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Leadership by design:
An architecture to build
leadership in organizations

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About the images in this report

To illustrate how effective systems can be designed in ways that mirror what occurs in nature (by chance), several architectural images were selected relative to their natural analogs. Images include the Jin Mao tower in Pudong (Shanghai), China; the Reichstag in Berlin, Germany; Union Station in Washington, DC. USA; and the Pantheon in Rome, Italy.

Preamble: Why leadership matters

In this working paper, we set out to address a fundamental set of questions about how we approach leadership in organizations:

Should organizations leave leadership to chance? Are there any CEOs or Chairs of boards who are confident they have both the right set of current leaders and the infrastructure in place to develop an effective set of future leaders?

Or, are there concrete ways they can deliberately increase the likelihood of having the right leaders with the right skills and capabilities—now and in the future?

Before we explore these questions—and put forward our point-of-view—we think it important to elaborate on three basic assumptions. These assumptions underscore the relevance of leadership in organizations and society in general.



Assumption #1: Leadership matters. The research is clear: Leadership is critical to the success of organizations – and societies. In his book, *Good to Great*, Jim Collins initially hypothesized that leadership would not differentiate truly great performance from good or average performance. Yet, when he finished his research, Collins determined that leadership was a driving factor of great business performance. Further, it seems that the *absence* of leadership creates risk. Much has been written about the leadership failures that¹ resulted in the worst financial crisis since the depression, as well as numerous environmental and public safety disasters.

Assumption #2: Leaders are made, not born, for the situation at hand. When we use the term “natural born leader,” we ignore the fact that these gifted people “showed up” to lead at the right time having already gone through a set of experiences—including hardships and defining moments—that shaped them. Study any great leader’s biography and you will see a similar developmental pattern. For example, Mohandas Gandhi was shaped by his education, environment, and what he observed around him in colonial India. Winston Churchill had the right set of experiences that¹ prepared him to lead during the Second World War—ironically, his leadership brilliance in war time left him ill-prepared to lead after the war was over.

¹Collins, J.C. *Good to great: Why some companies make the leap... and others don't*. 1st ed. New York, NY: HarperCollins, 2001

Assumption #3: The term “leadership” is definable.

First, let’s assume what it is not: Leadership is not a role, specific personal capability or skill (although it requires all of these things). Too often the term “leadership” is mistaken for a description of a person. To define leadership, we must first separate a leader (as an entity) from leadership (as action). Let’s build a general definition of leadership by looking at the problems organizations face through a framework developed by Keith Grint at Warwick Business School. In a very rough way, Grint divides problems into three categories:

- First, there are **tame problems**. These are problems that we have seen before and to which we know the solution. They may be complicated—but putting the right process and people in place will solve the problem. Believe it or not, heart surgery is a tame problem (as long as there is a surgeon doing it!). Heart surgery is complicated, but an experienced heart surgeon has mastered the process. The approach to tame problems is *management*—it is about getting the right process and resource in place and then managing it.

- Next, there are **crises**. Crises require someone to take control of the situation and provide an answer to the problem. For example during the “7/7” bombings in London, the emergency personnel going into the underground stations took control of the crowd and told them exactly what to do (get out of the way!). Crises require neither leaders nor managers, but *commanders*—people in authority who know how to handle the crisis being faced. Of course, beware the commander who is always looking for a crisis!

- And finally, there are what we call **wicked problems**. These are problems that we haven’t seen before. There is no common definition of the problem, there is certainly no known solution, and there are many stakeholders involved—all of whom purport to have the ‘right’ answer. If what I want to do is stop heart disease from occurring—i.e., address the underlying social issues which cause heart disease—that would be a wicked problem. Should the fast food industry be confronted? Should education on health and nutrition for our children be improved? Should school meals be universally provided? Who pays for all of this? Should a ban be placed on smoking and alcohol?

Thus, for our purposes, **leadership is the ability to get people together to solve wicked problems.**

And it is tough. Solving wicked problems often requires overcoming deeply ingrained behaviors and leading organizations through radical change. As Maynard Keynes said “The difficulty lies not in new ideas, but in escaping from the old ones.”

If you agree with our assumptions—that leadership *matters*, that leaders are *made*, and that we can *define the term*—then read on. We think we have some ideas that might change the way you approach building leadership in your organization.



A current CEO looks back: 1980-2010



When you trace Steve's career path, you might say that he had just the right combination of foresight and luck.

Though he joined the company as an analyst, he left after a few years to get an MBA. He enrolled at Harvard Business School, and took part in a study-abroad program in Russia—which at the time was in the throes of birth-pangs after the breakup of the Soviet Union. He happened to be in the right place at the right time to see first-hand the kind of creativity that can arise amid enormous uncertainty.

That experience made the difference for Steve when he returned to the company after graduation, and was given a middle-management position at a poorly run customer-contact center in Phoenix. Because of what Steve had seen in Russia, he believed positive change was possible—and created a series of initiatives that turned the call center around.

That success caught the eye of an upper-middle manager, who became Steve's mentor. And Steve stayed lucky. His mentor arranged for him to be part of a golf foursome with the CEO, who happened to be in town. Steve made a strong impression on the CEO. A few months later, when Steve saw a posting for an upper-management position in finance at the company's New York headquarters, he called his mentor—who called the CEO. Although other candidates had more finance experience than Steve, the CEO decided to take a chance on him.

He rose through the management ranks quickly, excelling in every opportunity, turning poor-performing divisions into high performing ones. Well before the CEO retired, Steve was already at the top of the board's short list of succession candidates.



A future CEO looks back: 2010-2040



Sarween did things a little differently.

A native of Jaipur, she attended the Indian Institute of Management, and joined the company in 2010 at age 24. She worked in product development in India for several years, then enrolled in the company's new global MBA program—a cooperative effort with INSEAD and Wharton—intended to provide young employees with a culturally diverse set of experiences. Over the next two years, Sarween was rotated through Fontainebleau, Philadelphia, and Singapore.

Upon graduation, Sarween was offered the opportunity to work at the company's New York headquarters, where she became a marketing director. Instead of taking this opportunity immediately, she deferred her re-employment and joined a consulting firm for a short while under a program the company conducted jointly with the consultancy. Upon completion of her rotation there, she decided to come back to the company because she wanted to further develop her finance background, and was systematically provided with a series of special projects.

