Chapter 1

Linking Business Strategy and Experiences

The Challenge

If you are like most leaders in most organizations, you worry about the leadership strength in your organization. For example, you might be confident that you have managers who can execute against the current strategy, but are worried that they are not prepared to take the business in new directions. You might have young leaders with lots of potential, but they lack the insight and wisdom that only experience can bring. Or maybe you are worried you don't have enough leaders who are ready to move into senior roles.

In the next three chapters, we discuss how you can identify the experiences, leadership competencies, and relationships that are most critical in the development of your future leaders. The three areas can be considered interrelated but distinct aspects of leadership development. Taken together, the experience, competency, and relationship taxonomies that you develop can become the framework that all leaders in the organizations can use to assess themselves and to identity what they can do to develop their leadership capabilities. We start with developmental experiences. Experiences are *where* leaders develop the competencies and the relationships that they need to be successful. The next question is obvious: What are the "right" experiences and where are they in my organization?
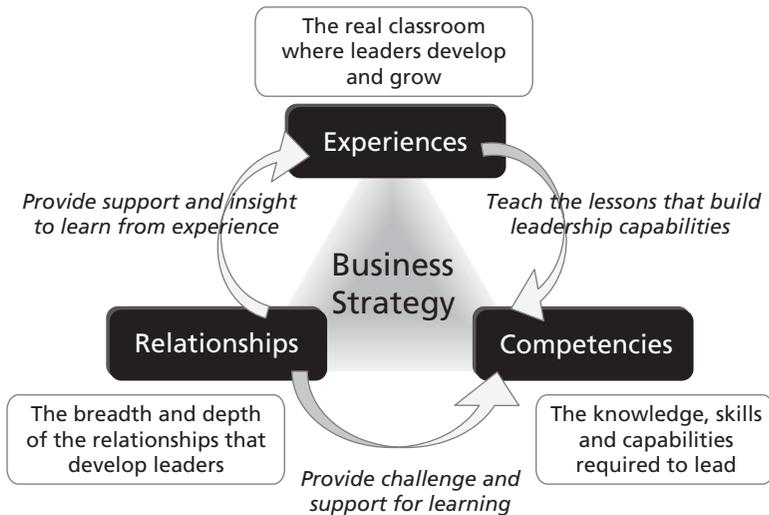
Figure 1.1 The foundations of leadership development

The Bottom Line

There are some simple, basic steps that you can take to identify the critical developmental experiences in your organization and turn the taxonomy into a set of tools that you, your team, and your organization can use to build future leadership capacity.

Start with the Business Strategy

The business strategy is always the place to begin. Most organizations already have this in place. If you are in a small company, everyone should know what this is. If you work in a division or department within a larger company, consider the role that your team plays in the overall strategy. If you don't have a strategy, take the time to work with your team to clearly define the business you are in and the value you provide.[1] Once you have a clear picture of where you are going, you can identify the kinds of leaders you will need to meet the future challenges and how future leaders will need to be different from the leaders you have in place today.

Don't Reinvent the Wheel

Your business strategy provides the context for what is important. Next, it's time to identify the experiences that will develop leaders who can achieve your business goals. Rather than trying to identify the experiences from scratch, start with the ones that have consistently emerged in research as the most critical in the development of leaders (see box below).

Good to Know:
Core Leadership Development Experiences

Below are some of the experiences that have consistently emerged as key events in the development of leaders.[2]

First supervisory position: the first time a leader is formally required to manage a team and get things done through other people.

Start-ups: launching a new business venture and experiencing all of the phases of building a business from scratch.

Turning a business around: fixing or stabilizing a failing business.

Key business units or functional experience: experience in a key business unit or function within the organization. For example, in a technology company, this might include managing software developers. In a manufacturing company,

this might include managing a production line.

Managing a larger scope: a significant increase in scope that includes expanding the functions or business lines being managed or moving to a more senior leadership level (e.g., moving from functional to business unit management) that requires advanced and significantly different leadership capabilities.[3]

Good/bad role models: exposure to a particularly good or bad role model. Most often this will be bosses but could include personal role models outside of work.

Lateral transitions: moving from a line position (e.g., leading a business unit) to a staff role (e.g., moving to corporate headquarters) or vice versa. This may also include moving from one

Continued

---

department to another that is significantly different (e.g., from manufacturing to sales and service).

Failures/mistakes: experiencing a significant failure or mistake and learning the lessons that come with it.

Dealing with a problem employee: managing a poorly performing employee, including the need in many cases to eventually fire the person. This may be the first time a manager has to fire someone, or the removal of a highly visible senior leader later in one's career.

Significant career change: significant transitions in one's career such as taking a large career risk, moving to a new organization, or moving to a new industry.

Leadership training and development: participating in an executive and leadership development program, a job rotation program, or the pursuit of an advanced degree.

