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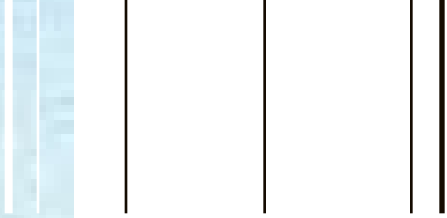
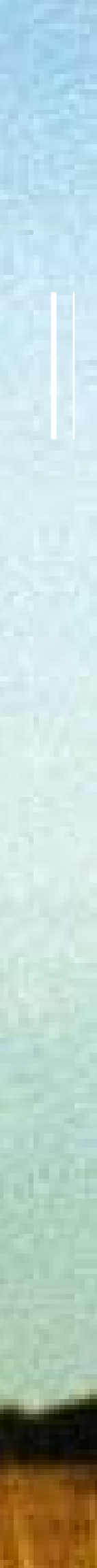
Maximizing Leadership Development

The Importance of Identification and Assessment



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Your Problem: “I’m not at all confident that my current leaders have the capacity to meet future needs or respond effectively to sudden changes in the marketplace. We’ve poured millions of dollars into leadership development, but I still can’t count on having talented leaders when I need them most.”



CEOs and Boards are increasingly likely to fill top leadership posts with homegrown talent, rather than gambling on risky outside hires. Unfortunately, the internal talent pool often looks far too shallow. A Conference Board survey indicates that only about a third of CEOs are comfortable that their people can successfully lead the company in the future.

The first impulse is to put more effort into internal leadership development. But the story there is even more discouraging. Despite the expenditure of huge sums of money—estimates of U.S. corporate spending range well into the billions—many companies report significant dissatisfaction with their own efforts to develop leadership capability.

Our own experience and recent research suggest it's time for a new approach to this long-standing source of frustration. The answer lies in a much more hard-nosed approach to deciding who should be involved in what kind of development—and why. Here's the bottom line: While executive development can help turn good leaders into great leaders, and good managers into great managers, it can't turn a good manager into a great leader if some core leadership qualities aren't there to begin with.

You have to be very careful about which executives you try to develop through which kinds of programs. And you have to set some very clear expectations about what you hope to achieve.

The traditional notion that leaders could somehow be “manufactured” by changing their behavior is simply out of sync with emerging research. Science tells us that experience and environment certainly play a significant role in shaping behavior, but in very different ways than previously thought. Specifically, emerging neuroscience data suggest that individual behavior is shaped very early in life; some practitioners now believe that this window closes at around age 15, and after that, there's very little change.

While more research is needed, the quickly accumulating evidence could have profound implications for leadership development. Simply put, it suggests that individuals arrive at the corporate doorstep more behaviorally “hardwired” than we are generally willing to admit. Those who will eventually demonstrate the characteristics associated with exceptional leadership already possess those traits, although they might not be fully apparent or developed.

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Our Approach: Assessing Leadership Capability

Moreover, the behavior changes that do occur over the ensuing years are either a consolidation or firming of strengths formed early in life, or a downward drift in behavior that requires periodic improvement.

Indeed, the central fallacy of traditional leadership development may well be the underlying assumption that adults are capable of major behavioral change on a continuing basis over an extended period of time. Although the characteristics that might make an individual an outstanding leader are the combined results of both “nature” and “nurture,” the concrete sets far earlier than previously thought. In fact, new research suggests that the widespread belief in the malleability of adult behavior is fueling the frustration over the ineffectiveness of so many leadership development efforts.

We’re not suggesting that it’s time to abandon the concept of leadership development—quite the contrary. Some programs clearly work and help to prepare potential leaders for their future roles. Others have value simply because of the standards they communicate, the expectations they establish, and the direction they set. They provide a sturdy rudder for the process of managing people

Nor are we suggesting that people can’t change their behavior. We’ve seen many individuals, with coaching and support, significantly modify behavior that had previously caused serious problems. This kind of change is difficult; to be effective, it has to be tightly focused on particular behaviors.

Having said that, we believe it’s neither reasonable nor productive to expect that leadership development will somehow turn competent managers into inspired leaders. Some of the key characteristics often associated with outstanding leadership—taking risks, coping with ambiguity, championing innovation, and creating and articulating a vision of the future—are extremely difficult to teach.

