Is there really a corporate leadership crisis?

Unfortunately, the symptoms are all too familiar. How many times have you heard “The problem round here is a lack of leadership”? In a recent book (Hasselbein et al., 1996) with contributions from more than 30 world authorities on leadership, a sombre view of current leadership potential is advanced again and again. James Bolt’s remarks are typical: “The dearth of leadership is apparent throughout society”; and “At a time when leadership is more crucial than ever to our survival, there is a severe shortage of people to lead corporations into the next century”. Unfortunately all but a few of these contributors advance nothing but tautologies, saying in effect, “We need more leadership, so let’s display more leadership”. The fact that their approaches have not worked before and will not work now seems to have been overlooked.

In his foreword to The Leader of the Future (Hasselbein et al., 1996), Drucker says, “The lessons are unambiguous. The first is that there may be ‘born leaders’, but there are surely too few to depend on them”. If Drucker is right, as we believe, then Porras and Collins (1994) have provided the second lesson: leaders for our current and future business climate need not be highly charismatic individuals who create followers through personal magnetism. They are people who have developed the skills of thinking and acting “outside the box”, who can confront and challenge old patterns, and spearhead new ones, at any level in the organization. The problem is that we seem to know how to develop managerial skills but not these kinds of leadership skills, as we will show later.

This is not to say that leaders cannot also be good managers, but that leadership is something else again. Drucker, Bennis and many other authorities have declared that the difference between leadership and management is that managers deal in efficiency and leaders in effectiveness. If, as Hickman (1990) suggests, managers are satisfied when things go smoothly, and leaders are dissatisfied when things do not change for the better, then we have a “catch 22” situation: as the ratio of managers to leaders increases, there will be increasing resistance to change and the development of the leaders who call for it, leading to an ever deepening crisis in leadership and its development!
In this article, we review the shortcomings of such leadership development as there is, and discuss the basis and implementation of a new leadership development methodology. This new system is free of the weaknesses of current leadership training programmes, and delivers significant additional personal and organizational benefits at less cost. Although both leadership and action learning have been well-covered in the literature, we believe this is the first time the topics have been brought together systematically and effectively.

Where do leaders come from?

Drucker states firmly that leadership must be learned and can be learned (Hasselbein et al., 1996). But as those who actually try to implement learning in organizations know only too well, developmental learning can be a hard sell. As a result, we believe James Bolt is correct when he states that the leadership crisis is in reality a leadership development crisis (Hasselbein et al., 1996). To be fair, most aspiring leaders have little time for learning and typical formal development exercises. They are “too busy” with daily chores. After all, they are usually the “work horses” of the organization. And, in reality, if all such staff were spending their time learning, no work would get done. Many of those who say “I am too busy to learn” or who say “I come to work to work, not to learn”, are speaking the truth as they see it.

So, if learning really does hold the key to leadership development, how can we turn the key? Over the last decade alone fortunes have been spent in management and leadership development, yet organizations are littered with successful managers who fail when given leadership responsibility. How can that be?

We believe it is because being a senior executive depends on far more than acquiring technical knowledge and management concepts. It comes from a feel for factors such as organizational politics and culture, networking, the art of influencing others, the skills of timing and presentation, the knack of selling ideas and not just having them, and all that is involved in today’s marketplace in making timely decisions in the midst of complexity and ambiguity (Smith, 1996). We believe it stems from the kind of systemic on-the-job approach to leadership development we will describe in this article.

How does learning relate to leadership development?

To understand why leadership development has been, in general, a complete failure, we need to dig deeper into learning itself. Learning is often divided into three levels (Bateson, 1972). In this schema, level 1 learning relates to “efficiency” or “doing things right”; level 2 relates to “effectiveness” or “doing the right things”; and level 3 relates to meta-learning or “making sure the learning processes themselves are optimal”. Now from what has been said above, it is clear that level 1 and 3 learning are most suitable for management development, and levels 2 and 3 learning for leadership development. Since level 1 learning takes place in a fixed business context where standards and norms are established, training is an appropriate delivery mechanism which can be subjected to level 3 scrutiny. However, since level 2 learning involves ambiguity, complexity, changing business contexts and adaptation, learning takes place best in the workplace, if it is to take place at all. Level 3 learning is then that much more difficult to undertake. Clearly, leadership development is not a straightforward matter, as its history of poor results shows. We will discuss in a later section an approach which obviates such problems.