Personal life events: having experienced powerful personal events, outside of work, that led to a significant change in one's approach to leadership including *traumatic events* such as illness, divorce, or the death of a family member or *positive events* such as early childhood experiences, student leadership, becoming a parent, or community service.

Global experience: working and living outside one's home country in a job that requires leading people, teams, and organizations in a culture significantly different from one's own.

Find the Experiences that are Unique to Your Organization

Once you understand the business strategy and have reviewed the experiences in the box above, work with senior executives in the organizations and/or members of your team to identify the 10–20 experiences that are most important in *your* organization. Several of the experiences are likely to be the same ones listed in the box, but others are likely to be unique to your business. For example, some of the unique experiences might include holding a leadership position in one of the key business units or functions or geographical locations specific to your organization. In an information technology (IT) company like Microsoft, critical experiences might include time in a technical leadership role, time in a sales and service leadership position, or experience in a global assignment. In a manufacturing company like Boeing, spending time in the commercial airplane and

in the defense industry parts of the business will be important experiences for senior leaders.

Use the questions in the box below to identify the key experiences in your organization or department. In a larger company, interview senior executives to identify a short list of experiences. In medium to large organizations an HR professional can support this effort. In a smaller organization or within a single department, the senior leader of the group could simply meet with his or her leadership team to create the list.

Tips:
Identifying Key Experiences in Your Company

The following questions can be used to identify the competencies that are most critical in the development of leaders in *your* organization. Talk to senior executives and other people who understand the current and future challenges facing the company. Other people to interview might include leaders working directly with key customers, high potential leaders in key business functions and geographies, and people in the strategy department.

Business Strategy

- What makes this company successful (e.g., what is its sustainable, strategic advantage)?
- What kinds of leaders are needed today and what kinds of leaders will be needed in the future to maintain this advantage?
- What are the key business challenges that the company will face in the next three to five years? What are the experiences that will prepare leaders to face these challenges?

Key Experiences

- What were the critical experiences in your development as a leader? Of those, which ones will continue to be critical for the next generation of leaders? What new experiences will be critical for the next generation of leaders?
- What business unit and/or functional experience will senior leaders need to meet future challenges?

Continued

- Of these experiences, which ones should come first; that is, which experiences are most important in the development of a leader early in his or her career?
- Which should come later; that is, which ones require the leader to be in a more senior position to get the full benefit of the experience?
- What else would you like to add?

Define the Experiences

The experiences need to be defined in enough depth for leaders to be able to use the definitions to assess themselves. For example, for a global experience to be most powerful, do leaders need to live in another country for it to "count" or can they manage global suppliers while living in their home country? How long do they have to be in the experience to really learn the lessons? What leadership capabilities should they develop in the experience and what lessons should they learn? The next box provides the kind of information that is important to include. The best way to develop the final definitions is to assign both a line leader and an HR partner the task. The line leader ensures that the language is right (e.g., relevant and business-focused). The HR partner ensures that the content is consistent with best practices and aligned with the talent management processes in the company.

Example:
The Start Up Experience – An Experience Description

Start-up experiences that are the most developmental require leaders to launch *new* products or services, or take an established product/service in a completely new direction. The best experiences require the leader to build the team from scratch, identify and develop a new business model, interact directly with customers, build the processes and infrastructure to support the new product/service, and assess the ongoing commercial potential of the offering in order to adapt to emerging market conditions.

Depth of Experience

The following descriptions can be used to assess the depth of the experience.

Low: The leader is in a junior leadership position in a start-up venture with limited authority/responsibility for delivering the business products or services. The experience lasts for a limited period of time (e.g., one year or less), allowing the leader to work only through limited phases of the start-up life cycle (e.g., business model definition, building the team, product/service development, market pricing/positioning strategy, or experiencing success/failure). The leader participates in a quasi-start-up experience such as building a new team or department from scratch, launching a new internal process with tight deadlines, launching an upgrade to an existing product/service, or becoming a sales/service manager in a new geography.

Moderate: The leader is in a senior leadership role with shared authority/responsibility for delivering the business products or services. The experience lasts for a moderate amount of time (e.g., one to two years) requiring the leader to work through several start-up stages (e.g., business model definition, building the team, product/service development, market pricing/positioning strategy, experiencing success/failure).

Significant: The leader is in a senior leadership role with primary authority/responsibility for delivering the business products or services. The experience lasts for a significant amount of time (e.g., two or more years) requiring the leader to work through all of the start-up stages (e.g., business model definition, building the team, product/service development, market pricing/positioning strategy, experiencing success/failure).

Navigating the Experience

Start-up experiences are simultaneously exciting and daunting. Successfully navigating through them requires a drive to succeed, risk tolerance, adaptability, persistence, and the ability to build a team that complements the leader's skill set and makes up for the leader's weaknesses.

