

Nurturing Leadership Talent

Developing Great Leaders through Coaching

Developing leadership talent must be a prime task for any leader as it benefits both the leader and the organization. Coaching is an important leadership tool and an ideal approach for developing great leaders.

Introduction: Why Leadership Matters

Think of all the people who have been your leaders at some point. Try to remember their leadership style and the way they interacted with people. Did you feel they were great, average or downright lousy leaders?

I recently asked a number of people to do this exercise because I wanted to know whether my perception was unique or mainstream. Unfortunately, I found that my perception was shared by many. There are only a few great leaders today; average and lousy leaders truly abound.

However, when asked about great doctors, teachers or other professionals, people can usually mention many names. Why this discrepancy?

Do only incompetent or average people aim for leadership positions?

I don't think so. My explanation is simple. One can avail of formal education for most professions, but there is hardly any formal education for leaders.

Think about it. For the most important job in a company, we engage people with no formal education for the position. We just believe, or at least hope, that they will have a natural flair for leadership. There are very few companies that actually prepare a person for leadership positions, and the programs these companies have in place are often too general and not focused enough on the specific needs of their possible leaders.

If it is a known fact that the required number of leaders drastically outweighs the number of "born leaders", why can't the top managers of organizations do anything significant about the situation? Here are three possible reasons:

- 1) They think that things are OK the way they are.
- 2) They believe that it is sufficient for the CEO to be a great leader; the rest should just follow. This way of thinking excludes the managers from being great leaders themselves.
- 3) They are aware of the problem but don't know how to fix it or they are not able to measure the cost of poor leadership, and thus are unable to calculate the Return On Investment (ROI) for leadership development.

Hewitt Associates, one of the leading global human resources management consulting companies, found that a clear indicator of good or poor leadership in an organization is the level of engagement of the employees. Furthermore, they found clear correlations between engagement and profitability, and growth and shareholder value.

The numbers in Exhibit I are based on a series of studies by Mark Huselid at Rutgers University comparing organizations with high levels of engagement with S&P 500 companies.

This means, via employee engagement, it is possible to measure the leadership quality of an organization and calculate an ROI for leadership development initiatives.

Today, there is little doubt that individual executive coaching is one of the most effective interventions for leadership development. "The Manchester survey of 140 companies shows 9 in 10 executives believe coaching to be worth their time and dollars.



The average return was more than \$5 for each \$1 spent.”¹

Leadership quality may be the most important success factor for any organization. Embark on this journey with me to discover some of the secrets of first-class leadership and how it can be developed.

Career Development and Top Talent Retention

What makes people want to leave their company? Exit interviews conducted by the Saratoga Institute in the USA,² reveal that less than 20% of all employees leave their jobs for better pay, benefits and perks. More important reasons for employees voluntarily leaving jobs are:

- Misalignment of mutual expectations
- Person-job mismatch
- Insufficient coaching and feedback
- Perception of poor career-advancement prospects
- Work-life imbalance
- Distrust of senior leadership
- Low confidence in senior leadership.

Based on my own worldwide corporate experience and coaching work with clients, it seems that these US findings are very similar to the current work situation in Europe and Asia. Apparently, the basic needs of people are the same worldwide, and these are:

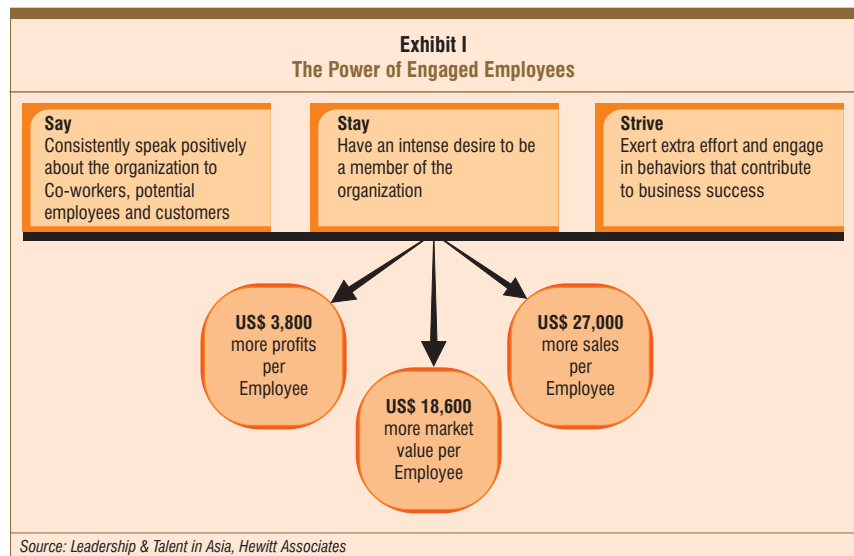
- The need to be respected and acknowledged
- The need to belong to a worthwhile group
- The need to be recognized as a worthy human being.