We cannot emphasize enough that one can only learn about leadership by practising leading, just as one can only learn how to ride a bicycle by riding a bicycle. Nothing else feels how it feels. No book can prepare a person for leading a team when there is only the foggiest notion of a heading, for asking the right questions rather than appearing to know the answers, or for plugging into business happenings before they happen. In the end we
can only learn about it by doing it. This "learning by doing" is the only way we can turn the leadership-development key and unlock the organization's leadership potential.

What is wrong with “stretch” assignments?

This notion of leadership development through business-related experience is not new. Almost every organization has a leadership development programme which relies on “stretch” assignments. In most such programmes, the assignee is packed off on one assignment after another for "seasoning" without much regard for what will actually be learned. Development is typically assumed rather than managed which continues to be the Achilles’ heel of many otherwise strong development programmes.

Such assignments are usually stewarded to local management, and development concerns are lost in the shuffle. Since the assignee will move on every year or two, long-range concerns are downplayed and leadership behaviours are debased. One must also bear in mind that the assignees are not usually stupid, and know that the key to advancement lies in managing the new assignment like a well-oiled machine. Points will not be awarded for drastically changing the local scene and risking failure, even though leadership development demands controlled risk and some non-calamitous failures.

To make matters worse, assignments are often sink or swim exercises, in which the assignment itself becomes an examination - fail and you are out. For example, at GE “It's a process through which many people leave the company and many others move up” (Kerr, 1996). This is not development! If the assignee is lucky, a suitable post will be open for him or her at the completion of their tour; more often than not, the original sponsor has moved on, or “out of sight out of mind” has worked its magic, and the assignee is left swinging in the wind until they resign to join the organization’s chief competitor.

For these various reasons, organizations undertaking leadership development through assignments end up carrying out a series of management development exercises. Well-regarded authorities such as Bolt (Hasselbein et al., 1996) and Zaleznik (1989) confirm this.

We have argued so far that management is fundamentally different from leadership in both its practice and the way it must be learned. Also, we have suggested that experience alone does not create learning; learning must be structured within a controlled and well-designed framework. While management development – the ability to do things right – has been addressed with relative thoroughness, leadership development – the ability to do the right things – is less well understood. However, leadership can be learned, and organizations must address this challenge. The next sections go on to discuss how this can happen.

Is there a better way?

We declare a resounding “Yes”; leadership can be learned through workplace experiences of a less traumatic nature. This approach was captured by Max DePree (1989) when he wrote “Leadership is an art, something to be learned over time, not simply by reading books. Leadership is more tribal than scientific, more a weaving of relationships than an amassing of information, and, in that sense, I don’t know how to pin it down in every detail”. Stephen Covey (1990), another well-respected leadership authority, agrees: “I have long advocated a natural, gradual, day-by-day, step-by-step, sequential approach to personal development”. In the following sections we set out our approach to leadership development, based on these principles, and utilizing a series of carefully graded and mentored communal workplace experiences. We believe this methodology is not only optimal for leadership development, but is the cheapest and the most reliable.

How can an organization create the right environment for leadership to grow naturally as described above? It is unfortunate that possibly Senge’s (1990) most practical contribution to organizational learning, the “practice field”, has been lost in the broader sweep of the learning organization. In the same way, at the more structured end of the organizational spectrum, Jacques’ and Clements’ (1991) ideas on “practice” have been lost in the complexities of requisite organization and leadership. Both these authors attest that for learning to take place readily, the learning environment needs to be one where mistakes are not fatal, and experimentation can be encouraged. For leadership development the question becomes, “How can an organization set up a safe communal practice field where
leaders at all stages of sophistication can practise their art against real-life graded challenges, receiving feedback from their fellows and through analysis of the real results of their efforts?"

This can be, and has been, achieved through a developmental methodology called leadership action-driven learning (LADL); we will describe this methodology further on.

What does learning contribute to leadership development?

First, we need to define carefully what leadership learning is required on these practice fields. We can then ensure that we have an environment where our leadership development objectives will be met. So, what is the learning agenda for tomorrow’s leaders and change agents?

