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## Leadership Development for a Twenty-First Century Workplace

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In business journals and other media, highly successful business leaders are celebrated and their successes mined for nuggets of wisdom we hope to learn from. But what about leaders who fail? We seem to hear about them only when the catastrophic consequences make the news.

For most organizations, poor leadership rarely makes headlines because its impact is felt intermittently and can often go unrecognized for years. Typically, it translates into missed opportunities or failure to reach potential. However, the slow drip of substandard leadership can pool into very public incidents that are not easily washed from the public consciousness.

Many of us recall the implosion of Enron in 2001 and think that blaming a few individuals—including its founder and CEO Kenneth Lay—for unethical behavior is justified. But a deeper analysis of the scandal uncovered a culture of poor leadership behavior across the organization, including failed communication and misaligned values at multiple levels (Seeger and Ulmer 2003). Chief among the root causes of the cultural deficit were a lack of leadership development programs and failure to identify potential leaders early in their careers.

Although most of us will probably never work in a leadership environment as dysfunctional as Enron, HR and non-HR professionals still puzzle over the same questions:

- How can potentially great leaders be identified?
- How can leaders be developed so that our workforces and enterprises grow and improve?
- How can leadership liabilities be avoided?
- What can HR do to ensure leadership sustainability?

These questions should trigger HR and other business leaders to consider and address the true cost of poor leadership, which researchers have called the “silent killer” of organizations (Groysberg and Slind 2012).

Enron’s cautionary tale of failure made global news, but, typically, leadership dysfunction goes mostly unseen and unaddressed because the consequences are not as immediately obvious. But make no mistake: poor leadership has direct and insidious effects on the business bottom line (Leadership Forge 2016).

Failing leaders drive away good employees at a high rate, leading to higher recruitment costs. Among employees who stay put amid the dysfunction, you will find significant impacts on their day-to-day productivity in the form of lost business opportunities, decreased efficiency, missed deadlines, and sunken morale. Less-engaged teams are also less customer focused and prone to minimizing their efforts and adopting counterproductive behavior.

But the effects of poor leadership do not stop there. Subpar employees drive away loyal customers, forcing business efforts toward acquiring new customers, which is five times as costly as retaining loyal ones. Estimates put the cost of a bad leader at around \$15,000 per staff member lost to voluntary turnover and \$7,000 in lost revenue per loyal customer (Leadership Forge 2016).

Because of the potential for great loss, organizations have no choice but to develop leaders using the same focus they direct to other efforts, such as marketing and operations. But too many are ignoring this investment, even as they spend more capital on employee development in marketing, sales, customer service, and operations. As Enron—and more recently Wells Fargo—learned, failing to provide professional development programs for potential leaders will result in gaps where negligent and damaging practices can enter and go unchecked until a crisis arises.

## **WORKPLACE MEGATRENDS DEMAND SKILLED LEADERS**

It’s not surprising that today’s fast-moving organizations often have a shortage of key leadership skills. In the Society for Human Re-

source Management's *Business and Human Capital Challenges* report (2015), interviews with leaders in both the HR and non-HR sectors revealed leadership shortfalls, particularly in skills involving people management, coalition building, and political savvy. The findings also highlighted a lack of leaders having a twenty-first-century understanding of global and cultural effectiveness.

Why are these competencies so critical? In both the *Challenges* report and a recent Society for Human Resource Management Foundation (2016) report, *The Future of Work*, business leaders and HR executives point to three key macro trends affecting the way business is conducted today and their challenges to leadership.

First is the ascendancy of digital technology and automation. These innovations tend to be great for industry but can have a devastating effect on employee engagement. Life may be easier for workers in some ways, but increased workloads and productivity expectations can cause stress.

When people can work from anywhere and at any time of the day, the pressure to do more, do it faster, and at higher skill levels goes on 24/7. Even so, higher expectations and productivity demands have not necessarily meant higher pay. And these days, losing a job to automation is a realistic worry for a growing number of workers.

Great leaders will champion policies like workplace flexibility (“workflex”) that are fair to both the employee and the organization—supporting workers with holistic, flexible work-life policies and paid leave while assuring continuity, predictability, and stability to employers.

The second megatrend is the changing nature of the compact between employer and employee. The basic relationship was essentially built for business in the 1960s, when employees would spend an entire career at an organization and retire with a pension and a gold watch. Today we have the gig economy, more contracting, frequent job hopping, and the loss of middle-class jobs that once provided decades of stability and economic opportunity for families. Blind loyalty to an employer is out of fashion, as employees increasingly see career development as a “what can you do for me” transaction. In other words, employees are looking to their organizations as vehicles to achieve their own goals.

Great leaders will support the aspirations of their employees by designing work functions that nurture the career development of their staff

as well as focus on the needs of the organization. These leaders also focus on tools like mentoring, coaching, and cross-functional work assignments to build a broad base of skills among their teams.

