

## MARKET LANDSCAPE

# Leadership Development Solutions: Market Primer

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## Overview

In today's disruptive environment, planning for future leadership development can seem like a distant thought. But in reality, impending disruptions are becoming commonplace, and organizations need to be smart about how they prepare the current and next generation of leaders for a more agile response to further disruptive challenges. Prioritizing a leadership development strategy is a perennial priority, even while immediate needs for business continuity capture the organization's attention and resources.

HR technology solutions can help distribute and embed development opportunities for leaders as their organizations anticipate change and pivot in response. Understanding how high-performing organizations develop their leaders and how solution capabilities can help organizations reach leader maturity faster aid technology decision-making. This article explores ways in which leadership development solutions can help drive higher leadership maturity and solution categories to enable organizations to respond effectively and prepare for future disruptions.

## In This Article

- ✓ The current state of the leadership development solutions market
- ✓ Solution capabilities that can help drive higher leadership maturity
- ✓ Categories of leadership development solutions





## The State of the Leadership Development Solutions Market

Most organizations offer some type of formal learning program for leadership development<sup>1</sup>, and though the focus is usually on development, the approach and support offered to develop leaders is unique to each organization. Estimates place a global annual budget spend for leadership development and training over \$50 billion.<sup>2</sup> But where does this money go? Well, the bulk of it is spent creating a leadership development system using resources ranging from workshops to tools<sup>3</sup> rather than directly investing in the leaders who need to develop the skills and capabilities required to pivot quickly and provide direction to their staff. Another part of the budget goes toward leadership training programs that follow offsite-retreat models in which learning often occurs in tranquil settings with highly interactive, instructor-led programs. Such a model often creates a false sense of security that's not reflective of the real world's unpredictability.

Granted, uncertain times may not seem like the ideal moment to try something new or radical (e.g., upgrading existing systems or purchasing software). However, it's during those challenging times that organizations can benefit from agile leaders. Many companies are beginning to think about preparing their workforce for a continual state of rethinking the skills and capabilities needed to lead marketplace disruption.<sup>4</sup>

Organizations seeking to offer leadership development opportunities and solutions do not limit them only to top business executives or the C-suite.<sup>5</sup> As organizational structure becomes increasingly flatter<sup>6</sup> and teams become more agile in their workflows to adapt to uncertainty, leadership becomes more evenly distributed. Our research indicates that high-

performing organizations are 2.5 times more likely than low-performing organizations to see leadership at all levels take ownership for workforce experience.<sup>7</sup>

Many leadership development solutions in the market today are making significant shifts to deliver development opportunities in a personalized manner during the course of daily work.

These solutions create an opportunity to place a greater emphasis on socialized and inclusive leadership by helping organizations curate, share, and distribute role-specific resources and information. With opportunities to integrate diversity and inclusion topics into developmental learning exercises, organizations see an increased opportunity to train and retain diverse leaders and inspire a culture of inclusion and belonging.<sup>8</sup>

Different types of solutions, from learning to performance management, are curating and designing approaches that can be integrated into the flow of work.<sup>9</sup> They can offer more contextualized learning opportunities through nudges, microlearning, and other activities. Whether reading a quick notification before a meeting or video-chatting with an assigned coach at the end of the week, technology delivers these leadership development opportunities to the course of work.

Assessing and tracking development progress can offer executives and HR teams better insight into the experience and needs of the workforce overall. People analytics data provides organizations with targeted metrics such as network influence that can aid in identifying workforce development needs and determining which leaders are most likely to respond readily in a crisis. For organizations seeking to fast-track leader development, our research shows that high-performing organizations are nearly three times more likely to build capacity for future needs compared to low-performing organizations.<sup>10</sup>