It certainly cannot simply be extrapolated from past issues. As Handy points out (Hasselbein et al., 1996) “A career is now not so much a ladder of roles, but a growing reputation for making things happen. Influence, not authority, is what drives the political organization today in all organizations”.

Hegelsen (Hasselbein et al., 1996) describes the new leader similarly as one who has a deep knowledge of his company, his thinking about it has a philosophical cast, and he influences those around him to work in more powerful and innovative ways. Because he has had direct working experience with so many people in the company over the years, he knows their abilities, and he uses this knowledge to direct resources where they are needed. He is a facilitator of power who helps to determine how work actually gets done.

Lipman-Blumen (1996) goes even further, believing we have now entered what she calls “The Connective Era” where leaders must emphasize mutuality (common interests and values) and inclusiveness (inclusion of non-traditionals without requiring homogenization). There is evidence for this all around us and it will call for even more emphasis on the development of new and work-relevant leadership qualities.

Attributes of leadership continue to be identified (Wang and Peng, 1995; Tait, 1996). On the other hand, Drucker (Hasselbein et al., 1996) cautions us not to assume that we can define some generic leadership personality, leadership style, or even that universal leadership traits exist. Schein (Hasselbein et al., 1996) also counsels that the spectrum of organizations needs different leaders, so that we need a unique mix of different people who lead in different ways. He goes on to say “… what leadership should be depends on the particular situation, the task to be performed, and the characteristics of the leader’s subordinates”.

A growing and pressing leadership development requirement is related to the increasingly diverse workforce. Good leaders must be able to see talent and skills in the diverse individuals and groups that comprise the current workforce and be able to leverage these resources. The three key ingredients for sustained leadership in general – namely challenge, recognition and support – are also critical to promoting the upward mobility of non-traditional managers – i.e. promoting diversity at high levels. There is clearly need to retain all the organization’s high-potential managers but, in particular, high-potential non-traditional managers since “Diversity is needed at the top of organizations just as much as it is needed at lower levels. One can argue that diversity at the leadership level is necessary to achieve diversity throughout an organization” (Morrison, 1992).

Based on the above, the leadership learning agenda is a tall order since the demand ratio of leadership capability to leadership must be maintained significantly greater than one to one. In an optimal leadership development programme participants must learn how to:

- identify and implement current organizational strategies while designing the future;
- get things done within the organization’s cultural and political norms through organizational “savvy”;
- make decisions and act in today’s shorter and shorter business time frames;
- contribute to organizational learning by confronting old patterns and spearheading new ones;
- differentiate puzzles (having an answer) from labyrinthine problems (having many answers), identify the critical problems, ask the right questions and forge innovative solutions;
- act ethically and with courage in conditions of ambiguity, complexity and risk;
- develop and contextualize many sources of information and contribute to effective organizational knowledge management;
- self-develop through local and global business and social experience.
• act in concert with others, and alone as appropriate;
• leverage their own non-traditional capabilities and those of others;
• communicate via traditional and emerging technological means and build and utilize networks.

What else must be considered?

Meaningful development opportunities also require intense employee evaluation, career planning, and realistic goal setting. These need to be carried out more frequently than the traditional annual review cycle, and include criteria not typically included in such reviews; for example, assessment of “international competencies” (Kozlof, 1996) which enable an individual to adjust to novel situations and correlate with the individual’s suitability for expatriate development assignments.

This more focused kind of assessment provides a powerful boost to the leader’s development without significantly increasing costs, and lack of such feedback blocks progress. The availability of an excellent mentor is also helpful, plus support networks or groups; “schmoozing” networks built through such a programme can be the aspiring leader’s chief asset.

Finally, the practice field must be a place where it is “OK” to ask questions. Peter Drucker, in an address to the Drucker Foundation Advisory Board in 1993, said, “The leader of the past was a person who knew how to tell. The leader of the future will be a person who knows how to ask”. Wheatley (1992) perhaps best sums up this aspect of the practice field:

In our past explorations, the tradition was to discover something and then formulate it into answers and solutions that could be widely transferred. But now we are on a journey of mutual and simultaneous exploration. In my view all we can expect from one another is new and interesting information. We cannot expect answers.

Let us now examine how action learning, and leadership action-driven learning (LADL) in particular, can provide this practice field; a place where leaders can make things happen and can deal with a challenging assignment, but where such challenges have been graded bearing in mind the capabilities and development needs of the individual.