The most intense developmental start-up experiences require the leader to lead a team into uncharted territory, building the team and infrastructure from scratch, under moderate to high time pressure, with low interdependency with other parts of the organization, a rapid development and release cycle time, and high customer contact and feedback.

Continued

Competencies Developed/Lessons Learned

Some of the key lessons to look for in a start-up include strategic thinking, ability to communicate and sell a vision, the failure points and keys to success in the early stages, business acumen, building and leveraging a network, driving execution, risk tolerance, customer relations, technical skills, and self-confidence.

Metrics to Watch

Metrics to assess leadership performance in a start-up include expenditures versus budget, time to market, cash flow, trends in market share, customer satisfaction, and trends in profitability. Leadership development metrics to watch include team member retention rates, employee survey scores, and 360-feedback ratings (i.e., feedback from a person's manager, peers, direct reports, and sometimes from outside sources). Because start-ups are so dynamic, informal customer and coworker feedback can play an especially critical role in the leader's ability to adapt, develop, and perform.

Further Reading on Start-Ups

Christensen, C. M. (2003). *The innovator's solution: Creating and sustaining successful growth*. Boston, MA: Harvard Business School Press.

Drucker, P. F. (1985). *Innovation and entrepreneurship: Practice and principles*. New York: Harper & Row.

McGrath, R. G., & MacMillan, I. (2000). *The entrepreneurial mindset*. Boston, MA: Harvard Business School Press.

Taking Action

To fully leverage the power of experience-based development, you will need to take action at three levels: (1) What can you do to develop yourself? (2) What can you do to develop your team? (3) If you are a senior leader or HR professional, what can you do to develop leaders in your organization? We will challenge you to consider these three levels in every chapter in this book.

Get Started

Don't wait for the company to do this for you. Start with your business and your team. Create a list of key experiences that are critical

in *your* department and for the development of *your* team members. Make sure you take the time to identify both the experiences that are required now and the ones that will be increasingly important in the future. Then look for ways that you can help the larger organization to consider how to use on-the-job-experience to more systematically develop future leaders' potential.

Assess Yourself

Once your list of key experiences is developed, reflect on your own development: Which of these experiences have you had and which ones are you missing? What experience are you in right now? What should you be learning? How will you know if you have improved in these areas? What will you see? What are the experiences that will make you an even better leader in the future?

Assess Your Team

Consider the experiences that the members of your team are in right now: What should they be learning? What are they learning? In what ways should they be different leaders a year from now? Have you discussed this with them? How can you help them navigate through the challenges? Now look ahead: What are the future experiences that your direct reports need in their development? Rather than sending them to training next year, what are some assignments you could give them in the coming year that would build their capabilities?

Build the Experiences into Your Organization's Talent Management Systems

Whether you are a senior executive or an HR leader, the experiences can become one of your key tools to drive experience-based development into the whole organization. The taxonomy of key experiences should be built into all of the talent management processes in your organization. For example, the taxonomy of experiences could be used in the succession planning process to more systematically consider future job assignments for aspiring leaders. In the same way, the list of experiences can be made available to *all* leaders during annual career development discussions to help them think more systematically about their development. More ideas about how you

can build experience-based development into your talent manage-ment processes are discussed in Part IV.

What is the Best Order for the Experiences?

We are often asked if there is an optimal order to development assignments (e.g., how should they be sequenced?) and are specific assignments important for specific roles (e.g., CFO)? Unfortunately the only definitive answer to these questions is: The type and sequence of any development assignments, for any role in your organization, must be centered on your organization's business strategy. So we cannot be prescriptive. If your business strategy involves expanding existing product lines into emerging markets, then one set of devel-opment assignments will be important. If the organization is focused on developing and selling new products to existing customers, then a different set will be required. An early cross-cultural assignment along with opportunities to leverage operational excellence (e.g., turn around a poorly performing product line) would be advisable in the first instance; perhaps nonvalue-added for the second.

To Learn More

The following books provide guidance on the experiences that tend to be the most powerful in the development of leaders and the lessons they teach:

Charan, R., Drotter, S., & Noel, J. L. (2001). *The leadership pipeline: How to build the leadership-powered company.* San Francisco: John Wiley & Sons.

Dotlich, D. L., Noel, J. L., & Walker, N. (2004). *Leadership passages: The personal and professional transitions that make or break a leader.* San Francisco, CA: Jossey-Bass.

Lombardo, M. M., & Eichinger, R. W. (1988). *Eighty-eight assignments for development in place.* Greensboro, NC: Center for Creative Leadership.

McCall, M. W., & Hollenbeck, G. P. (2002). *Developing global executives.* Boston, MA: Harvard Business School Press.

McCall, M. W., Lombardo, M. M., & Morrison, A. M. (1988). *The lessons of experience: How successful executives develop on the job.* New York: The Free Press.