Obviously, the competence of leadership in an organization can have a huge effect on these needs and, consequently, on the performance level and retention rate within the organization.

An employee's perspective is simple: to perform better when he can see that his performance is valued and

¹ The Denver Post, September 2, 2001.

² Branham L. *The 7 Hidden Reasons Employees Leave*. NY: American Management Association; 2005.



how his performance affects his career in the long run.

If this is so clear, however, why do many managers hesitate to nurture the career advancement of their employees, especially their top talent?

Many leaders are afraid to lose their best performers after a promotion to another position in another department. After all, they would have to look for a replacement, retrain the new person and so on—which all lead to additional work and cost, and perhaps a drop in overall performance of the leader's team.

What is the effect of the lack of career advancement on the company? Employee performance is not as high as it could be and the best performers eventually leave the company because they cannot see where their careers are headed.

Let's look at the other side of the coin. What happens when a manager actually nurtures the career development of his staff? Yes, top talent might leave the department a bit earlier than in the other scenario but there are also considerable benefits for the manager who adopts this attitude:

- His team feels that it is worthwhile to perform well, as there are real chances to progress in one's career, leading to a positive effect on overall performance.
- His attitude fosters a performance and progress culture among all

members of the team.

- With such a culture, employees from other departments perceive the manager's department as a place of opportunity for their own advancement. Hence, this manager will attract the best talent to work for him.

For a leader who recognizes the benefits of supporting the career advancement of his team members, what are the key competencies required to do this successfully?

a) Feedback and Feed-Forward

One of the most basic and important needs of any human being is the need for recognition. Providing feedback, whether positive or negative, tells an employee that he is recognized as a person. In fact, receiving no feedback at all is worse than receiving negative feedback. However, if a superior focuses only on the weaknesses of an individual, morale will be adversely affected somewhere down the line.

A first-class leader takes any opportunity to provide honest feedback, good or critical. Ideally, he focuses first on the strengths of an employee and highlights them, thus providing a positive atmosphere. Once the positive points have been raised and discussed, areas for improvement can be addressed.

If an employee is not talented at all for certain tasks, it is usually more

productive to figure out how such tasks could be delegated or how the employee can work around them. It is a better idea to build on the strengths of the employee rather than to fix huge weaknesses.

For instance, would you push a talented swimmer who is not a talented runner to become a better runner? With extensive training, there may be some improvement, but that person is unlikely to become a world-class runner. However, if you put the same energy and effort into making him an even better swimmer, the person might have a chance to become a world-class swimmer.

Feed-forward

I use the term “feed-forward” to draw attention to the future rather than dwell on the past. The feedback process should lead to a feed-forward process, in which both the leader and his team members discuss how to learn from the past and move forward to achieve goals and prepare for the next career step. This discussion should include agreements on how things will be done differently, identification of tools, learning and assistance needed to achieve the goal, and last but not least, clarification of the role of the leader in this process.

b) Coaching and Supporting People

Coaching in this context means to display the following core coaching skills:

- Establishing a deep level of trust
- Active listening
- Powerful questioning
- Agreeing on career steps to be achieved
- Keeping the employee accountable.

Let's not forget that we want to support the employee in his career advancement. Empty promises will not do the job and will have a strong adverse impact on the trust level between a leader and his team members.

Also, to assure a high likelihood of achieving the intended goals, a leader should leave as much ownership as possible with his employee, i.e., the em-

ployee should determine his own next steps and actions. Of course, the manager should facilitate this process and encourage the best possible outcome. An appropriate coaching mindset is very helpful in achieving this.

c) Rewarding Performance

While monetary rewards are sometimes appropriate, it is often forgotten that a manager has a variety of other tools at his disposal to reward good performance. One of these tools is to extend the responsibility of a talented and high-performing employee.