Finally, the megatrend of the multinational, multigenerational workforce is also changing how leaders must lead. There are five distinct generations in today's workplace—from the “greatest generation” to millennials, each with different motivations, expectations, and working styles.

For too long, managing multiple generations has focused on stereotypes and differences. But a skilled leader today will understand how the distinct sets of skills and contributions of each generation come together to make the engine of business run smoothly and far. And when you mix people together on teams, giving older and younger hires the chance to learn from each other, you are using a multigenerational workforce to your advantage instead of expecting these individuals to conform to fit a culture or a label.

With global population shifts, workforces are becoming dizzyingly diverse in other ways: by 2050, new immigrants and their children will account for 83 percent of the growth in the U.S. working-age population (Center for American Progress 2012). Smart leaders will actively engage and develop their immigrant employees, supporting them to become an integral part of the workforce and their larger communities. They know this leads to higher retention, productivity, loyalty, and a future bench of leaders who can attract others with similar strengths, skills, and experiences (Urban Institute 2015). This type of diversity also positions organizations to compete in the global marketplace.

Great leaders approach their diverse workforce planning by identifying the skills needs of the organization today and tomorrow. They leverage tools like future-oriented job analysis and job redesign to envision how their teams will look from a skills-mix perspective. In addition, they tend to track global immigration trends and their relationship to economic factors so that they can adapt to workforce demands.

It's clear that leaders must be prepared on multiple levels. They must be able to lead teams that can create, innovate, and operate efficiently in volatile and unpredictable environments, able not only to adapt and respond to change but also to predict and get ahead of it. This requires constant learning.

## WHAT DO TODAY'S LEADERS NEED?

Today's leaders, regardless of position or industry, must possess four basic capabilities: 1) people management skills, 2) business and data acumen, 3) interpersonal savvy, and 4) a bedrock of technical knowledge and prowess. With an appropriate mix of these skills, the leaders of tomorrow can adapt and, more importantly, learn and respond quickly to challenges and business disruptors. In fact, the need to predict how your employees will react to new situations becomes more important than predicting the trends of business.

This means doing leadership development very differently. First, leaders need to let go of the perception that leadership equals control. Today, leadership means empowering others to stretch themselves, opening opportunities to build things that have broader applications than the organization's usual functions. And it means understanding that failure is part of the learning process. Leaders can take a page from Silicon Valley and its use of "fail-cons"—conferences that explore the reasons behind the failure of ideas or companies as a way to gain insight on what might succeed going forward.

Leaders must also foster a "culture of fluidity" that promotes adaptability. Successful developers of tomorrow's workforce actually create opportunities for employees to adapt. These opportunities could include cross-functional roles, creativity hours—hours dedicated to creative exercises not associated with core tasks or responsibilities—and performance incentives that reward behavior that is altruistic in nature and goes above and beyond the call of duty. Moreover, leaders should recognize those who adopt fluid concepts in project delivery and management of others.

Finally, people should always come first. Specifically, modern leaders will have evolved to focus on an engaged workforce just as much as results. When done effectively, the effect on the bottom line is unmistakable. Organizations will enjoy a workforce of individuals who will treat the organization as its primary partner in achieving a joint mission.

## **THE DIFFERENCE IN DEVELOPING LEADERS**

Leadership development is vastly different from other kinds of professional development. As Development Dimensions International, Inc.'s (DDI) global leadership forecast indicates, the most common methods for training staff will not work for leaders (DDI and Conference Board 2014). Leadership development is more likely to feature cross-functional work assignments, competency-oriented training, and executive coaching.

Leadership development is also characterized by long-term engagement with a variety of learning options. The most successful leaders leverage development through on-the-job experiences, including mentorship and developmental work assignments. Because leadership competencies are multidimensional and complex, it is important to focus on learning opportunities that mimic the live work environment and bring into focus the multifaceted decision-making processes used by leaders.

Identifying and retaining potential future leaders is the last piece of the puzzle. Here, HR can play a vital role as the human capital strategic planner who identifies future leaders at the earliest point possible and sets them up for long-term development. In my experience, leaders who are not guided through a comprehensive talent management process often fall short of their potential in their current environment. However, they thrive in an organization where leadership development is expected of its managers.

## **HOW DO YOU KNOW YOU ARE GETTING IT RIGHT?**

The ultimate measure of leadership success is a sustainable enterprise that is profitable, competitive, and innovating. But from a different perspective, success will be apparent when the organization's key brand ambassadors are no longer the people at the top, but have become the employees and consumers themselves. When your workforce and your customers are doing your recruiting for you and attracting top talent, your leadership is doing a lot right.

Ultimately, the success of any organization can be measured by its contribution to the lives of others, including its community, its workforce, and society as a whole. These are certainly among the most satisfying fruits of excellent leadership.

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