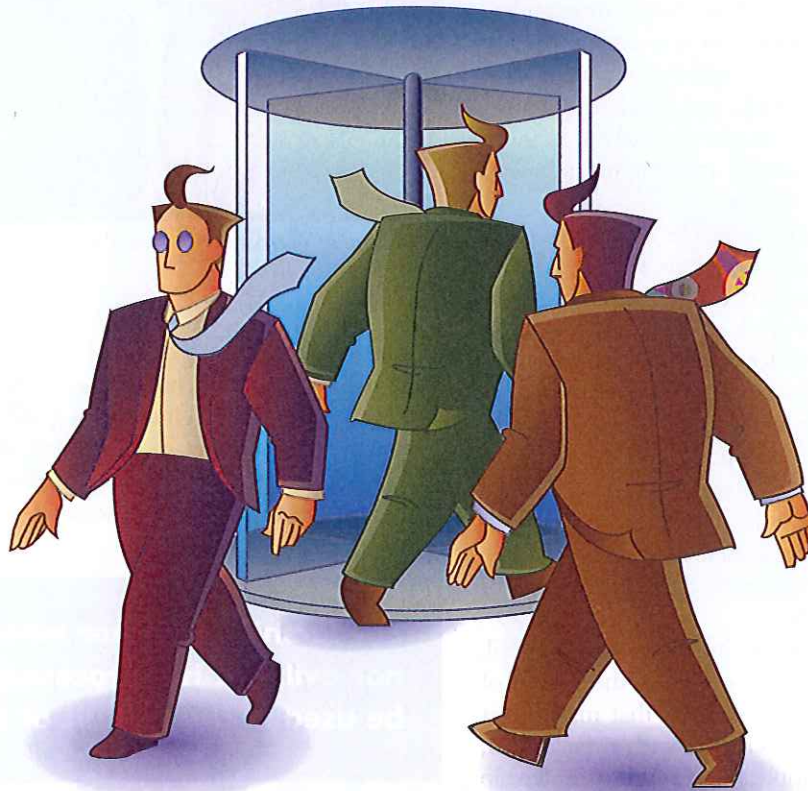


Developing the Talent Pipeline of Future Leaders



Accelerating the Performance of High Potentials with Transition Coaching

By Sattar Bawany

Talent management and retention are perennially at the top of CEOs' most pressing worries according to surveys and for a good reason. Having enough capable leaders to execute corporate strategy is a growing concern, one heightened by demographic trends that promise a continuing shortage of leaders in the coming years.

AS chief executive officers' tenure continues to shrink with two out of every five new CEOs failing in their first 18 months, it has become critical for companies to cultivate internal candidates for top positions. Ram Charan in his 2005 *Harvard Business Review* article "Ending the CEO Succession Crisis" states that corporations are beginning to realise that once executive geographic and organisation culture succession pipelines are broken it will adversely affect the ability to identify and nurture future leaders. This can be alleviated, however, by establish-

ing on-going programmes that correctly ascertain the highest potential executives and provide them with meaningful and measurable development.

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Leadership Pipeline

A company's leadership pipeline is expected to deliver its next generation of ready-now leadership. The payoff is a supply of leadership talent that simultaneously achieves targets, bolsters, and protects the ethical reputation, and navigates transformational change in pursuit of a bright competitive future. Unfortunately, some boards and CEOs neglect their talent management accountability, consequently, their pipelines run dry. When this occurs, the downward spiral of competitive capability becomes discernable, the edge is lost, and the magic disappears. The competition begins to outwit, outflank, and outperform these companies.

Interestingly, Douglas Ready and Jay Conger in a *Wall Street Journal* article report that the vast majority (97 per cent) of surveyed companies have a formalised succession management process. Yet, only 3 per cent of these surveyed companies report satisfaction with their leadership pipeline—the quality and readiness of leadership talent is not adequate.

Organisations move their leaders through positions of responsibility and challenge to develop talent and ensure capability for the future. These transitions are known as "role to role" transitions, that is, a leader who is successfully performing in one role takes on another role with different responsibilities.

Successfully assuming a new leadership role is never easy. It is more often challenging and daunting, regardless of the amount of experience a leader may have.

According to Ready and Conger, in a *Harvard Business Review* article "Are You a High Potential", among the reasons for losing a spot on the high potential list are making a poor transition into a new role, diminished performance two years in a row, behaviour that's out of line with the company's culture and values, and a significant visible failure.