For example, an outstanding employee might not be immediately promoted to a leadership position but could be promoted to become the deputy of the department head, or a high-performing salesperson could be entrusted with some of the key accounts of the company. This approach can bridge the

time gap between the present and when a higher position is available. It also keeps top talent loyal and performing well.

What Great Leaders Do

What actually is great leadership? How do we know that a leader is truly effective? I particularly like the definition of leadership by Dwight Eisenhower:

“Leadership is the art of getting someone else to do something you want done because he wants to do it.”

Obviously, this is what getting people engaged is all about. Of course, that's easier said than done.

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For my book *The Groupness Factor*³ I researched how great leaders in both politics and business managed to get their followers wanting to do what they wanted them to do. I found that all of them achieved a high level of “groupness”, a term coined by psychologists in the 1970s which could be described as a “sense of belonging to a group”.

Groupness is an age-old concept. Since the beginning of human evolution it has determined the survival of groups in so-called hunter-gatherer societies. Throughout human history, great leaders consciously or sub-consciously were able to inspire strong groupness among their followers and thus achieved high engagement for their causes.

Con-groupness and Dis-groupness

However, groupness can work both ways. It can support the cause of the leader which I call “con-groupness” (‘con’ stands for ‘constructive’) or it can disrupt that cause, which I define as “dis-groupness”.

Leaders who want to create and enhance groupness in organizations or companies have a good headstart,

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³ Lang C. *The Groupness Factor – How to Achieve a Corporate Success Culture through First-Class Leadership* Hong Kong: Progress-U Ltd.; 2005.

since the group members already share common ground—they are all part of the organization. However, the formation of subgroups within an organization cannot possibly be avoided. This, in turn, poses a huge challenge to any leader because of the unseen competition between an organizational group and its subgroups. Ideally, the culture of any subgroup should be aligned with the culture of the organization, but this does not always happen.

Let me give you an example. One of my clients is the Asian regional office of an American technology company. My client's company operates relatively independently from its mother company in the United States, and has over 400 employees in Hong Kong under a typical organizational setup (R&D, purchasing, sales, services, finance, etc.).

After initial analysis done with senior management and interviews with some staff members, we discovered that the sales department developed a unique culture not exactly aligned with the corporate culture. The sales people felt they didn't get the respect they deserved from other departments. They said that the others were envious because they, the sales people, made more money and traveled frequently.

The sales people often heard comments like, "These sales guys take vacations sponsored by the company, stay in expensive hotels and get paid more than us, who do all the work." This situation created an unhealthy dynamic. Communication between sales and the other departments deteriorated, and groupness among the sales team increased—but not for the organization's good. In fact, the conflict became increasingly unbearable because the sales people sold products that were difficult, if not impossible, to deliver. The organization had to deal with many dissatisfied customers and much finger-pointing.

Leaders must realize that the stronger the groupness of an organizational

group, the lesser the power and influence of its subgroups. It is futile for a leader to attempt to destroy counterproductive subgroups within an organization; it simply won't work. A leader has only two choices, which can be pursued simultaneously:

- Influence the culture of divergent subgroups and take steps to align and integrate them better with the bigger organizational group; and
- Increase groupness in the organizational group.

To influence the dis-groupness of a subgroup, the leader must first identify the counterproductive group then gain access to the key players, particularly the informal leaders of the group. It is not necessary to influence every member of the group; the key players determine what the group stands for. I also call them opinion leaders.

The key to success was for me to gain the trust of the key opinion leaders in that Asian regional office of an American technology company. My own strong background in sales helped in building good rapport during the first session. Also, the trust of the leader was gained using the principles of Appreciative Inquiry (AI)⁴ rather than outright criticism. We achieved our target within six months by working directly with the opinion leaders and teaching the sales manager how to coach them effectively. As a positive side effect, the sales manager gained more respect from his team members and had better access to his team.

How Great Leaders Enhance Groupness

From my research I found that groupness can be enhanced by three ways:

- Giving a clear group direction which includes a clear vision for

the group, an attractive mission statement, and effective strategies and goals to turn the vision into a reality

- Differentiation, which means making an unambiguous distinction between who are us and who are them (for example, the competitors) and how we are different
- Creating a compelling picture of what the group stands for, i.e., the culture of the group, including its values and beliefs.

Great leaders not only develop these factors with their team members but are excellent role models and communicators who relentlessly walk their talk and effectively keep communicating these aspects.

