



Building the next generation of leaders

A new breed of leaders is needed to meet the challenges of global social, political and economic turmoil. Yet leaders of the right calibre are in short supply.

The main obstacle is that businesses are operating under false assumptions about what constitutes leadership.

Opportunities for expansion abound in local and global markets, but the rules have changed. Established business models and systems are missing the mark. Ageing leadership and the rapid rate of change is resulting in a shortage of leaders. Insufficient bench strength to meet rapidly changing markets demands a new kind of leadership to manage increasing complexity, uncertainty and risk.

Business challenges include pressure for resources, governance constraints, technological advances, globalization and aggressive competition. Leadership challenges include building a high performance culture, fostering innovation and mastering multiple geographies and cultural diversity.

Deloitte's Talent Edge 2020 survey indicates that organizations' most pressing talent concerns are: competing for talent (41% of respondents), developing leaders and succession planning (38%) and retaining employees at all levels (37%).

Driving the need for new models for future leaders, according to Deloitte, are aggressive growth strategies and global expansion, higher expectations for returns on leadership development initiatives, and generational shifts with new leaders having different expectations, values and work preferences.

Why is it so hard to find and build good leaders? It's because organizations are currently operating on old-school assumptions about how to lead. People understand the nuts-and-bolts of leadership: strategy, management and control, and execution. But few understand how to lead by painting a compelling picture and guiding emotions and passion in a context of shared, collaborative authority.



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In developing the future leader, we must recognise leadership potential as demonstrated by curiosity, eagerness to lead, emotional balance, social understanding, mental agility, a balance of values and results, and mastery of complexity. Such leaders create a climate of co-operation and articulate a shared vision that inspires people. They seize the opportunity to engage in challenging assignments that expand their capability. They consistently deliver results against ambitious objectives.

According to the 2010 IBM Global CHRO Study, less than one-third of companies “are effective at building the next generation of leadership capabilities” to work across borders. The study identifies three key capabilities for organizations: developing the next generation to lead a more global, flexible and diverse workforce, rapidly deploying skills to match emerging opportunities and fostering collaboration to drive efficiency.

There is no easy solution to building a leadership pipeline. Companies leading the way are taking a holistic approach, multi-faceted approach. They focus on a broad system to build a pipeline of leaders, beginning with a cohesive leadership strategy tied to business strategy and incorporating talent management and investment in development initiatives.

Companies that grow their own leaders create job assignments and special projects that allow prospective leaders to grow and develop new skills in real-time while testing their resilience and flexibility. At the same time, expectations must be managed so current leaders understand the long path ahead; results take time.

Organizations need to determine what kinds of leaders they need to executive their future business strategy and how to identify and build leaders who can work effectively in an increasingly globalised environment with diverse workforce expectations.

They must prepare the next generation of leaders well enough and fast enough to meet the company’s strategic goals and competitive threats. This involves asking which roles are critical to business strategy, and how to build bench strength in these areas to minimise risks.

However, current methods of identifying future leaders are often subjective and biased. Most organizations rely on managers’ judgements, which tend to be skewed towards current performance. But performance is not necessarily a good indicator of potential. A comprehensive assessment system is needed to identify potential.



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Creating a robust leadership pipeline depends on the ability to identify people with the motivation and potential to become future leaders, accelerate the development of these high-potential candidates and prepare them for major change. It's essential to identify key competencies related to current business goals and future trends.

New ways of thinking about leadership development and readiness within the organization combined with a custom leadership development program must be part of the strategy for developing the leader of the future.

References

- Talent Edge 2020, Deloitte
- 2010 Global Chief Human Resources Officer Study, IBM