

Companies Must Commit to Developing New Leaders

GREGORY J. SMITH and MARCIA BROEMSEN-SMITH

Lehigh Valley Business

February 9, 2015

Leaders place their organizations at great risk when they do not apply the same level of discipline to leadership and employee development as they do to the planning and development of their products and services.

Applying this discipline to leadership and employee development requires assessing the existing capabilities of your workforce and developing a talent strategy for growing or acquiring the capabilities needed to deliver a future business strategy.

Having the right people – in the right roles at the right time – is a growing concern for most businesses. Bersin Research reports that 70 percent of organizations cite “employee capability gaps” as one of their top five challenges in 2015 - 2016.

Leadership and employee development is time-driven; in 24-48 months, you will begin to see the fruits of your labors.

Because of the time it takes to develop internal talent, companies often ask whether it is better to hire externally for key leaders rather than develop internal talent. The answer is not typically, and the reason is two-fold.

First, you want to have a motivated, committed workforce. A workforce that sees advancement going to externally hired employees will learn one of two things. Either the only way to advance is to leave and then come back as an external candidate or to recognize that there is no future for young talent in your organization, leaving as soon as a better opportunity presents itself.

Either way, morale on the front line is likely to be low, and you will retain those employees with limited options or those who only want a paycheck.

Second, research shows that internal workers who were promoted perform significantly better for the first two years than external workers hired into similar jobs.

Nonetheless, external hires have higher levels of experience and education and are initially paid around 18 percent more than internally promoted workers. It also takes about seven years for the salary of the externally hired employee to achieve parity with internal workers in similar jobs.

For companies to engage and retain top employees, it must provide lifetime learning and development opportunities.

Executive Human Resource Solutions, LLC

P.O. Box 335, Hellertown, PA 18055

Pittsburgh: 724-825-8299 | Lehigh Valley: 610-838-4981

www.executivehrsolutions.com



Leadership and employee development begins with an assessment of employee capabilities. One of the best and most effective methods for identifying an employee's strengths and areas of development is a development center, which use short, very intense simulations.

Participants are placed in structured, highly engineered real-time work simulations, built around company or industry specific challenges designed to evoke the types of behaviors required of successful leaders.

The simulations are reviewed by observers who use a checklist to evaluate the participant. The observers can be trained professionals (e.g. psychologists, executive coaches, etc.) or company senior leaders trained to consistently apply an objective observer protocol.

At the completion of the center, observers meet one-on-one with participants and provide developmental feedback. Discussion focuses on the participant's strengths and areas for development.

After the center, it is important to meet with the participant, his manager and a representative of human resources (if desired) to craft a developmental action plan that outlines what the participant will do the next 18 months.

Monitoring developmental progress and being accountable to report back to senior leadership on the employee's progress help sustain development over time.

Another tool for assessing an employee's capabilities is the multi-rater (or 360), a simple, easy way to pinpoint areas for development.

Multi-rater tools accomplish this by having the participant, his or her manager, peers, direct reports and internal customers (if desired) complete a 60-120 item questionnaire.

If a company wants to develop global leaders, there is the Global Mindset Inventory sold by Thunderbird School of Global Management at Arizona State University. If the focus is on developing domestic leaders, there are tools from the Center for Creative Leadership, PI International and Caliper, to name a few.

The 360 tools provide a snapshot on how others react to the participant's leadership style. It is meaningful feedback, in part because it gives the participant a window into how others see him or her.

With 360 feedbacks, it is important that the review is done by someone familiar with the tool and someone who can help coach the participant through defense mechanisms that get elicited by such feedback.

Gregory J. Smith is president and Marcia Broemsen-Smith is vice president of Executive Human Resource Solutions LLC, based in Lower Saucon Township, which provides talent management products and services to entrepreneurs.

For information, visit www.executivehrsolutions.com or call 610-838-4981.

Executive Human Resource Solutions, LLC
P.O. Box 335, Hellertown, PA 18055
Pittsburgh: 724-825-8299 | Lehigh Valley: 610-838-4981
www.executivehrsolutions.com