Is action learning the key to leadership development?

Experience itself is a very slippery teacher. Most of the time we have experiences from which we never learn. But, even so, for leadership development, experience, albeit combined with a deep understanding or requisite theory, is the only valid teacher. Action learning (Revans, 1982) provides this mix of practice field experience using real issues, combined with a drawing down of theory where appropriate. It is a framework designed to capture and build on what is, rather than operate in a pure, detached, analytical and rational world of what should be.

An action learning programme of development starts with syllabus determination, rather than a given syllabus. The syllabus can only be the key issues facing an organization and an individual within it (Wills, 1992). From there, people are encouraged to draw from the body of knowledge – books, journals, other people, company literature, other firms – appropriate, targeted and contextualized information. This approach is elicitive, in that it elicits relevant information, rather than disseminates what a teacher thinks is good for students (Day and Peters, 1990).

In so doing, it seeks to throw a net around slippery experiences, and capture it as learning – i.e. as replicable behaviour in similar and indeed differing contexts. An action learning programme of development forces reflection. The individual makes sense of an experience by conceptualizing it and generalizing the replicable points; and plans for future actions based on the learning gathered.

The kind of “practice field” discussed above provides a safe environment for such learning to occur, while recognizing that real responsibility lies outside any classroom environment: it lies with the participants who must own the outcomes. What is more, in using the organization itself as a learning laboratory, it does not require any special set of conditions to be in place before it can be effective. Action learning works well in a bureaucracy, a flat organization, a firm culturally hostile to education and development, or a firm encouraging self-actualization. It does so because its whole ethos is learning about the surrounding context, and learning to be effective within it, thus leveraging whatever the prevailing culture is to its own advantage.
All activities are therefore focused on the organization and its articulated current and future needs, leading to the justifiable charge of action learning as a narrow (but deep) learning agenda, rather than a broad but superficial one. In the final analysis, we believe that an organization has to take a cost-benefit approach to its developmental activities, and it should, quite rightly and justifiably, focus on learning activities which are of direct benefit to itself. Only then will it be in a position to benefit others.

The distinction between an emergent, elicitive syllabus and a tutor- or trainer-directed one is profound, going deeper than a change of tone. In designing action learning interventions we admit that we do not hold all the answers. While the job of the skilled action learning architect will be to create the conditions for learning to take place which delivers the expectations of both individual learner and organizational client, in the end, learners themselves must adopt, own and ultimately live with the consequences of their programme. Irrelevance does not exist within the well-designed action learning intervention, albeit that learners can (in some circumstances) create irrelevant outcomes for themselves, of their own choosing. As one of our clients suggested, “it effectively separates sheep and goats”. Not all of those in an organization, or even in an organization’s fast-track stream, will have the inclination or will to make it as leaders. The answer is not “sink or swim” but to provide coaching and experience in swimming, while bearing in mind that not all the pupils will be strong swimmers.

An effective leader in today’s organization is able to work alone and as part of a team. We ignore these two facets at our peril. Executives schooled solely as team players may never learn to take personal responsibility, and can find themselves unable to act, only to advise. But, likewise, the lone wolf executive schooled to think and act alone will find him- or herself increasingly alienated in organizations calling, rightly, for shared vision.

Action learning recognizes that future executives must develop self-direction and self-reliance. Action learning programmes always work with groups which encourage executives to discuss, share and pool their ambitions and experiences and therefore create something else, a Gestalt, where the group produces a better result than individuals could.

Does this developmental methodology provide the key to an organization’s requirements for leadership development over and above management development? We believe it fits, but to fit and turn smoothly to open wide the leadership development door requires the further tailoring involved in the leadership action-driven learning approach we will now describe.

Does leadership action-driven learning turn that key?

Our own experience in both research and practice (Peters and Smith, 1996) has honed the adaptation of the action learning methodology to fit the development of leaders in today’s organization. We call this adaptation leadership action-driven learning (LADL). LADL takes into account our own experiences in running action learning programmes over many years in various parts of the world; in working with high-potential employees in a number of organizations, and the body of literature on action learning, leadership and fast-trackers.