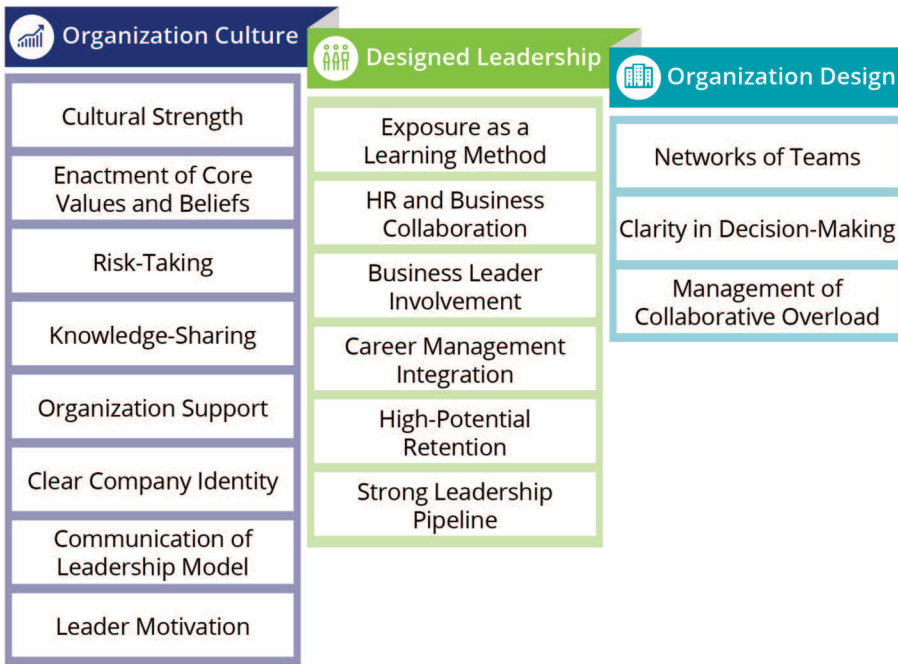
**KEY POINT:** As organizational structure becomes increasingly flatter and teams become more agile in their workflows to adapt to uncertainty, leadership becomes more evenly distributed.

## Leadership Development Solutions and the Three Factors Associated with Leadership Maturity

Our High-Impact Leadership research shows that highly mature organizations rely on three factors: organization culture, designed leadership, and organization design.<sup>11</sup>

Each of these factors includes dimensions or elements of leadership models and development through which HR technology solutions can offer capabilities support (see Figure 1).<sup>12</sup>

**Figure 1: Three Factors of Leadership Maturity**



Source: Deloitte Consulting LLP, 2020.

**KEY POINT:** Highly mature leadership organizations rely on three factors: organization culture, designed leadership, and organization design.

### Organization Culture

Of these three factors, organizational culture surfaced as the most important for leadership growth. Culture affects the collective influence of organizational values, conventions, processes, and practices that encourage leaders across the organization.<sup>13</sup>

Solution support for the elements within this factor is focused on the social and motivational influence on leaders. The facilitated communication of leadership solutions in discussing new concepts and social sharing of insights and new company innovations all help to drive leader development. Connecting core values and beliefs with the leader’s personal motivators and career development challenges reinforce their passion and ability to influence others. Solutions can support this type of introspection through self-assessments and activities that help leaders reflect on the organizational expectations of leaders and by helping leaders connect and share experiences and practices with one another.

### Designed Leadership

Designed leadership refers to the organizational practices that are specifically and intentionally created to support leadership development and have the greatest bearing on the capability development offerings that solutions provide. The designed leadership elements most relevant for solution support include guidance on both the approach to delivering development opportunities as well as the integration of leadership development with other workforce transformation processes. Just as

opportunities for learning need to be embedded in the flow of work, leaders can benefit from the targeted reinforcement of problem-solving and development opportunities as part of their day-to-day activities.<sup>14</sup> The integration of leader learning and development with other workforce transformation processes such as career management, talent retention, and succession management can help organizations maintain a better understanding of leader influence across their organization.

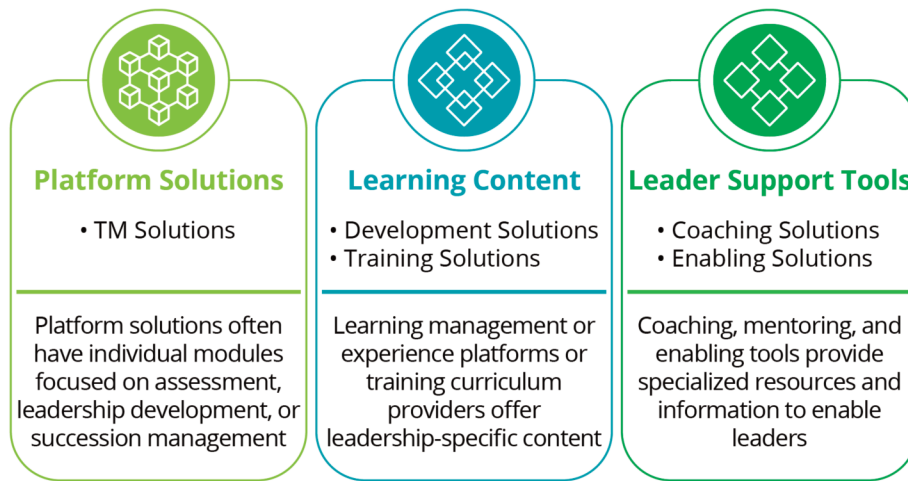
## Organization Design

Organization design is the third factor in aligning leadership structure with business strategy.<sup>15</sup> While technology solutions don't define the organizational structure and processes overall, they can offer capability support to better manage collaboration, decision-making, teaming, and other structural elements. Effective communication, team-building, and coaching are the three most commonly available development subjects supported by solution providers.<sup>16</sup> Technology solutions offer the ability to identify risks to leadership's success by offering suggestions on how to redistribute the workload across the workforce. Whether the support comes from coaching and mentoring conversations or from spot-training on prioritization and delegation, technology can help identify where leaders are overwhelmed, where leadership is needed, and provide the information and clarity necessary to continue leading through challenging times.