Sarween advanced quickly, and a few years later was given the role of vice president of finance. She excelled, and was soon invited to be part of a special mentoring program for high potentials. Senior leaders schooled her in both marketing and finance, preparing her to run a business.

At the same time, the company was deliberately providing its rising stars with experiences that would prepare them to lead in an increasingly uncertain and competitive business environment. Every two or three years, Sarween was matched up with another challenging experience intended to extend her reach. Naturally, competitors regularly tried to recruit her, but to no avail. Sarween's managers made sure that her career experience—from her choice of opportunities throughout the world to her fair (and competitive) rewards package—could not be matched elsewhere.

She was also persuaded to stay by the approach of her managers toward work-life balance. Sarween had been open with them about her eventual desire to have children with her partner, whom she had met in New York. And they had assured her that when the time came, she would be allowed to “dial-down” her career for a few years.

Sarween became an accomplished leader, and—as a step toward taking over the company's Asia-Pacific business, was asked to move to Singapore to run a component division. To encourage her to make the move, the company offered to find a job there for her partner.

Sarween did well, and as expected, was offered the top job in Singapore. She declined, however—she was now ready to have children. The company accommodated Sarween, allowing her to keep her current position, and continuing to develop her through special projects. After five years, Sarween was ready to dial her career back up, and was again offered the chance to lead the business. This time she accepted.

When the CEO retired a few years later, Sarween was at the top of the list of succession candidates. She was surprised to learn that one of her fellow candidates was a woman who had been in her same MBA class years before, and had been part of Sarween's network since then. None of the candidates had landed on the list through good fortune—in a sense, all had been on the CEO track since the beginning of their careers.



Experiences matter— by chance or by choice

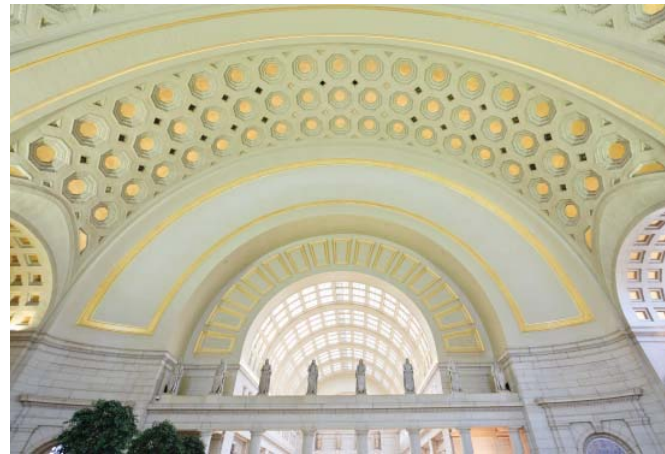
When leaders are asked to look back on their careers, and think about what shaped them the most, they invariably point to certain experiences they've had. The ones that taught them to deal with uncertainty, perhaps, or to stand up to a seemingly insurmountable challenge. Although coaching, mentoring and training may have helped them along the way, the combination or portfolio of experiences, they say, were what made the real difference in their development as leaders.

And years from now, our future leaders will no doubt credit their success to their own portfolio of career-defining experiences. They, too, will look back and say, "These are what made me who I am."

In this context, Steve and Sarween had an important thing in common: they each owned their careers, making choices to seize formative, career-building experiences when the timing was right. However, in Steve's case, serendipity was also a driving factor in his success. In contrast, Sarween saw a robust set of activities in front of her—she didn't need to depend on luck, just her own abilities and drive.

How do we make sure our leaders' experiences don't happen by chance—as they did with Steve—but are the right ones at the right times—as they were with Sarween? How can we see to it that those experiences are not simply accompanied by coaching, mentoring, and training, but specifically use those techniques to become fuller and more meaningful?

One thing is certain: the experiences of future leaders in the coming years won't look much like experiences in the past. Every large organization, it seems, now has the goal of growing rapidly and becoming more global. But are they truly preparing their up-and-coming leaders for that future—or are they leaving it all to chance?



Leadership by accident

You've been working hard to put together high-quality leadership development programs. You know about quality, and you've been bringing leading practice to your organization—with top-flight training, time-tested assessment tools, and other leading practices. You may even know exactly where you want to do more, and so you're continually fine-tuning the system.

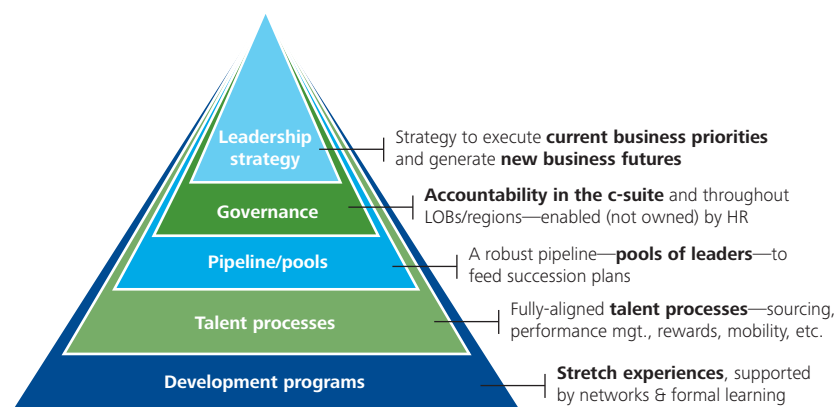
But how do you know the leaders you're so carefully preparing are actually the ones your company will need to execute on your current strategy and create new business futures? Many companies seek out leadership development solutions without first exploring what their future looks like—and what their future leaders should look like.

For some companies, the cart is before the horse. Their focus is on leadership development programs often with an emphasis on effective leadership development practices but without enough of a focus on their industry and business and emerging realities. Increasingly the fear is that we have plenty of leaders for the challenges of the past but not enough for the challenges of the future which involve more uncertainty and risk, a high level of personal familiarity with global markets and increasingly diverse workforces, and scale and technical complexity that continue to increase.

