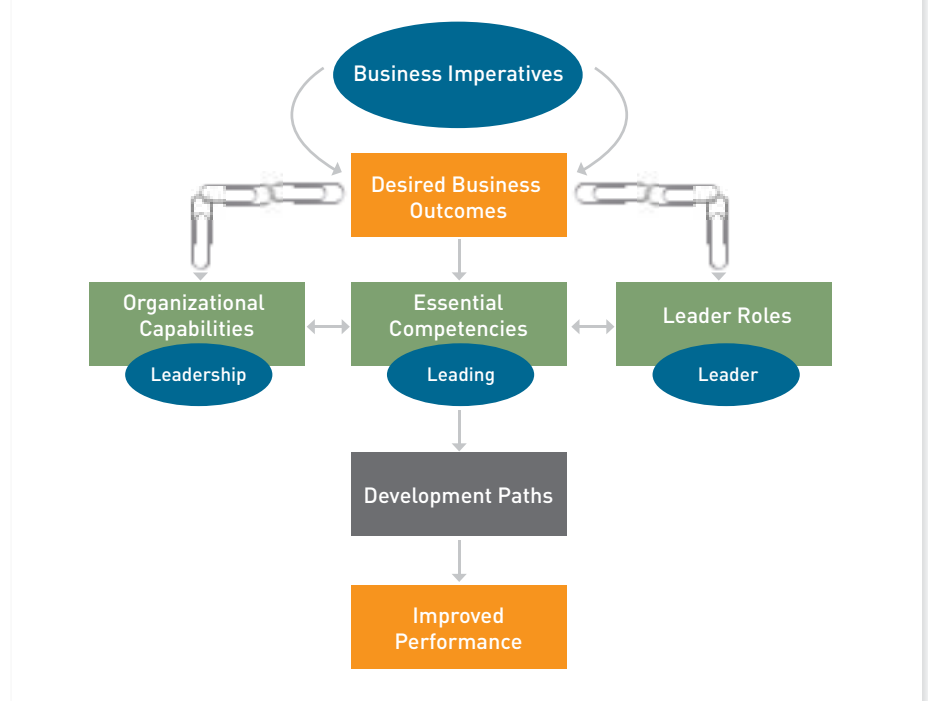
In view of these challenges, the business of leadership development needs to ensure that they are addressed quickly and adroitly. This can be best accomplished by aligning the organization's strategies, goals, objectives, and expected outcomes with the leader competencies required to deliver on them (Figure 1).

To ensure success, this process must start with the *business imperatives* driving an organization's strategy, such as speed to market, competitive pricing, globalization, customer loyalty, energy sourcing, and brand recognition, to name a few. These imperatives then define the measurable *business outcomes* the organization wants to achieve, such as customer retention, cost control, brand reputation, and employee engagement, which ultimately lead to bottom-line results.

To achieve these outcomes, the organization must develop certain *organization capabilities* that are not only necessary for its success, but also define the business itself; for example, service excellence, disruptive innovation, strategy execution, knowledge management, process improvement, and talent management. Emerging from these capabilities are the *leader competencies*, such as strategic thinking, problem analysis, communication, and coaching, that leaders must develop to achieve their organization's desired results.

Only when these elements have been determined and defined does it make sense for an organization's leadership talent agenda to be fully crafted. Then, when these leadership needs are indeed effectively handled, whether they entail

Figure 2 | The Leader Development Value Chain



attracting, selecting, developing, or retaining leaders, the foundation is laid for addressing head-on the organization's stated business imperatives.

The leader development value chain

Figure 2 provides a "value chain," or framework, for how to align developing leaders' talent with overall business strategy. Like any chain, it has sequential connectors that are only optimized through their full integration. But most importantly, it is a results-based framework, the goal of which is to accelerate performance in today's fast-paced global economy. This value chain shows the relationship of the various drivers of leader talent development. These drivers ultimately yield improved performance by translating business imperatives into desired business outcomes that dictate

- the capabilities in which an organization needs to excel to drive to those outcomes
- the essential competencies required to achieve them
- the varied impact of the leader's role.

The value chain is also dynamic. Based on changing business conditions and their impact on the desired

competencies required to achieve business success, the leader development process will undoubtedly change over time. Furthermore, the specific roles of leaders will determine the extent of influence they can respectively have on obtaining those results. Surely, frontline managers have a very different level of influence on achieving an organization's results than do strategic C-suite leaders.

As noted, a distinction is made between leader, leading, and leadership. While they are obviously related, they are not necessarily synonymous. This may seem like a semantic exercise, but it is important for organizations to be clear on what each means. Unclear definition of these terms can result in confusion, lack of focus, and misunderstanding of the full complexity of effectively managing the leadership pipeline.

By distinguishing these from one another, it can better inform an approach to identifying and developing leaders. Specifically

- Leader refers to the characteristics, role and position inherent in an individual. (It's personal)
- Leading refers to the skills and competencies required to get things done. (It's situational)

- Leadership refers to the alignment of the organization's vision, values, strategy, and desired capabilities through the portrayal of sustainable best practices. (It's systemic)

An integrated leader development approach

Figure 3 provides a model for an integrated approach to developing leader talent. By integrating these three elements, improved individual leader effectiveness and overall organization performance can be more likely ensured.