## Categories of Leadership Development Solutions

The market for leadership development solutions includes a wide variety of platforms, pure-play solutions, leader-specific training programs, and tools and resources. Half of the providers included in our study offer a combination that includes an engagement platform, development content, and specialized tool support for holistic leadership development. Figure 2 highlights the solution categories outlined as part of our research.<sup>17</sup>

**Figure 2:** Categories of Solutions for Leadership Development



Source: Deloitte Consulting LLP, 2020.

## Platform Solutions

Talent management solutions are platform offerings that provide a wide range of functionality including talent acquisition, performance management, career management, and learning management support. These platforms can vary based on their operating model and product portfolio, which often include modules more relevant to leadership development, such as succession management.

Platform solutions are useful because they allow users to interact with the other modules (e.g., by connecting talent assessment with talent profiles and learning opportunities). Unfortunately, they may not offer the specialized support or services that pure-play solutions provide.

## Learning Content Solutions

Providers design solutions to enable learning when and where work happens.<sup>18</sup> Our Learning in the Flow of Work Solutions study focused on three solution areas that support learning in the flow of work: pure-play learning solutions, HR solutions, and digital adoption. Certain solutions, such as learning management systems and learning experience platforms, may offer specific content and courses for leadership development. Pure-play leadership development training providers who primarily offer direct in-person or virtual instructor-led delivery courses can target training in specific roles such as executive leaders or first-time managers. Some organizations prefer prepackaged content, while others prefer tailored content that matches their strategy, culture, and leader needs. For those seeking a more tailored approach, content can be designed for specific leadership development capabilities or programs aligning with an organizational model for leadership development.

Although learning content providers have access to a wealth of potential curriculum and courses to tailor learning needs, the sustained

maintenance of additional development content tends to be a distraction. The challenge with custom packages is in aligning the specific courses that apply most to organizational models and individual leader development needs. Learning providers can support this approach through development assessments, simulations, and evaluations. The direct application to organizational needs is key in the selection process for determining potential effectiveness.

## Leader Support Tool Solutions

Finally, leader support tools offer specialized resources and information to enable leaders to develop their capabilities and more effectively perform in their roles. Examples of these types of solutions include coaching and mentoring solutions that connect leaders with peers or individuals in more senior leadership positions for general or direct, role-specific support. Coaches and mentors can be individuals from within the same organization or certified coaches from an external network. Beyond direct connections to support networks, pure-play solutions offer leaders information to provide perspective and performance of their teams based on reactions to their leadership style and activity. Informed by workforce listening and people analytics, tools offer specialized dashboards, or reports that provide the leader with perspective, offering them suggestions on areas or initiatives on which to act. In addition to informing leaders with feedback, tools with career management capabilities can help leaders identify their next opportunity while also matching teams or projects with gaps in their succession pipeline. Tools often serve a specific purpose; depending on the complexity and functionality of the tool in question, organizations frequently use them to complement other programs and initiatives.

## Conclusion

Leadership development will continue to be an area of unique challenge and sustained investment for organizations, despite resource constraints. The creation of a program that fast-tracks leader maturity and readiness for change increases with the potential for future disruption. In response, organizations should continue to expand the reach of their leadership development effort to include more than the few individuals deemed to have high potential. Flattening organizational structures naturally creates further opportunities for nonpositional leaders to step up in roles in their teams and networks.

The HR technology market offers capabilities and content for supporting this wide variety of leadership development opportunities. Buyers need to understand the different offerings that are available to them—which may already be in place in their organizations—and how to focus those solutions on the personal development needs of individuals rather than just the continued maintenance or upkeep of a stagnant leadership development program.

## Key Takeaways

- A significant portion of an organization's annual learning and development budget is spent on the maintenance of programs—rather than on the leaders themselves.
- High-performing organizations provide distributed leadership development opportunities to and take ownership of the development of more individuals across their organization.
- Shifts in the needs of organizational leadership development create more socialized and contextualized development opportunities.
- The three factors of leadership maturity are organization culture, designed leadership, and organization design.
- Solutions that support leadership development include platform solutions, learning content, and leader support tools.



## Endnotes

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