For those companies, leadership development solutions are the starting point—when they should be the end point. But an organization's future shouldn't be built on their current configuration of solutions without clear direction. It would be like planning to host a big dinner, and going to the supermarket without a shopping list, or even an idea of what you'll be cooking. What you end up making for dinner will be determined by the ingredients you just happened to buy (or have in your pantry)—if you even bought enough for a dinner at all.

When leadership development solutions are your starting point, rather than the culmination of your business strategy and leadership strategy, you're leaving too much to chance. Leadership by accident may have worked (sometimes) in the past. But in the face of the business world's unrelenting uncertainty and accelerated pace of change, it may not be good enough for tomorrow. The organizations most likely to survive will be the ones that have lots of Sarweens. The ones that pursue leadership by design.

Figure 1. Configure a complete system to build a pipeline of leaders



Leadership by design: Creating connective tissue

Most organizations lack the connective tissue—between business strategy and leadership strategy; a clear point-of-view regarding leadership governance; full alignment of talent processes; and (finally) a set of leadership development programs that invest in the right things (and no more). Companies may have the elements necessary to create the linkage, but no guiding framework or mechanism to bring the parts together to work for the whole. There is a leadership pipeline, for example, but not one that defines the kinds of leaders that are needed for the future. There are essential processes and programs, such as career mobility and performance management, but they're not aligned with a leadership strategy—or even with each other. There's a powerful organizational culture, but it's wholly unrelated to where the company is going as a business.

Building the connective tissue requires treating the entire leadership development process—from strategy to solutions—as one system. No single element can flourish on its own. It's the interaction between them that gives the system its vitality and robustness.

This takes work, but for the most part, you'll be doing what you've done all along—just in a new way. And once the parts of the system start to work together, the leadership development process becomes focused, self-sustaining and often more efficient. As a result, the leaders you'll need now and in the future will begin to emerge.

Client Example: Rolling Pool of high-potentials mitigates succession risk

Our client: A global diversified financial services company with 70,000 employees in more than 100 countries worldwide

The leadership challenge: Weak succession pool for top jobs. In the past, it had been expensive to hire senior leaders externally, and few external senior-level hires stayed with the company for long.

The solution: Create a rolling pool of high-potential employees who would rotate through cross-functional and global jobs over a five-to-seven year period. Steps included:

- Create a clear leadership capability framework so everyone had a clear picture of what a future senior leader needed to do well
- Select high-potential employees as candidates for future senior roles
- Assess the candidates for potential and developmental gaps to fill
- Work with each candidate to build a robust and multi-faceted development plan
- Put decision rights and governance in place regarding developmental job moves
- Adjust compensation, benefits and mobility policies and programs to support the pool moving through developmental positions
- Create impactful learning and coaching programs to accelerate on-the-job development
- Measure individual and organization success.

The results:

- Strong internal pool of candidates for top positions, thus reducing succession risk in the short AND long term
- Increased retention of high-potentials
- Anticipated \$400,000 savings for each senior position filled with qualified internal candidates via the pool. In essence, the program pays for itself.

Put on your “future glasses” and start the conversation

It begins with a set of conversations. Thoughtful, open dialogues about where your business is going, what types of new challenges you are facing, what kinds of leaders you’ll need, and when and where you’ll need them.

The first step is to be crisp about your business strategy, both for the next few years and for the long term. This may be difficult given the uncertainty and change confronting business leaders. But it is essential to be both crystal-clear regarding current priorities and to put on your “future glasses.” You need to take the time to picture what your industry and operating environment will be like in one, three and perhaps 10-15 years, and where you want your business to be by then.

Continue the conversation. What kinds of capabilities will your leaders need to get you through your current priorities into a new future? How will these capabilities be different (or the same) from what you value and have now? What kinds of experiences will they need to develop these capabilities? This can and should be a discussion of what leadership is about, on a personal level, on a team and organizational level, and perhaps even on a societal level.

The larger leadership narrative you’re creating must be your own. This is your organization’s story, because it’s about what’s driving your business—and therefore what should be driving your leaders. Ultimately, this narrative defines your organization’s leadership DNA and must be incorporated in the leaders and embodied in their daily behavior. It is the “who, what and how.”

Figure 2. Define your organization’s leadership strategy (your “future view” of leadership)

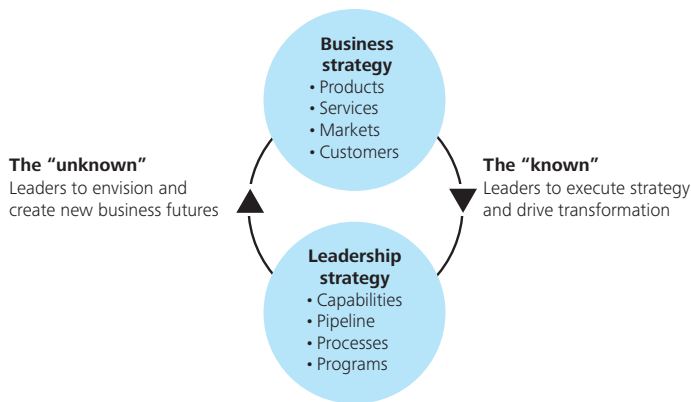
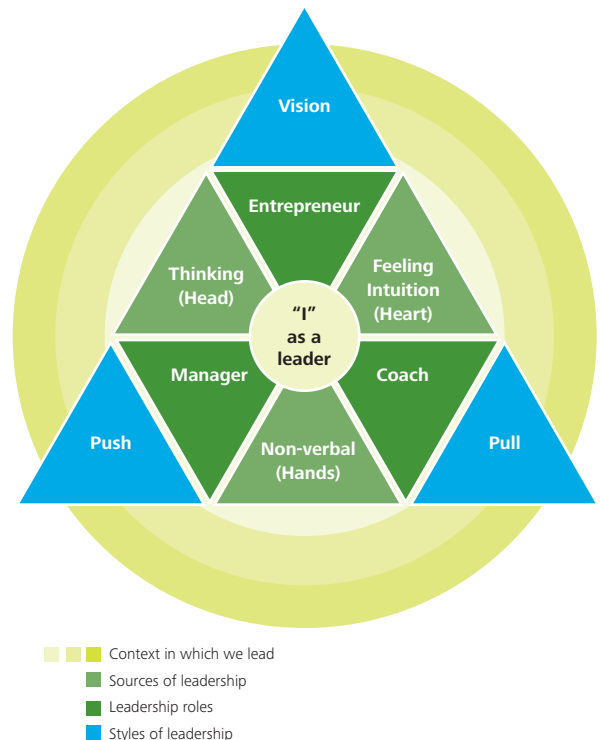


Figure 3. Use a framework for your leadership dialogue



The dialogue should not stop simply with an exploration of “what is leadership?” You need to bring it home, in a sense, by talking about where these leaders will come from. What kind of pipeline will it take to create an abundance—and perhaps even an oversupply—of leaders, so you can be prepared no matter which direction the future takes? And don’t limit this kind of thinking to CEOs and other senior managers—your leadership DNA must course throughout the entire organization.