Actions taken in the first few

months of a leadership transition directly impact a leader's chances of success. Transitions can be times of both great opportunity and great risk. Transitioning leaders often find the eyes of superiors, colleagues, direct reports, and even shareholders firmly fixed on their first moves. Expectations are high. So what are the secrets of succeeding and thriving in times of role transition, with so much at stake?

Challenges or Pitfalls Leaders in Transition Face

The specific challenges leaders face depend on the types of transitions they are experiencing. Leaders who have been hired externally (on-boarding) confront the need to adapt to new business models and organisational cultures, and to build supportive networks of relationships. For those who have been promoted internally (role-to-role transitions), the challenge lies in understanding and developing the competencies required to be successful at the new level. Hence, it is essential to carefully diagnose the situation and craft transition strategies accordingly.

The biggest trap new leaders fall into is to believe they will continue to be successful by doing what has made them successful in the past. There is an old saying, "To a person who has a hammer, everything looks like a nail." New leaders should focus first on discovering what it will take to be successful in the new role, then discipline themselves to do the things that don't come naturally if the situation demands it.

New leaders are expected to "hit the ground running". They must produce results quickly while simultaneously assimilating into the organisation. The result is that a large number of newly recruited or promoted managers fail within the first year of starting new jobs.

There is growing evidence that the range of abilities that constitute what is commonly known as emotional intelligence plays a key role in determining success for leaders. Research by Ruderman et al of the Centre of Creative Leadership has uncovered links between specific elements of emotional intelligence and specific behaviors associated with leadership effectiveness and ineffectiveness. The study using BarOn EQ-i (Emotional Quotient Inventory), an assessment of emotional intelligence, found that higher levels of certain emotional intelligence components appear to be connected to better performance in leadership roles. The study also identified potential problem areas that could contribute to executive derailment.

With over 40 years of experience working with individuals and organisations in transition, DBM's executive coaching experience and research indicates three main areas where role-to-role transitions derail (*Figure 1*):

- **Alignment with Strategic Direction:** Individual expectations of the leader as well as the functions are not aligned with organisation goals and strategic direction; more importantly, there is no dialogue to create alignment.

