Identifying and Retaining Leadership Talent

by Chip Nagle

It's a very sobering state of affairs. Leaders are in great need more than ever due to the increasingly complex job of managing a global enterprise regardless of the industry. A recent survey of 200 companies revealed that only 17% of executives were satisfied with their organization's accuracy of identifying high potential talent (Karakowsky & Kotlyar, 2011). On average 50% of managers fail (Hogan, Hogan, & Kaiser, 2011). Nevertheless, organizations continue to search and spend large amounts of resources to identify and retain the leaders they desperately need.

The reasons are many for this state of affairs. Here are but a few:

- Executives are too busy to focus on talent

- Recruiting not fully integrated in the business

- Not sure what makes a good leader

So, what can an organization do when faced with such important needs? There are three essential pillars of development that all organizations must consider when searching for and then retaining key leadership talent.

The first is the skill base that the individual has developed over time. It would be most important to look for skills that are content-based such as technical expertise, as well as, people-based such as working well with others and past history of management and leadership roles. What is the skill-based track record?

Secondly, what practical experiences has the individual had over time where they have put these skills to use. It's important to look at context such as small or large group settings, as well as, culture and diversity. How had they applied the skill set with diverse groups, for instance? Third, it is important to look at levels of professional stretch and exposure. What has the progression been for the individual throughout their career development? Have they taken on tough assignments or worked in different geographical settings, for instance? This level of risk-taking and subsequent development tests the individual's sense of curiosity and courage.

All of these experiences and work history can be measured and discussed through the interview process and documented via the resume. However, what does it really tell us other than provide information regarding the career platform the individual has been building over time. It is also essential to go behind the scenes and develop a clear understanding of what makes the individual tick. This can be accomplished via a suite of diagnostics.

This goes beyond intelligence and skill-set. It is important to know how an individual will use this experience and skill-set in an actual leadership role. So, what do we look for? Intelligence, technical skill ability, emotional stability, ambition, strategic? Increasingly, it is being shown that the leader's capacity to demonstrate agility and adaptability are the key ingredients to success.

Case Study

The CEO of a medium-sized global organization was looking for an executive review process for the replacement of a President of his most profitable division who was retiring in 9 months. We conducted a multi-faceted diagnostic profile for 6 internal candidates across the following dimensions.

- Strategic Reasoning

- Tactical Problem-Solving

- Operational Excellence

- Results

- Talent Management

- Collaboration

- Strategic Awareness

- Tenacity

- Judgment

Each candidate was asked to complete a suite of assessments that included the Hogan Leadership Series, Decision Styles, and Learning Agility. The results were then placed on a comparative color-coded chart with a full 12-page Executive Summary Report. The findings were then provided to the CEO and the retiring President in an overall debrief with recommendations. What was particularly interesting about the findings and the debrief was the emphasis on the Learning Agility factors. It was evident that these factors were the main focus of discussion and provided clear distinctions for each candidate to take the future role of President.

One of the primary reasons the CEO found the Learning Agility assessment to be of such importance were the factors that determined the candidate's capacity to be agile and adaptive. The assessment measured the following:

- **Interpersonal Acumen**: how the individual interacts effectively with a diverse group

- **Cognitive Perspective**: the degree to which the individual thinks critically and strategically

- **Environmental Mindfulness**: the degree to which they are fully aware of their external surroundings

- **Drive to Excel**: the extent to which they are motivated by challenges

- **Self Insight**: how accurately they understand themselves and capabilities

- **Change Alacrity**: their level of curiosity and willingness to learn new ideas

- **Feedback Responsiveness**: how do they solicit and listen to feedback

Morgan McCall, Mike Lombardo, and Ann Morrison noted that a key component for executive success was the ability to learn from past experiences and to utilize this learning to solve new problems, The Lessons of Experience (1988). Robert Hogan has been researching characteristics for leadership success and derailment for decades providing insights for how executives adapt when under stress. Throughout the literature, there are numerous articles and authors looking at the key ingredients for leadership success. Throughout the studies, agility and adaptability continue to surface time and time again as the essential leadership skills. Ken De Meuse has further developed this concept which he calls "learning agility" that describes the individual's capacity to take what they have learned over time and apply this learning to new and challenging situations. He has determined that an individual is able to demonstrate "functional agility", such as a CFO with deep financial acumen or more broadly "learning agility" across several areas, such as a CEO responsible for the profitability of the entire organization (De Meuse, Dai, & Hallenbeck, 2010).