Some questions to stimulate thinking:

- What does leadership mean for you as an individual?
- What does leadership mean in your organization?
- What kinds of leaders do you need for the future of your organization?
- What are the new and different (and the same) capabilities your leaders will need in the future?
- Where do you need them for the markets that you’re going to grow, for the products that you’re going to create, for the customers that you want to reach?
- What is your narrative?



Client Example: Leadership dialogue brings cohesion and consistency to development efforts

Our client: A global manufacturing and distribution company with more than 80,000 employees worldwide

The leadership challenge: Difficulty setting direction for future leadership because there was no clear picture of what leadership needed to look like for the future of the company

The solution: Created a leadership dialogue as the starting point for a roll out of a leadership program. By inviting each individual top leader to reflect on his/her own leadership styles, sources and roles in a one-to-one dialogue, the company started the important process of systematic reflection.

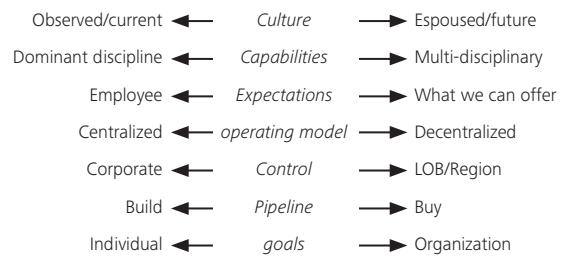
The results: Each of the leaders came to a conclusion about his/her own insights in relation to the context of the organization (team, organization, market/society). This shared reflection—including a new ability to articulate criteria for current and future success—became a clear POV as a starting point for more integrated leadership development throughout the organization.

Time for some honesty

The next step is critical, but it's one many organizations miss. You need to make sure that your current leadership pipeline, your talent management processes, and your corporate culture are working together for you, not against you. Achieving this alignment is what building the connective tissue is all about, because it is through these elements that leadership DNA is transmitted. Miss these, and you may miss the connection.

What this calls for is a serious conversation about governance and tradeoffs. This might seem a daunting task, but it's easier now because you know what to look for, and because there is a consensus about what these elements should look like. The key is to engage in a thoughtful dialogue about creating the right dynamic equilibrium to resolve some of the natural tensions that exist in any large, complex organization—tensions that, if not attended to, might get in the way of creating the robust pools of leaders you need now and in the future.

Figure 4. Make proactive decisions about trade-offs



Dynamic
Equilibrium



Murky talent pool or clear pipeline?

If you've done your homework, you now have a clear sense of the kinds of leaders you need to take your organization into the future you've envisioned. You also know where you will need them—in what markets, for example, and in what particular product sectors.

Look at your current pipeline. Is it set up to deliver those leaders? Who is in the pipeline now? Are they the right people, and are they where they need to be right now? Are there others in the organization who aren't on track for top leadership—but should be, considering where you want to go?

You may already have extensive performance and talent management data on many of these current and potential leaders. Now you can match up that data with your future-facing picture to evaluate your pipeline, and the people in it. You will probably find that you've got some of it right, and that you've also got a few gaps—maybe some big ones. But now you'll know exactly where those gaps are.

This is more than a leadership and talent review—it's a kind of leadership and talent "preview," because the emphasis is on being proactive. Because you have the information you need, you can begin retooling your pipeline so that it becomes fully aligned with your overall leadership strategy. You'll be able to refine your selection process, and better predict your buy vs. build equilibrium.

The outcome will not be a murky talent pool—in which executives bubble up by chance—but a true pipeline that delivers just the kinds of leaders you need, precisely when and where you need them. This will take your company beyond succession planning—specific people for specific roles—to a more evolved state of succession management, because you will have deep leadership pipelines from which you can draw for evolving business challenges and requirements.



Align your programs for success

Think of your various talent management processes and programs as arrows, all pointing in different directions, reflecting the priorities of each at any given moment. It makes sense that all those arrows should be pointing the same way. But that can't happen unless you have a strong leadership strategy that pulls all the arrows toward it, like compass needles fixed firmly on the magnetic north pole.

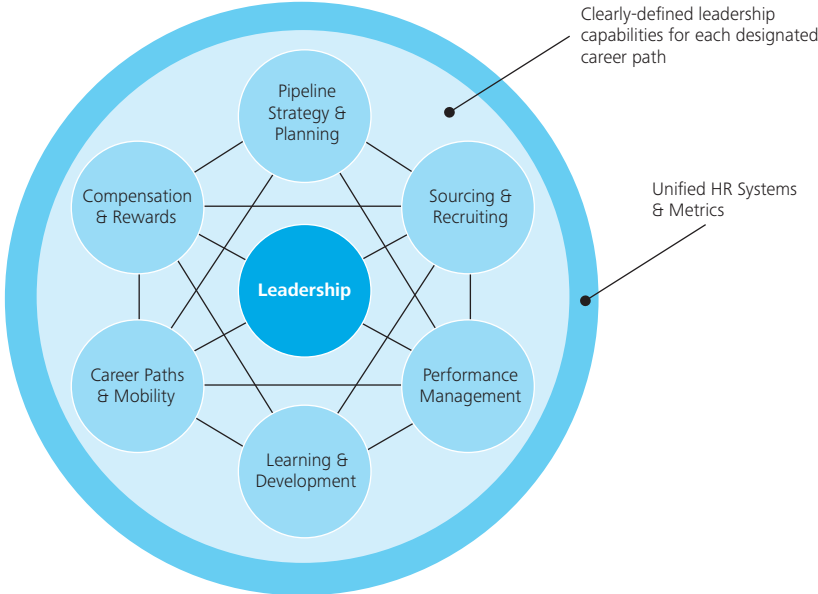
That takes some recalibrating, even once you have the leadership strategy in place. Each talent management process must be evaluated on its ability to support the strategy. Not just leadership development practices like training and coaching, but the complete landscape of processes and programs, from sourcing and recruiting to compensation and rewards. All the arrows must be pointing due north.