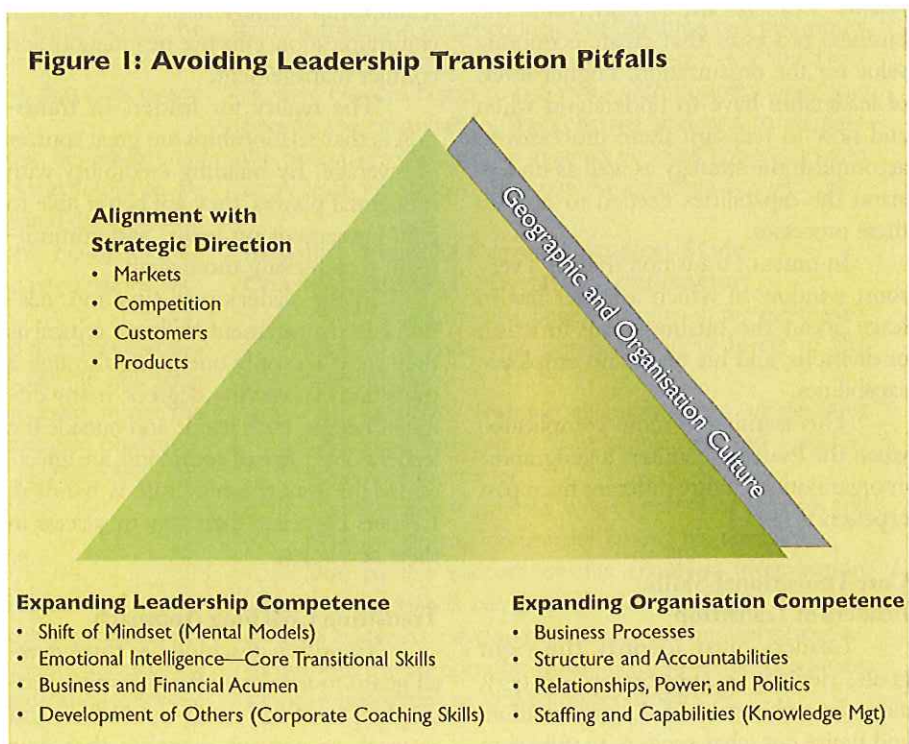
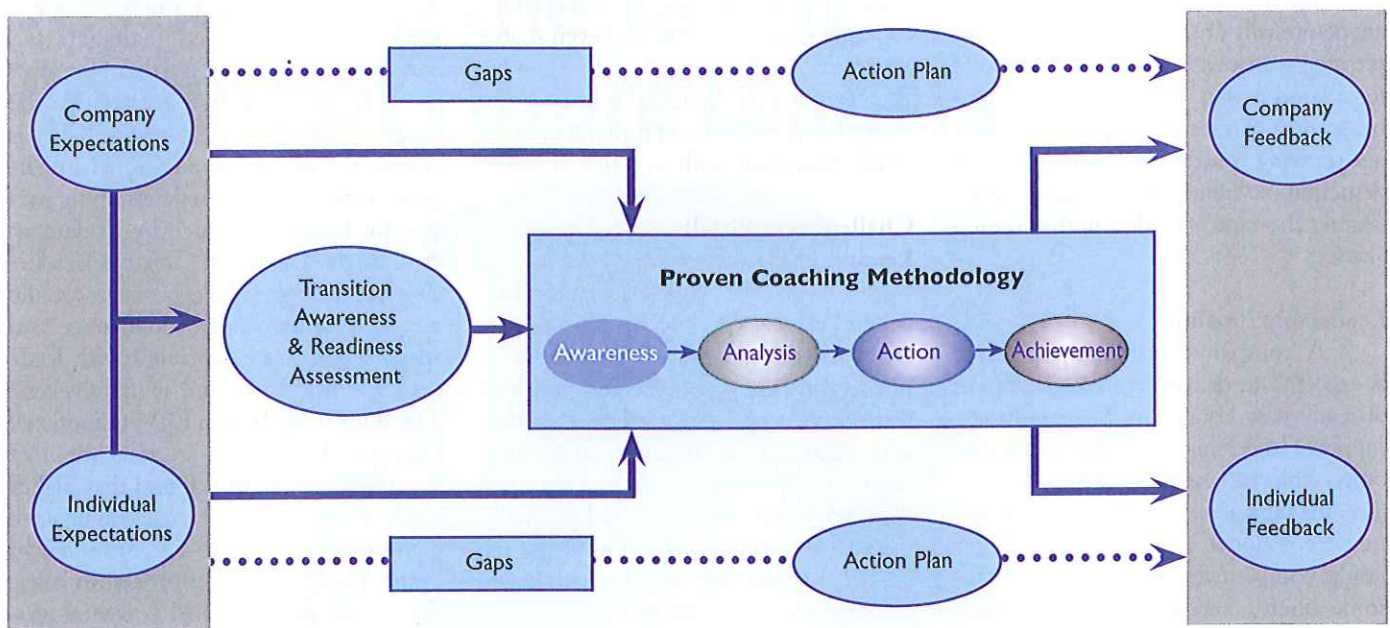


Figure 2: Transition Coaching Approach: Accelerating Role Transitions, ART, Model



- **Expanding Leadership Competence:** The organisation lacks clarity on requirements, the emotional intelligence competencies and leadership capabilities best suited for the role. Building their own leadership expertise including learning to build an effective leadership team, to manage the performance of others and to effectively delegate and develop others (corporate coaching skills).

- **Expanding Organisation Competence:** Leaders have to understand the business processes that create economic value for the organisation. Higher levels of leadership have to understand when and how to redesign these processes to accomplish the strategy as well as understand the capabilities needed to operate these processes.

In times of transition there is a very short window in which a leader has to learn about the business, the function or divisions, and his team and employee capabilities.

This learning is more complicated when the leader encounters a geographic or organisation culture different from past experience.

Core Transitional Skills Leaders in Transition

Leaders must identify the right goals, develop a supporting strategy, align the architecture of the organisation, and figure out what projects to pursue to

secure early wins.

Leaders at all levels of the organisation must demonstrate a high degree of emotional intelligence in their leadership role. Emotionally intelligent leaders create an environment of positive morale and higher productivity and this would result in sustainable employee engagement.

The critical transitional skill sets for leaders in transition include having emotional intelligence skills in effective relationship management, cross-cultural communication, effective negotiation, and conflict management.

The reality for leaders in transition is that relationships are great sources of leverage. By building credibility with influential players, they are better able to gain agreement on goals, and commitment to achieving those goals.