Instead, we would argue that much more attention should be paid to identifying leadership potential as a precursor to designing leadership development initiatives and deciding who should participate. Just as a good physician does a thorough diagnosis before recommending a medical intervention, the same should hold true for leadership development interventions.

Refocusing on the importance of identification introduces the notion of assessment and evaluation into the mix. It means understanding the “wiring” of potential candidates—determining what behavior changes are both required and reasonable—before launching into developmental activities. Rigorous assessment has been the missing link in too many developmental efforts and a leading culprit for the evident frustration with leadership capability initiatives. Unless assessment begins to take a much more central role, we can expect that frustration to continue.

How Oliver Wyman – Delta Organization & Leadership Can Help

Choosing the appropriate assessment is important, and there are many pitfalls. Oliver Wyman has years of experience with a broad spectrum of assessment methods that we tailor to each client's unique needs. We collaborate with you, using in-depth conversations to determine what really needs to be done instead of relying on "chemistry" or "gut feel." More specifically, we can assist you with a variety of processes, as appropriate, including:

- **Individual developmental interviews:** Structured in-depth interviews are conducted by a trained assessor to inventory an individual's career history, self-perceptions of strengths and areas for development, and career aspirations.
- **Assessment centers:** A series of role plays, exercises, interviews, and observations are used by trained assessors to determine an individual's suitability for a specific job or range of positions.

- **Multisource (360 degree) assessments:** Anonymous, questionnaire-based feedback is collected from those most familiar with an individual's job performance and behavior, potentially including managers, peers, direct reports, project team members, customers, and the individual. It is used to compare performance among individuals and to track progress associated with a development plan.

- **Strategic selection:** This process seeks to match "the right people with the right jobs" using a clear set of job criteria. Candidates are evaluated through quantitative and qualitative means. It is used by senior teams as a support tool to inform selection decisions.

- **Group Evaluation Methodology (GEM):** This expands the discussion into a prediction, or expectation, of an individual's potential to handle a more responsible role.

Our offerings focus not only on senior-level assessment but also on "spotting the comers"—the early identification of potential leaders. We have also developed an instrument that allows an organization to measure how its environment or culture influences its ability to develop leadership capability.

The biggest pitfall in assessment is that it sometimes fails to take into account that different business strategies require different behavior mixes, or that future business conditions might well require different behavior than in the past, or even the present. We always begin an engagement with a series of in-depth interviews with senior executives to surface these important criteria.



As You Move Forward...

Whether or not you decide to work with Oliver Wyman – Delta Organization & Leadership on the crucial assessment step in the leadership capability mix, you should keep these key issues in mind:

1. The characteristics typically found in outstanding leaders begin evidencing themselves early in an individual's career, so broaden your assessment pool in order to "spot the comers" early on.
2. Since it's unlikely that people will significantly change their most basic behavior, build on strengths and put less attention on "re-wiring" or fixing "improvement needs." If an organization can help its people improve their strengths by only 10 percent, it makes a tremendous difference.
3. Be clear and rigorous about defining the behavioral criteria that will be essential to future business success.
4. Ensure that assessment is reflected in the CEO's approach to leadership development. Support from the top is critical.

About Oliver Wyman – Delta Organization & Leadership

Oliver Wyman is building the leading global management consultancy, combining deep industry knowledge with specialized expertise in strategy, operations, risk management, organizational transformation, and leadership development. Delta Organization & Leadership works collaboratively with CEOs and senior executives to meet the challenges of building talent, accelerating organizational performance, and driving business success. Our Executive Learning Center provides top-tier executive education around the world, designing and implementing customized programs that develop the leaders you need to compete and grow.

We bring deep expertise and a track record of high-impact solutions that minimize business risk by:

- Maximizing CEO and senior team effectiveness
- Making your strategy work
- Building an effective board
- Managing the business of change
- Redesigning your organization
- Developing a pipeline of the right leaders for your business
- Securing commitment through communication and engagement
- Bringing meaningful data to decision-making

To obtain further information about Oliver Wyman – Delta Organization & Leadership, please contact us at deltainfo@oliverwyman.com or the telephone numbers below.

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