This not only makes sure that each process and program is building the kind of leaders you need, it averts leaks in the pipeline. Companies tend to lose their rising stars when there are holes in the management processes; when, for example, people are moved around the world to develop their reach, but they falter because they don't have peer networking or other support. Finding and fixing those holes lowers the chance that you're simply developing your competitors' future leaders.

“Organizations most successful in leadership...have a much higher level of integration between leadership development and the various talent management components.”

– High-Impact Leadership Development 2009, Bersin & Associates Industry Study

Figure 5. Focus on stretch experiences to develop leaders



Culture eats strategy for breakfast... leadership is just a snack

Organizational cultures tend to take on lives of their own and it is well documented that the corporate culture can derail the most rational of business strategies. The same is true for leadership. You can be making great strides with your leadership strategy, pipeline and processes—you can be doing everything right—but if your culture rises up and blocks your path, you're going to be stopped short in a hurry.

Let's say your business strategy is to innovate more in emerging markets, and so you need smart leaders in those markets who are not afraid to take risks. But your organization is blame-oriented, and a mistake isn't seen as a learning opportunity, but as cause for dismissal. Is there really much chance you'll be able to develop innovative leaders?

So you need a clear view on your culture as well. One that tells you where your leadership strategy can advance smoothly, and where it might hit a brick wall. It can be hard to pin down the nature and impact of culture. But an effective leadership strategy can provide a clear standard for evaluation, especially when it links not only to a clear picture of what the culture needs to be, but also to specific day-to-day behaviors linked to how people do their jobs. Your culture may have more of an impact

on your leadership pipeline than any of your leadership development programs. If your culture and leadership programs are at odds, bet on your culture to win out. If it's not delivering what you want, your culture may be a critical place to start and focus.

A report card can look at two dimensions of leadership culture:

- **Shared values.** Are my organization's leadership values clear and memorable? Do they support our mission and strategy?
- **Behaviors.** Are our leaders held accountable for day-to-day behaviors that are in line with our leadership values? Do we know what critical behaviors drive our business performance? Or are we just paying lip service to the values? For example, organizations often tout how their leaders need to act, but then ignore bad behavior if their leaders make their numbers. It's not an "either/or"... it's an "and."

Changing culture is never easy, or quick. But if you understand how your leadership culture relates to your strategy, and then drive that culture into day-to-day actions, you'll know where to begin and how to measure success.

Client Example: High-performance leadership team creates high-performance culture

Our client: A large mobile telecommunications company with more than 30,000 employees operating in 11 countries.

The leadership challenge: The organization was faced with defining and agreeing upon a new strategic direction in an extremely competitive environment. To meet this market challenge, the company saw the need to build a high-performance culture within the organization, starting with a high-performance leadership team able to work side-by-side to construct and deliver a program of change to execute on the strategy.

The solution: Created a tailored program to bring the leadership team members closer together. This included helping them to gain appreciation for each others' leadership styles, as well as application of learning in real time to current business issues.

The results: Markedly improved quality of interaction among leadership team members, as well as with others within the business. The leadership team is now role-modeling the behaviors necessary for the development of a high-performance organization. The team also created greater clarity around roles and accountabilities, resulting in faster and more effective decision making—critical to the execution of the company's new strategy.

Finally, you're ready

If you've ever seen an old photograph of a huge bridge being built—with the construction started on both ends and working toward the middle—you may have wondered how the engineers were certain the roadways were going to meet. What if the bridge was just about completed and the two sides were a few feet off? Then what?

When many companies build their leadership systems, the two ends are misaligned, and so cannot possibly hope to meet. But if you've done the connective work—if you've thoroughly evaluated your pipeline, processes and culture—then you can, with confidence, bring together your leadership strategy and your leadership development ecosystem. The roadways will meet because, from the outset, it was all one roadway.



Now the experiences make sense

Take another look at the story of Sarween, and consider two scenarios. One, that all her experiences were essentially random, and that she rose to the top by chance, that she simply happened to be somewhat better than her peers, whose own experiences were equally random.

Now imagine a second scenario: All her experiences were designed to help her become exactly the kind of leader needed to pursue her company's unique future business strategies—and that all her coaching and mentoring and training were carefully designed to support those experiences. And take it a step further: Imagine that all her peers were also given just the right experiences, so that the company had an entire cadre of qualified leaders, and the CEO was not simply good enough, but the “best of the best.”

Such an outcome is possible when organizations both understand the primacy of experiences, and make them an integral part of a fully aligned leadership development system. The first aspect, of course, can be as tricky as the second. Most companies do recognize how important experiences are, and embrace, at least in theory, the ratio developed by the Center for Creative Leadership—that 70 percent of leadership development should come from experiences, 20 percent from mentoring, coaching and networking, and 10 percent from training. But that model is commonly turned on its head, because providing experiences is notoriously hard, and obstacles abound.

When experiences are part of an integrated system, however, they actually become far more possible. That's because if there is a real reason for them—if they are no longer seen as a luxury, but as essential to the organization's future—they become part of the organizational fabric.



Leadership by design

There is no doubt that addressing the entire leadership picture takes more effort than shopping for the best new development programs and tools. But the payoff typically far exceeds the investment, especially in a world where leaders are in short supply. You'll have confidence you're getting it right, because you'll be able to see how everything fits together, and what adjustments you need to make. You'll know which development solutions are truly relevant for your business—and which are just the latest fads.

And because there will be broad agreement on what is needed, you will be able to measure success. Your specific goals for leadership development—tied directly back to business and leadership strategy, become your metrics.