In the leader's new situation, relationship management skills are critical as they aren't the only one going through a transition. To varying degrees, many different people, both inside and outside the leader's direct line of command, are affected by the way the new role is handled. Leaders negotiate their way to success in their new roles.

Transition Coaching Approach

Transition coaching has three overall goals: to accelerate the transition process by providing just-in-time advice and counsel, to prevent mistakes that may

harm the business and the leader's career, and to assist the leader in developing and implementing a targeted, actionable transition plan that delivers business results.

Many of the issues covered by transition coaching are similar to those included in executive coaching, such as sorting through short and long-term goals, and managing relationships upwards as well as with team members, transition coaching is focused specifically on the transition and designed to educate and challenge new leaders. The new leader and coach will work together to develop a transition plan, a road map that will define critical actions that must take place during the first 90 days to establish credibility, secure early wins, and position the leader and team for long-term success.


The transition coaching relationship also includes regular meetings with the new leader as well as ongoing feedback. Frequently, the coach conducts a "pulse check" of the key players, including the boss, direct reports, peers, and other stakeholders, after four to six weeks to gather early impressions so that the new leader can make a course correction if needed.

The entire transition coaching process (Figure 2) provides new leaders with the guidance to take charge of their new situation, achieve alignment with the team, and ultimately to move the business forward. Organisations make a significant investment when they recruit and hire

new leaders, and they have much to lose if a new hire does not succeed, possibly several times the hire's base compensation.

Whether an executive is moving into a new position or looking to get back on the road to success, executive and transition coaching work to bring out the best in leaders through the support of a professional relationship. Both relationships are built on a foundation of trust and confidentiality. The ability of coaches to provide leaders with an outside resource that can also act as a sounding board helps them become the successful leaders they were meant to be.

Organisations must clearly define the purpose of coaching, gauge the process, and evaluate results. Coaching is not

just about providing support. Ultimately, coaching should deliver what any business needs—real results. 

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Case Study on Transition Coaching Developing High Potential Leadership Effectiveness in Role-to-Role Transition

THE case illustrates how this coaching methodology has been successfully applied in the development of high potential leaders.

Situation: New Leadership Style and Communication Skills Needed

A chief financial officer, CFO, was promoted to executive vice president of operations at a major entertainment company. The executive was armed with a solid record of success in his previous role where a hands-on, controlling style with direct reports was an effective managerial tool. However, in his new position where he faced broad operational responsibilities, he had to lead cross-functionally by bringing together departments in the company including finance, marketing, distribution, and technical operations.

With significantly more people under his leadership, the executive's communication style was soon found to be confrontational and abrasive, and often prevented the executive from building trusting relationships with his newly formed management team. His style also jeopardised negotiations with existing and potential key business alliances.

Others at the corporate level perceived that the executive as unwilling or unable to adapt to his new role. It was soon apparent that if left unchecked, the situation could impact the executive's career and the corporation's strategic objectives. Not counting loss of productivity, the staff replacement costs alone were estimated at US\$1.5 million.

Coaching Strategy: Assessment, Feedback, New Behaviour Acquisition

During the first stage of the coaching process, the executive completed a group of assessments to provide objective information about his communication and leadership

style. Feedback by peers and direct reports, combined with constructive communication from the chairman, provided clear insight into style, competencies, and behaviours. This data enabled the client to see the impact his behaviour had on others, and how it could impact his success in building relationships and reaching business outcomes.

A developmental plan was written by the individual and reviewed with his coach to address gaps in areas of communication and strategic leadership. More effective techniques and approaches were role-played with the coach, and the executive was encouraged to use these new behaviours in team and individual meetings with his boss, peers, and direct reports. He also began to use them with business associates outside the organisation. The coaching goal was to increase the executive's effectiveness in all his business endeavours and to increase his ability to improve the organisation's success.

Results: Marked Communication Style Changes Observed by the Organisation

- Within three months, positive change in the executive's leadership style was perceived at all levels of the organisation.
- Key sensitive strategic alliances were successfully negotiated, resulting in considerable new and sustained business opportunity.
- The executive was better able to communicate with and facilitate information transfer among his team.

Due to the success of this coaching intervention, executive coaching is being used more broadly as a tool to enhance leadership development among senior-level executives throughout the corporation while nurturing external business alliances aggregating to US\$50 million dollars. 