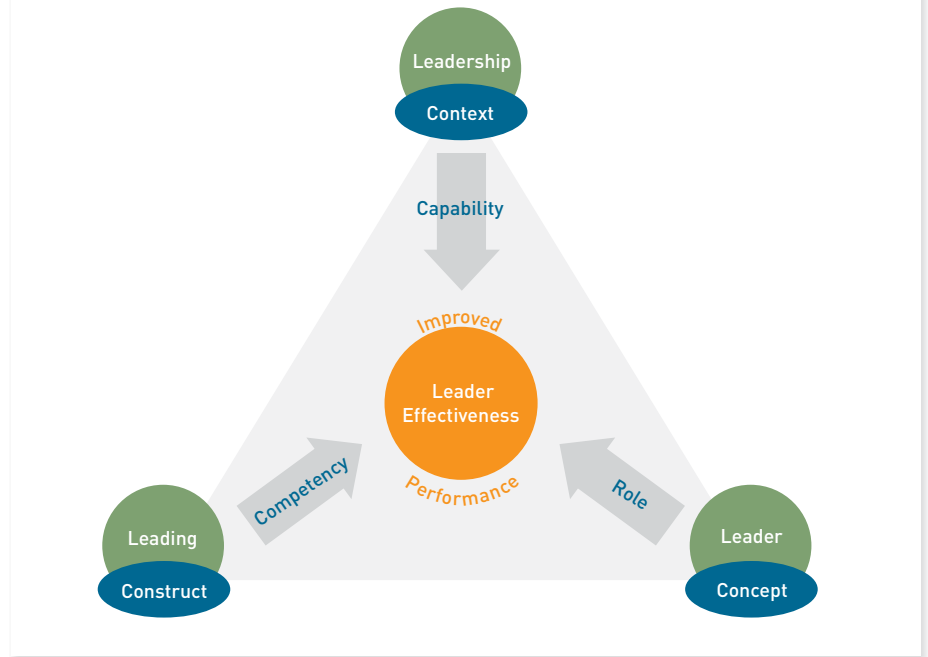
This approach suggests all three elements must be interconnected to achieve leader effectiveness and improved individual and organizational performance. That said, in the context of leader development, then, what is truly different about leader, leading, and leadership?

- *Leader* is a concept represented by various personal roles and organizational positions for which people direct and manage others to achieve outcomes.
- *Leading* is a construct represented by a set of observable, quantifiable, and measurable practices and behaviors that deliver results and translate to competencies.
- *Leadership* is a context represented by processes and procedures manifested in organizational behavior.

Leadership is about aligning an organization's promise to its customers with its processes and procedures, representing the brand the organization wants to portray.

Leaders, then, can best be identified, developed, and evaluated by integrating these components into an overall leader development process. More specifically, ensuring learning experiences that integrate *leader*, *leading*, and *leadership* to achieve business outcomes through the demonstration of organizational

Figure 3 | Integrated Leader Development Approach



capabilities is essential to ensuring an effectively leveraged pipeline.

Leadership is about aligning an organization's promise to its customers with its processes and procedures, representing the brand the organization wants to portray. As such, leaders must act accordingly. But they can't perform without the knowledge, skills, and attitudes required to think, act, and interact accordingly.

The behaviors and practices they demonstrate are what leading is all about. And depending on their specific role, the way they represent their organization, its brand, and themselves will vary. C-suite executives will act differently than first-level supervisors to demonstrate the organization's desired capabilities, as would purely functional or regional leaders. An organization's specific business priorities will determine what impact these different leader roles can have on achieving desired results.

Conclusion

The leader development value chain should serve as the foundation on which a leader development agenda is created. It integrates the leader roles with the leading competencies (knowledge, skills, and attitudes) required of certain situations. This approach will drive discussions that articulate the

most appropriate leader development paths of appropriate programs, processes, and tools (for example, strategic consulting, processes and methods, programs or workshops, job aids, on-the-job experiences, assessments, coaching and mentoring, and business simulations) provided for organizations that specifically address their leadership pipeline challenges.

Having said this, optimizing any leader development initiative, regardless of its framework, theory, structure, or semantics, requires a partnership within an organization to provide the guidance, resources, expertise, and tools to ensure success. These commitments should include the organization's singular focus to ensure leader development is one of the key pillars on which its business strategy is built.

Stephen L. Cohen is founder and principal of the Strategic Leadership Collaborative, a consulting practice focused on leadership strategy, development, effectiveness, and research; steve@strategicleadershipcollaborative.com.

INTERESTED IN ORDERING E-PRINTS?

Would a digital version of this article be a great fit for your next course, presentation, or event? Are you interested in e-prints of several *T+D* articles on a specific topic? Visit astd.org/TD/eprints for more information.



TRAINING + DEVELOPMENT

YES!

I would like to subscribe to T+D magazine—12 monthly issues that keep me at the forefront of workplace learning and performance.

- Individual rate \$150 (\$216 outside the U.S.)
Institutional rate \$300 (\$366 outside the U.S.)

Order Information

TD0833

Name:
Title: Company:
Address: City:
State/Province: Zip/Postal Code:
Country: Email:
Phone: Fax:

Check One: \$150 (Individual USA) \$216 (Individual Outside the US)
\$300 (Institutional USA) \$366 (Institutional Outside the US)
VISA MasterCard Amex Discover Check (USD) (Payable to T+D)

Card Number: Expiration Date:
Signature:

Fax this form to 1.205.995.1588 OR Mail to:
American Society for Training & Development
Subscription Office, P.O. Box 11806
Birmingham, Alabama 35202-1806, USA
Order online at store.astd.org
Phone: 1.866.802.7059
Orders processed within three business days.
If you have questions, please contact td@subscriptionoffice.com
Prices valid through 12/31/2010. If you should wish to cancel your subscription for any reason, you will receive a refund on all unmailed issues. Your subscription to T+D may be a tax deductible business expense. Please allow 6 to 8 weeks to receive your first issue.

T+D is published by the American Society for Training and Development (ASTD)



090938.63250