Taking this wider, systematic view also helps solve perhaps the most intractable barrier to effective leadership development—the reluctance or inability of even the

most well-meaning people to emerge from their silos and work together toward a common goal. When, for example, development experiences are no longer seen as haphazard—but part of the organization's overall business goals—it becomes easier for managers to part with their best talent, and to make room for new people.

Ultimately, this approach becomes leadership by design (in contrast to leadership by accident). The solution becomes clearer and simpler. A thoughtful business strategy makes possible a comprehensive leadership strategy, which in turn makes it possible to identify and address problems in the leadership pipeline, talent management processes and organizational culture. Building that connective tissue in turn makes it possible to create a leadership development ecosystem that delivers the right experiences. And the entire process makes it possible for the organization to create its own leadership story—the one that will take it into the future it seeks.

Client Example: Leadership development strategy and future-state framework improves ROI

Our client: A multi-site health care provider with 29 hospitals and a variety of other facilities and services

The leadership challenge: The organization spends millions annually to develop its physician, nurse, pharmacy and administrative leaders. In an evaluation of its leadership development offerings across the system, the client found several gaps that it wanted to address, including better linkage to business goals, more consistent course development, and improved ROI measurement.

The solution: Designed and led a series of interactive workshops that included senior leaders and leadership development owners from key functions (hospital CEOs, physicians, nursing, finance, IT, pharmacy, etc.). Steps included:

- Anticipate strategic priorities and implications for leadership development
- Identify key leader segments (who we need to focus on)
- Align around the competencies that require “development priority” by specific leader levels and leader segments
- Prioritize which leadership competencies should be developed centrally across the system
- Define the leadership development future state details, including (but not limited to): governance and interaction model (e.g., systemic vs. local); roles and responsibilities; operating principles (e.g., build vs. buy); supporting tools; and ROI measurement
- Gain buy-in and approval from the CEO, as well as the executive and operating committees

The results: The client now has a clear and agreed-upon picture of its future-state leadership development strategy, as well as a detailed framework in which that strategy will operate. Components of the framework include:

- Clear alignment of leadership development to business priorities
- A consistent approach to organizational and individual leadership development needs assessment
- A consistent yet adaptable set of design principles and processes for future leadership development programs
- A clear picture of when to build vs. when to buy programs
- An agreed-upon set of business and talent ROI measures
- An agreed-upon leadership development operating model, governance guidelines and processes across the system

You can do it (Here's a guide)

As you can see, building your leadership development ecosystem takes focus and resources. But remember: Rome wasn't built in a day. Whether you're starting from scratch or tweaking an existing set of processes, you can take steps today—big and small—that will pay measurable dividends tomorrow.

In working with global organizations across all industries and sectors, we've discovered several leading practices that cultivate truly great leaders:

Their leadership strategy is their business strategy.

No matter how much planning you do, no matter what you put on paper, the way you and your team lead—and the way your successors lead—will have the greatest impact on both your current business strategy and on the business futures you want to create.

Questions to ask:

- Are our leaders aligned around our business priorities—especially current and near-term transformation initiatives?
- Do we have a clear picture of our business strategy and possible scenarios 1, 3, and even 15 years out?
- Do we agree on the capabilities our leaders will need to create and execute against both near- and long-term business strategy?

They know how to spot potential. Sure, you can look at performance (and HR can help with that), but it's well established that performance isn't a singularly reliable predictor of potential as people step up into increasingly complex and demanding roles. Before you start making decisions about who should be in the pipeline to be on your top team—and who should be your successor—you need to know who your people are, what they have the capability to do, and how they need to develop to reach their potential. And they recognize that the pool itself is constantly evolving reinforcing the need to find ways to continue to identify potential and leadership talent at every level.

Questions to ask:

- Do we train our leaders to look at their people from the perspective of their future development?
- Are we assessing for potential? If so, are we using robust, research-based tools and approaches?
- Does the current pipeline meet our future needs? If not, where are the biggest gaps?



They view leadership development as a contact sport. It sounds obvious: people learn primarily through experience. But seldom do organizations have the systems, tools and culture needed to create the kinds of stretch assignments and other developmental experiences that facilitate real growth. Networking, formal learning and technology-assisted development are all critical—but they must be designed around those experiences if they are to achieve their full power.

Questions to ask:

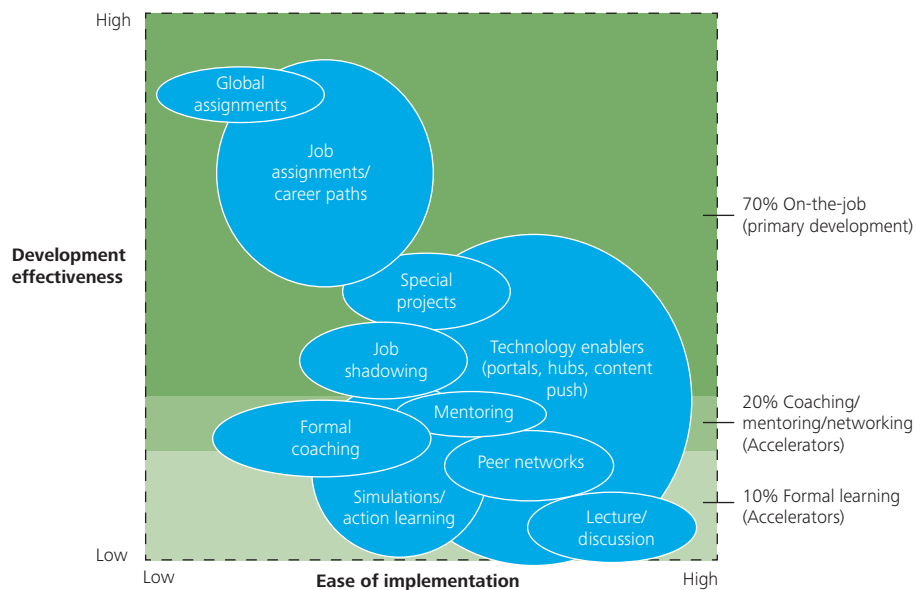
- How can we rethink our current programs so that they are capitalizing on experiential development opportunities?
- Do our mobility programs and policies encourage and systematize “smart moves” that meet current business and future development needs?
- Do we train our current leaders to enable them to give ‘good’ feedback after assignments?
- How will we operationalize the new system?