The CEO realized that his company was operating in a highly competitive environment with a wide array of challenges involving operations, sales, R&D in a global landscape that required high levels of analyzing problems from multiple angles. In addition, his workforce was highly diverse, in his case operating in 23 different countries, that required high levels of interpersonal acumen and cognitive perspective. The individual chosen to lead this segment needed high levels of Learning Agility to meet these challenges. Again, he considered the entire assessment suite results before making his final selection. However, he was most interested in the level of learning agility for the factors of Change Alacrity, Environmental Mindfulness, Drive to Excel and Interpersonal Acumen.

Clearly, an organization does not need to operate globally, such as in 23 different countries to require its leaders to be agile and continuous learners. The key ingredient is the level of *complexity* that each leader must face each day. Understanding and then productively managing the level of organizational complexity demands that leaders in any organization be open to the challenges and opportunities of the day, listen to those around them, learn from this new input, and finally respond with a fresh perspective. Leaders with a high degree of Learning Agility create cultures that attract and retain talent with these proven traits and characteristics. They surround themselves with curious minds that look at problems from a number of perspectives before making the final decision. As Jim Collins (2001) has stated when describing Level 5 leaders.   They demonstrate a level of humility and awareness of their environment that is not based on their own egos, but the greater good inside and outside the organizations they serve. Level 5 leaders have learning agility and the CEO knew he needed this person to run a key segment of his business.

Identifying and retaining talent requires a learning leader. All learning leaders have a clear understanding of themselves and what makes them tick and they display this understanding authentically and openly with others each day. If they know something, they say it. If they don't they ask questions until they do. Learning leaders understand themselves and they understand the importance of culture. When you have a learning leader in your group or more importantly is responsible for leading the entire organization; you have someone who is in tune with what is

important to the group be it skill-building, values, engagement or growth. They know because they are in the learning mode every day and build the culture accordingly.

This demands that the leaders spend the time and energy to explore and reflect upon the experiences that have brought them success, as well as, failures and develop an honest understanding of who they are as an individual and leader of others. They need to take an honest look in the mirror and admit what they see. As the case above indicated, the potential leaders of the business unit undertook an array of assessments with feedback to provide the CEO and themselves a clear understanding of what makes them tick today based upon their skill sets, experiences, and potential for the future. They entered into the discovery process. Learning leaders understand the importance of this process and undergo a type of mini-review through feedback each day and then through reflection gain from the experience. They know through humility that opening the door to learning is their best shot at success.

Much of this process is self-directed and driven by the internal motivation of the leader. Learning can be a messy business with many ups and downs, obstacles and vulnerabilities along the way. This is often times the reason leaders do not venture into this realm. It requires humility and internal drive on their part. Such leaders prefer not to know and consequently rely on shields, barriers and defense mechanisms to keep the information out. The learning has no pathway to run with such leaders. This type of leadership can be very devastating to the culture and those in it. The CEO understood this key point and again looked to the Learning Agility scores, together with the entire assessment suite, for keys to each candidate's makeup.

It is important, therefore, to have a clear understanding of who this leader is in terms of their capabilities and potential before making the decision to hire, develop or retain. Skills, experience, and exposure alone will not do. It is also essential to understand the personality makeup and how the individual would operate in the culture or environment they are leading. Do they have the internal drive and motivation for learning? Can they admit they don't know and show a degree of humility in front of staff? Are they able to be reflective? All key questions for those who engage and lead with learning in mind.

In conclusion, it has been estimated that the cost of losing key talent is very high (Smart, 1999). Depending upon the organization and position, these costs can reach into the millions. Regardless of the financial burden, the cost of lost leadership is even higher as it affects the team, morale, operations, and future strategy. Therefore, being thoughtful about the selection, as well as, the retention process for leadership is essential to the future success of the organization.

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