What Should a Leadership Program Look Like?

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Even when one thinks they know the “right” way to do something, there still might be a better way. Many Asian companies claim to have a “solid” leadership program. Many of these programs however, consist only of training for people either currently filling leadership roles or expected to do so soon. While this kind of intervention may bear fruit, it is not a comprehensive leadership program.

Actually, few companies in the world have a comprehensive program. Many firms have good intentions and combine some of the key elements of developing leaders in their programs. But rarely have I seen a firm that encompasses all of what is needed to build, develop and retain their key leaders.

A Comprehensive Leadership Program

A comprehensive leadership program should consist of four major parts:

1. Leadership strategy;
2. A method of identifying future leaders;
3. A development program for both potential and current leaders; and
4. A retention program for current leaders.

(1) Leadership Strategy. Every company needs leaders. The questions they must answer are: How many leaders do we need and at what levels – entry, intermediate and senior? Is there a gap in our current internal pipeline and our future needs? How do we fill the gap?

Some human resource directors have told me that a strategy for leadership development is not necessary. They declare that, for the foreseeable future, they just need to develop as many leaders as they can because the demand is endless and the supply is limited. That may be true, but that does not eliminate the need to get answers to the above questions so that your program has a clear direction and measurable goals. This is your roadmap. It is not difficult to do, even if most of your answers are “best guesses” from a collection of current senior executives.

(2) Identifying Future Leaders. To be sure that you keep your leadership pipeline fresh, you must have two programs and they must be designed and executed well. One is “succession-planning” and the other is a “high-potential program.” These should both be linked to competencies. What are the three-to-five key leadership competencies for your firm and do you carefully select for these as you
are planning succession or deciding who should be in a high-potential program? Good business results may get a person noticed, but the presence of the right competencies will almost always guarantee leadership success in your firm.

A succession-planning program should at least identify potential replacements for those positions reporting to the CEO. (The “best practice” is to go two-to-three levels down from the CEO and to identify at least two candidates for each of those positions.)

A high-potential program should do the following. It should exude enthusiasm. It should use valid selection techniques and have a very transparent selection process. It should include different opportunities for people selected than for the general population and should also offer different rewards based on their new accountabilities. Finally, it should not be kept secret. Everyone should know such a program exists and what it would take to be selected. I am not suggesting that all of the program’s members should be publicly listed, but the method of selection and the path for another employee to get admitted to the program should be.

With these two programs a company can best identify their future leaders. Such programs, combined with the supply-demand analysis mentioned above, help a firm to decide whether to stay internal for future leadership promotions or if it is time to go outside.

(3) Leadership Development. There are numerous components to a leadership development program. A company need not have them all, but the more you do, the more likely you will reach people in ways that will help them be better leaders. Common leadership development programs include: mentoring personal development, coaching, training, developmental assignments, key project teams (action learning), rotational assignments, and global assignments. Certainly, the best practice is to combine many of these into a formal program as some companies in Asia are doing now.

(4) Leadership Retention. One executive in China told me that his company leaves “on the table” at least USD 5 million every year because they do not have the leadership talent to go and get it. Having enough good leaders is not just a human resources department challenge. This is a critical business need and companies cannot afford to lose the leaders they already have. This is why leadership retention must be a part of your program.

It is not enough to just find leaders and develop them; you must have a plan to retain them. Among the best practices for retaining leaders are the following: opportunities for advancement, recognition from the top and compensation.

Much has been written about the logistical and financial importance of employee retention, so I will not repeat it here. I will mention however, that at the executive level, compensation plays a much bigger part than it does lower down in the organization. As most business people already know, compensation is usually not the key element for retention. However, with top jobs in the firm, its relative importance increases.

Good leaders can demand very high salary packages in the market. These jobs are so important that a competitor will not hesitate to offer a huge increase to a leader. As such, if your leader is a good one, then I recommend a pay package closer to the 75th percentile than the 50th. Also, since leaders are, by definition, impacting the long-term as well as the short-term success of the firm, it is
recommended that you also provide the leader with long-term incentive rewards in the form of stock or “phantom stock”.

One More Thought about Leadership in China

Another area to consider when developing leaders is the difference in needs among people at different levels of the firm. The junior leader will typically lead a function or a team. This person may need to learn many of the basic elements of leadership such as decision-making, talent management, organizational finance, organizational design, etc. Much of this can be obtained through training, coaching and developmental assignments. Mid-level leaders need to understand how to manage across organizational boundaries. The employee needs to learn about cultural differences as well as business differences among departments and in different geographical areas. This type of development is best obtained through rotational assignments, global assignments and serving on key project teams, especially those that are cross-functional. Finally, the senior-most leaders need to develop strategically. This is best developed through external coaching.

Key Points

- A comprehensive leadership program should consist of the following components:
  - A leadership strategy;
  - A method for identifying and selecting future leaders;
  - A multifaceted program for developing leaders;
  - A plan and program for retaining current leaders.
- Good leadership development programs include mentoring, coaching, training, developmental assignments, global assignments, rotational assignments and action-learning projects.
- Among the best practices for retaining leaders are: continued opportunities for advancement, recognition from the top, and market-aware compensation.
- Different leader levels require different developmental approaches – both in terms of focus and approach used. A comprehensive leadership program will address all of these.

Contact

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