Their senior team leads by example. The organization is a reflection of the senior team and takes its lead from senior team decisions and behaviors. In fact, some consider senior team performance to be a better indicator of organizational performance than that of the CEO. So assessing and improving senior team performance is imperative to increasing organizational performance.

Questions to ask:

- Does our senior team possess high levels of productivity and positivity?
- Does our senior team lead with the same competencies that it seeks to develop in others?
- Is our senior team directly engaged in the leadership development of our organization?

Figure 6. Optimal development mix*



*Source: for “70/20/10” Development Mix: Center for Creative Leadership

They “feed the network” in order to feed the pipeline. Emerging leaders don’t learn in a vacuum. The need and thrive upon the knowledge and experience that can be found in peer networks that cross silos, borders and geographies—as well as in networks that allow them to interact with senior leaders who can show, by example, what it takes to succeed. And organizations can greatly accelerate the benefits of both kinds of networks by creating opportunities for them to flourish.

Questions to ask:

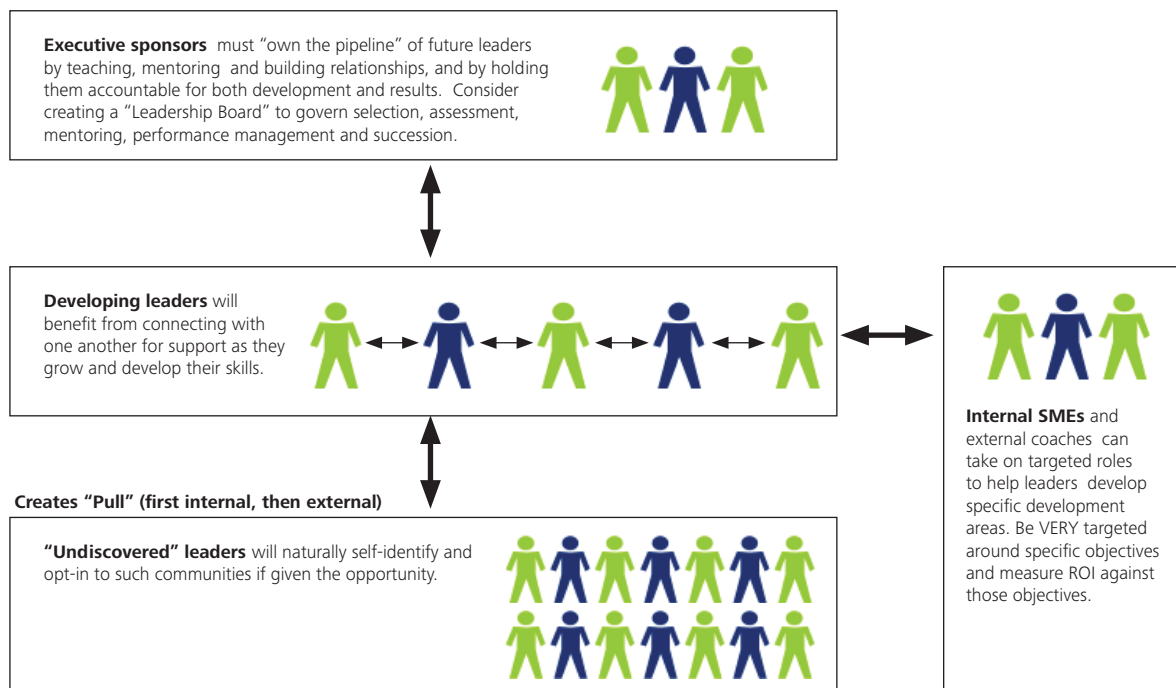
- Who should emerging leaders connect with as they grow and develop their skills?
- How do we equip and enable a leadership development support network while helping future leaders to retain responsibility for their own development?
- Who are the leaders that really set the standard for excellent leadership in our organization?

They use formal learning to accelerate on-the-job development and catalyze networks. Too often, formal learning seems to exist for its own sake. But it can only achieve its full capability when it supports the space where the development actively takes place—the on-the-job experiences. By simulating the most difficult challenges of those experiences, formal learning can give emerging leaders a safe environment to make mistakes and test their abilities—while at the same time creating a network of peers and mentors who they can turn to when the challenges become real.

Questions to ask:

- How can we leverage simulations to accelerate adoption of the skills and capabilities leaders will need to perform at the next level—and beyond?
- What learning forums can be used to bring together diverse groups of leaders from across functions, disciplines and backgrounds?

Figure 7. Create 360-degree leadership networks



They use technology to make development readily available and pervasive. Leaders immersed in on-the-job experiences must not only have ready access to relevant articles and learning programs in their development areas, those types of resources should be pushed out to them—automatically sent to their smartphones and laptops. Development portals and other technologies are now bringing the learning to the leader, sparking ideas and suggesting new ways of thinking. Other innovative technologies are allowing leaders to more fully tap into their peer and mentor networks, where they can take advantage of the wisdom of those who have been down the same road before.

Questions to ask:

- How can we leverage existing technological platforms and resources to make leadership development resources more accessible?
- How can we use technology to proactively push and pull key insights to/from leaders (instead of waiting for them to come to us)?

They measure impact. It's easy to assume that building your leadership pipeline is an end unto itself. But to make sure your efforts are having the desired results, you need to stay laser-focused on one key question: what are we developing leaders for? There's only one way to know whether you're getting a positive return on your investment in leadership development, and that's by identifying—and measuring—the ways in which leaders drive value for the organization.

