



# STRATEGY | LEADERSHIP | ORGANIZATION

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## **Leadership Capability Development** *a market differentiator*

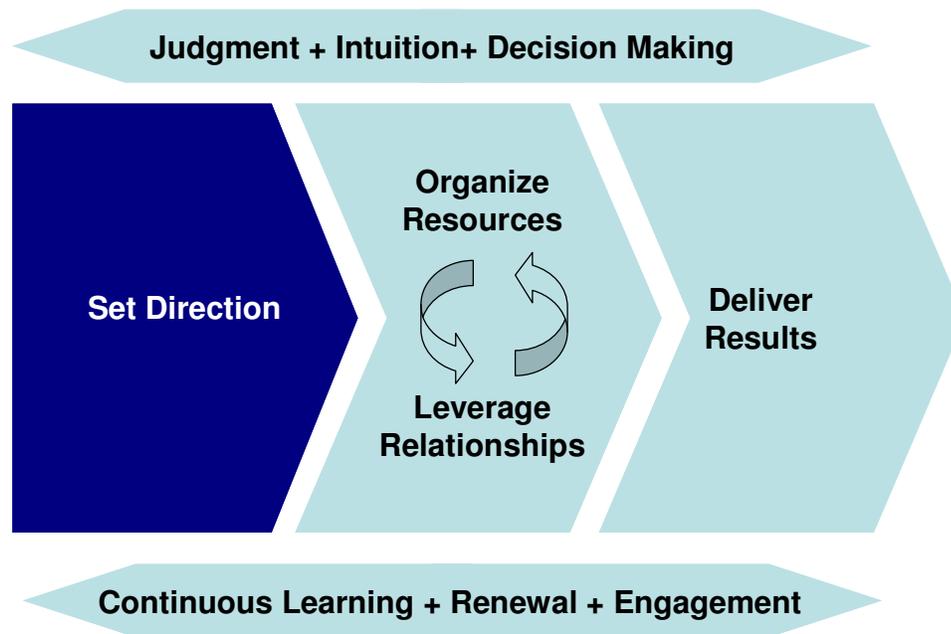
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When leadership development is approached as an overly rigid and externally enforced mechanism it will never deliver the results expected. **What is the ultimate goal of leadership development?** Simply, it is about having a system in place that generates a ready pool of leaders able to steer the organization successfully through dynamic market forces and deliver resilient performance.

**What do leaders need to do?** Leaders need to have capabilities that enable them to set direction, organize resources, leverage relationships and delivery results (Figure 1). The two directional arrows at the top and bottom of the figure indicate the throughout the process of direction setting, organizing resources and leveraging relationships to deliver result, leaders fill the white space between these broad expectations though competent judgment, intuition, decision making, continuous learning, personal and system renewal and engaging people.

**Figure 1 Reason Leaders Exist**



**What fundamental principles should be designed into leadership capability development systems?** There are eight fundamental principles that need to be built into a resilient leadership development system and need to be driven by the highest level of leadership in a visible and genuine manner:

1. Drive and motivate leaders to develop their personal leadership skills while committing to developing the leadership skills of the next level.
2. Clear objectives set at the personal leader level and the team level
3. Dedicated resources for effective deployment
4. Continuous learning needs to be at the core. Remaining resilient as an individual is the only way to help drive organizational resilience.
5. Must have a coaching element to "Help us see what we cannot see ourselves".
6. Must have clear executive level commitment
7. Must be willing to make hard decisions when leadership fit is not present
8. Must have a set of competencies that link back to what the organization is trying to achieve in terms of market positioning.

Effective leadership development adds value to the organization. **What value does leadership development add?** Leaders lead and where and how they lead determines the ultimate outcome of the organization. Every organization has five broad groups of resources: investors that provide financing, relationships the organization depends on to do business (e.g. customers and suppliers), financial resources used for maintenance and growth investment, processes and systems that get work done and the people designing and making it happen. Just estimate how much benefits in a month would accrue to the organization if each category performed better than they did (Figure 2).

**How do we develop leaders that suit our organization needs?** The leadership team of an organization needs to have a combination of both those that are good at discovery type work and those that are good implementers. However whatever group a leader falls into there are fundamental skills that all leaders need and some differentiating skills that only some have. Leaders need to have capabilities which are the skills, knowledge, experience and behaviour that support's what the organization is trying to achieve in the market. Thus if the organization aims to be positioned as the "Flexible, Customer Focus and Innovative Solution provider", the implications of this one leadership capabilities need to be defined, assessed, developed and renewed

**Figure 2 Leadership Development Value-Add Computation**

<b>Resources</b>	<b>Value Differential</b>	<b>\$000</b>
1. Investors	Loss Value due to Co. P/E ratio vs. Industry P/E ratio	1,000
2. Relationships	Profit from additional Sales / Share of Wallet resulting from Preferred partner positioning	500
3. Financial	Additional Return on Investment / or Loss Avoidance from CAPEX decision	340
4. Process / Systems	Cost savings from waste reduction	400
5. Talent	Retention, Labour Productivity & Innovation benefits	200
<b>Total Benefit \$000</b>		<b>2,440</b>

A good leader does not justify his actions based on his intent but instead pays attention to how people interpret his behaviour and what is observable. **What can I do at a personal level to develop and sustain my leadership capabilities?** You need a process, a plan, discipline and personal commitment to make it happen. Commitment is bigger than motivation because sometimes we are not motivated but with a commitment “it is a must do”. A five step process with the acronym “STAMR” can help (Figure 3).

**Figure 3 Personal Leadership Capability Development Process**

<b>Specify</b>	<b>Target</b>	<b>Allocate</b>	<b>Monitor</b>	<b>Resilience</b>
What specific leadership capabilities are important & urgent that needs improvement?	What is a meaningful target?	What time & support resources are required to achieve my goal?	How am I going to monitor my progress?	What do I need to learn next to increase my value to the business into the future?

**Conclusion**

In this short article six questions relating to leadership development were addressed in a clear and concise manner. The six questions were:

1. What is the ultimate goal of leadership development?
2. What do leaders need to do?
3. What fundamental principles should be designed into leadership capability development systems?
4. What value does leadership development add?
5. How do we develop leaders that suit our organization needs?
6. What can I do at a personal level to develop and sustain my leadership capabilities?

The aim of this article is to get you thinking about the key issues that should form policy guidelines driving the detailed process for leadership development systems within organization.

***The End***