The concept of providing ownership to the coachees enables them to take on more and more responsibility. This allows them to develop leadership competencies under the guidance of an external coach and/or their managers who may act as coaches

Coaching as a Leadership Development Tool

I mentioned earlier that coaching is an effective tool for career development. This is particularly true for the development of leaders. The basic purpose of coaching is to help the coaches in their development in order to further improve their performance and make better decisions to maximize their success and, subsequently, the success of the organization.

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Consider this example. Karen is the managing director of the regional headquarters of a multinational company. She was pirated from a competitor where she was a successful sales director responsible for both the marketing and the sales departments.

Less than half a year into her new job, she felt extremely stressed and drained of energy. She had never ex-

⁴ AI Background. AI Resource eCentre. Available at: www.aradford.co.uk/Pagefiles/background.htm

perienced this before—in fact, she was known for being a power woman, always positive and energetic. She couldn't quite understand what was going on. As in her previous jobs, she worked long hours and was fully committed to achieve excellent results.

Unfortunately, the results didn't develop as expected and the workload seemed to increase by the day. What happened?

When Karen finally contacted me to figure out what was going on and how I could help her, I asked her to describe her typical working day in as much detail as possible. I also inquired about the way she commu-

nicated and interacted with the other senior managers. Finally, I asked her what components of her job are most important for her to be a successful managing director.

Based on her answers and the previously mentioned definitions of management and leadership, Karen appeared to function as a manager, not as a leader, in her new company.

We also talked about how things worked out so well in her previous position. It turned out that her boss was a strong leader who took over the leadership aspect of her role as a sales director so she could focus on managing the daily work and supporting the key account managers in winning important orders. Together, they produced a winning combination of leadership and management.

She suddenly realized that this important function of her previous boss—which she took for granted at that time—was missing, and that it was her responsibility to take over this task.

Within the first three months, we focused on creating a clear direction for the regional headquarters, which we developed together with the senior management team:

- A vision statement (Where do we want to go?)

- A mission statement (Why do we want to go there? What is the purpose?)

- A value statement (Which principles should guide us on our way?)
- Based on the vision, Karen and her directors decided on a strategy that would most likely make the vision a reality.

While completing the direction, we worked on her communication

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skills, especially when talking in front of larger internal or external groups. Karen also noticed that even though one of her strengths was her ability to create good rapport almost instantly, she sometimes had prob-

lems sustaining relationships. She realized that she rarely coached her reports, which caused frustration and decreased engagement.

As a consequence, we practiced coaching skills, feedback and feed-forward, as well as how to make employee participation more effective. We also worked on her awareness of the importance of developing her people, especially potential future leaders.

Furthermore, it was important for Karen to learn that she had to let go of being the “super manager”, as a former colleague described her. This was not her main job anymore. As she already had a good knowledge of the capabilities of each of her reports, she was able to delegate more management tasks to others. Also, she followed my advice to employ a capable personal assistant to free her from everyday tasks.

As a result, after nine months of coaching, Karen's and her company's situation changed dramatically.

For Karen:

- She still worked long hours, but found it much more enjoyable.
- She became as energized as she used to be.
- She made the shift from being a “super manager” to being a “super leader.”

For her company:

- Engagement greatly improved (we made an employee satisfaction inquiry at the beginning and after nine months).
- Retention, especially of the high performers, improved considerably.
- The financial results showed a new positive trend after approximately six months.

Karen decided to continue having coaching sessions to further strengthen her leadership competencies. Also, she noticed that coaching helped her when making important decisions because she had an unbiased yet understanding sparring partner who challenged her thoughts and expanded her awareness.

Of course, professional executive coaching is not the only way to develop leadership competencies, but it is perhaps the fastest and most effective way. Cases like Karen's clearly prove the potential value of coaching.

Conclusion

Developing leadership talent must be a prime task for any leader as it benefits both the leader and the organization. Corporate success is highly dependent on the leadership quality of a company's leaders.

Coaching is an important leadership tool and an ideal approach for developing great leaders. I have found it to be most effective when executives learn at least the basic coaching competencies to coach their staff. This can be achieved through dedicated coach-training programs. At the same time it is recommended that leaders be coached by professional corporate coaches. This way, they can become better leaders and be supported in developing leadership talent.

Developing your future leaders cannot be completely delegated to HR. It's the job of every manager in your organization. 📌

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