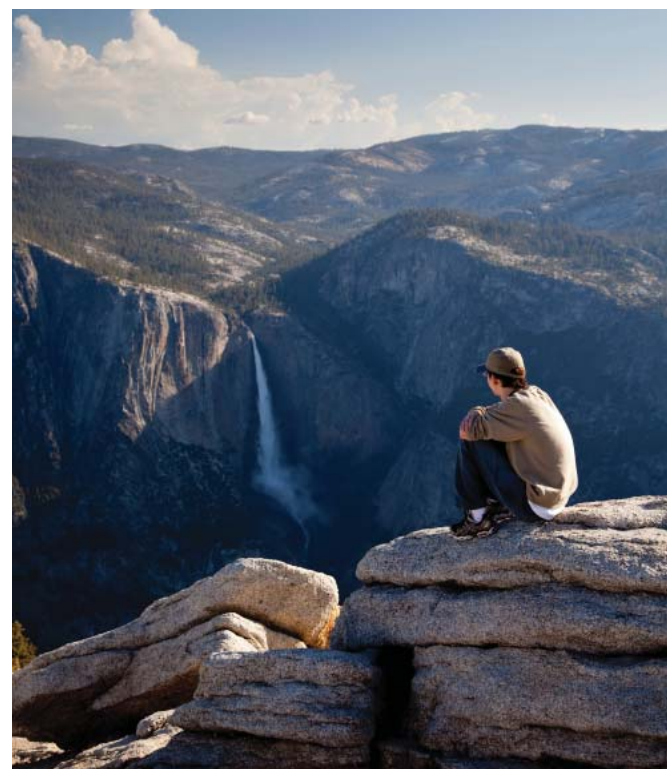
Questions to ask:

- What are the specific ways in which high-quality leadership delivers value to the organization?
- What are the leading indicators of success for our leadership strategy, and how do we measure them?

They keep things simple. Many companies have a highly complicated leadership competency model—but cannot tell their story with the “elegant simplicity” needed to generate excitement and unity of purpose. If you cannot outline, on a single page, how a leader at your company needs to develop all the way to the top, then you are not prioritizing. A simple, compelling storyline—with the complexity beneath—helps sharpen your own thoughts, so that you are able to clearly explain your strategy to your emerging leaders, your organization as a whole, and your shareholders.

Questions to ask:

- Can our leaders express what it means to lead in our organization?
- Do our people see a path to the top for themselves?
- Do our leaders set the right example for our emerging leaders?



Join our conversation: The Deloitte Global Leadership Services Team

About a year ago, a group of dedicated Deloitte Partners, Principals, Directors and staff began to work together to share ideas about the future of leadership and leadership development in organizations. Each member of our team brought a unique perspective and set of experiences—usually from their own research and work with clients. This working paper is the result of many of the ideas we've shared over the past year. We invite you to "join the conversation" by contacting any of the global or regional contacts below. And watch for future working papers from the collective in the months to come.

Jeff Schwartz
US Leader, Global Co-Leader Talent Services
Deloitte Consulting LLP
United States
jeffschwartz@deloitte.com
+1 703 251 1501

Neil Neveras
Global Leadership Services Co-Leader
Deloitte Consulting LLP
United States
nneveras@deloitte.com
+1 215 446 4442

Rens van Loon
Global Leadership Services Co-Leader
Deloitte Consulting B.V.
The Netherlands
rvanloon@deloitte.nl
+31 88 288 6314



Simon Holland
Global Leader, Strategic Change and Organization
Transformation
Deloitte MCS Limited
United Kingdom
siholland@deloitte.co.uk
+44 20 7007 1922

Stephen Langton
Managing Director, Deloitte Center for Collective
Leadership
Deloitte Touche Tohmatsu Limited
United Kingdom
slangton@deloitte.co.uk
+44 20 7303 6142

Contacts

Below are contacts across the global Deloitte Leadership Services Network:

Katja Teuchmann Deloitte Consulting GmbH Austria kteuchmann@deloitte.at +43 1537002610	Alan Tuo Xuan Wang Deloitte Touche Tohmatsu CPA Ltd. China alantxwang@deloitte.com.cn + 86 10 8520 7854	Andrew Heng Wan Lee Deloitte Consulting Malaysia Sdn. Bhd. Malaysia andrewlee@deloitte.com +60 3 7723 6576
David Brown Deloitte Touche Tohmatsu Australia davidbrown@deloitte.com.au +61 2 9322 7481	Mark O'Donnell Deloitte & Touche Ireland maodonnell@deloitte.ie +353 1 4172580	Alfonso De La Morena Deloitte Touche Tohmatsu Mexico adelamorena@deloittemx.com +52 55 50806749 x6749
Tom Richardson Deloitte Leadership Academy Deloitte Touche Tohmatsu Australia trichardson@deloitte.com.au +61 8 8407 7695	Vishalli Dongrie Deloitte Touche Tohmatsu India Pvt. Ltd. India vdongrie@deloitte.com +91 22 6619 8832	Kees Flink The Netherlands Deloitte Consulting B.V. kflink@deloitte.nl +31 88 288 4984
Yves Van Durme Deloitte Consulting Belgium yvandurme@deloitte.com + 32 2 749 59 97	Seiichi Yamamoto Tohmatsu Consulting Co., Ltd. Japan seyamamoto@deloitte.com +81 3 4218 7084	Joao Guedes Vaz Deloitte Consultores, S.A. Portugal jvaz@deloitte.pt +351 21 0423828 x4128
Henri Vahdat Deloitte Touche Tohmatsu Brazil hvahdat@deloitte.com +55 11 5186-1747	Seok Hoon Yang Deloitte Consulting Korea Korea seoyang@deloitte.com	Hugo Walkinshaw Deloitte Consulting Singapore Pte. Ltd. Singapore hwalkinshaw@deloitte.com +65 6232 7112
Vince Marsh Deloitte Inc. Canada vmarsh@deloitte.ca +1 902 721 5535	Ghassan Turqieh Deloitte & Touche (M.E.) Lebanon gturqieh@deloitte.com +966 55 1170058	Joan Pere Salom Deloitte S.L. Spain josalom@deloitte.es + 34 932804040 x5632
	Gilbert Renel Deloitte S.A. Luxembourg grenel@deloitte.lu +352 45145 2544	

Adam Canwell
Deloitte MCS Limited
United Kingdom
acanwell@deloitte.co.uk
+44 20 7007 4153

Keith Leslie
Deloitte LLP
United Kingdom
kleslie@deloitte.co.uk
+44 20 7303 5494

Andy Liakopoulos
Deloitte Consulting LLP
United States
aliakopoulos@deloitte.com
+1 312 486 2777

Michael Gelles
Deloitte Consulting LLP
Federal Practice
United States
mgelles@deloitte.com
+1 202 572 7667

David Conradie
Deloitte Consulting (Pty) Ltd.
South Africa
dconradie@deloitte.co.za
+27 11 517 4207

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