Here are some important considerations addressed in LADL programmes:

1. Action learning is a generic development methodology where the solution to a problem is not considered important (Revans, 1982). However, leaders must deliver and get very few second chances in the real world. LADL programmes are carefully constructed so that much more importance is attached to the solution; in this way, the pressures of making decisions and taking action under conditions of risk and ambiguity can be experienced more acutely without undergoing the trauma of a real-life failure.

2. Each programme is individually designed to fit the particular leadership needs of a particular organization. Orientation sessions, information brochures and communications from the highest organizational levels are used to impress on both client and participant communities, from the beginning, the care with which the programme has been designed, and the seriousness with which the organization views the programme.

3. Participants are given specific, real and meaningful problems to tackle. Maintaining long-term discipline in setting appropriate problems for participants is a key
feature of LADL. These problems are largely of the learner’s own endorsement. Perceived strategic significance, degree of difficulty, practicality and potential leadership-related learning are the important variables which must be matched to the level of sophistication of the participant; learning cannot take place if the participant is being overwhelmed. Each person, therefore, agrees on the problem with an organizational client who cares about the issue to be solved and who may also play a personal mentoring role. Experienced LADL facilitators monitor this activity and mentor as necessary for optimum participant challenge. It should be noted that the shortcomings associated earlier with “stretch” assignment leadership development are obviated when a LADL programme is mapped over the stretch programme.

4 The prospective leaders work in learning groups of, typically, five to eight members, ideally drawn from a range of organizational functions and management levels. The mixing of levels is very sensitive, since the seasoned leader can learn much from the less mature leader, and vice versa; however, if levels are too far apart, the lower-rank participants will be steamrollered by the higher. Carefully mixing participants with an eye to diversity issues is also key. Diversity issues are well addressed through this programme since traditional and non-traditional staff can be included together in a group, working side by side, each gaining mutual respect for the other’s capabilities. The interpersonal familiarity built into the resulting organizational networks from all these features, as the development programme matures, confers benefits of all kinds, including the evolution of natural mentoring. The programme architects may also carefully choose the functional mix for each group to address cross-functional shortcomings of the organization; the resulting networks will confer immense collaborative benefits.

5 Each programme cycle for a particular group has a fixed duration, after which participants re-form into new groups, starting the cycle anew with fresh challenges and learning. The identification and addressing of significant present and future challenges by staff with leadership potential should be seen to be a continuing process, which feeds the network development discussed in item 4 above. Software is used to track participants and cycles.

6 The roles of both facilitator and architect should be carefully engineered to provide good design and good support without long-term dependency. To make effective leadership development stick, the organization must learn to manage its own development process. Our interventions have been most effective when we have made ourselves redundant from what we have begun.

7 It is essential that leaders of the future understand how to use and leverage the emerging computer- and telecommunications-based technologies. To this end support to LADL groups must use electronic network technology (such as e-mail, LOTUS Notes, Internet, etc.) allowing both geographical and temporal barriers to be overcome and forcing intelligent applications of emerging technologies to the host organization’s business. The design of appropriate formats for this communication is a necessity if the benefits of connectivity are to be attained (Sproull and Kiesler, 1994). These designs are a key feature of LADL.

8 Leadership- and issue-specific remedial learning modules are available to the groups or to individual participants on a just-in-time as-needed basis. Such resources are designed to support the role of the group’s advisers and not supplant the participants’ right to find resources of their own. Topics such as systems thinking, problem solving under uncertainty and mentoring are typical of the influential topics with which leaders need to be familiar.

9 Performance assessment is primarily made by group peers and organizational sponsors using instruments designed by LADL to highlight learning objectives. The assessment of capability is objective, and is based on first-hand observations of real-world results. In this sense, the groups and the programme function as one big assessment centre. In LADL programmes, participants are typically provided with “leadership behavioural profiles” which highlight leadership behaviours the organization espouses.
Where possible, LADL links assessments to the organization’s succession planning and expatriate selection systems. It should be noted that, when required, LADL participants’ documented outcomes can be brought for university assessment and certification as part of a formal degree programme.

As indicated in item 1 above, the implementation of outcomes, over and above recommendations, is the key to success. Organizational leaders need to be problem solvers as well as problem diagnosers; a quality which differentiates the paid executive from the hired consultant. High-level presentations of accomplishments are always designed into programmes, and participants are encouraged to talk of their project “failures” as well as their “successes” since there can only be learning successes.

What can we conclude about leadership development?

We all know that developing these senior leaders is not one of the physical sciences. Apply the same forces with the same technology to metals of the same composition and the same results will occur, largely regardless of where the metals are in time and space. The dependent variables are the forces, the applied technologies and the metals. But in developing people, that level of predictability does not occur. A key variable is the environmental context which the person being developed is in; we believe the “practice field” is critical to success.

We have reviewed the action learning approach and our approach to developing leaders as a departure from normative methodologies which treat people development as a physical science – the traditional input-process-output model favoured by car manufacturers and universities. Action learning and LADL seek to leverage the surrounding context as a key part of the developmental experience, rather than pretending it is not there. As such, they are a more credible foundation for leadership development seeking to share knowledge appropriate in context, rather than impart some supposedly objective standard of knowledge.

According to Max DePree (1992), managers, in the interests of smooth control, firmly believe that good strategic planning and an appropriate vision will ensure an institution’s future. DePree adds, “I’m afraid this simply isn’t enough. Only the effective selection, nurture, and assignment of senior people will secure an institution. When I ask myself about the future of an organization, this is my answer: Senior leaders are the future” (DePree’s emphasis). DePree highlights a critical question that organizations must grapple with: where to place emphasis and resources.

For example, organizations can focus most of their leadership development effort on those with high potentials who perhaps 20 per cent of their management population, and who have the best chance of making up the organization’s future senior leaders. Alternatively, the same resources can be spread over the whole population or only the 80 per cent marginal achievers. The authors believe that leveraging those with high potential will, in the long run, best serve the purposes of the whole population. One could argue that methods such as action learning might be a developmental methodology of choice for any kind of executive development. We typically argue more narrowly than that – that the specific issues associated with the development of leaders and, in particular, fast-track employees are particularly suited to the demands of a leadership action-driven learning approach (Peters and Smith, 1996).

Characteristics shared by fast-track employees, and the problems associated with managing them, have been reasonably well (if not extensively) researched. Similarly, the theory and practice of action learning is a well-trodden research path. We believe that bringing together these two areas (Peters and Smith, 1996) was original. We hope that future researchers in executive and management development will explore the field further, specifically with case study references of leadership and fast-track development using the leadership action-driven learning approach.

We have set out a series of prescriptions for organizations addressing the challenge of developing their potential leaders, based on action learning principles and, more specifically, on a particular application of action learning we call leadership action-driven learning. To summarize, and make some pointers for future action for those reading this article:
1 Leadership and management do not require the same competences. Managers focus on operational efficiencies – doing things right within pre-set narrow or broad specifications, making sure things run smoothly, seeking incremental non-substantive improvements. Leaders focus on doing the right things – thinking through and determining the specifications themselves; knowing where to make the specifications tight and where to make them loose; being hungry to change for the better, seeking substantive, quantum-leap improvement.

2 Leadership competences can only be gathered from experience. But, while experience is the most powerful teacher we have, it usually does not work effectively alone. Leadership development must focus on both experience and learning.

3 Leaders are an inescapable part of organizational success over the medium term. Unless leaders are in place constantly to prompt, question, challenge, decide, coach, encourage and take meaningful action, an organization will not be sustainable over anything but the short term. The care and nurturing of leaders, both those in place and those holding leadership potential, can hardly be overstated in importance.

4 Leadership development requires a syllabus – composed around the current and future strategic challenges of the organization. It requires access to information resources which can be drawn down to prompt ideas and shed light on emerging problems. It requires careful design, support and coaching to maintain the sometimes delicate balance between the practice field and the reality of real decisions affecting real people in real time.

5 The developmental methodology called action learning addresses many of these concerns. Only recently is a body of knowledge beginning to be codified which applies an action learning methodology to the challenge of leadership development. We have called this approach leadership action-driven learning (LADL).

6 We would urge those in senior HRD and OD roles, and indeed those who currently lead organizations as CEOs, presidents and VPs, to audit carefully their current activities in leadership development. The challenges of nurturing leaders must neither be left to chance, nor to traditional developmental methodology. If the heirs apparent are not able to rule, or are not able to be brought to positions of leadership, or defect to other firms, the organization’s future health is at grave risk.

References