

## **THE LEADERSHIP PIPELINE – HOW TO BUILD THE LEADERSHIP-POWERED COMPANY – Charan, Drotter and Noel**

The book is about how companies can build their own leaders by understanding the critical passages a leader must navigate, by providing appropriate development for navigating those passages and by building the right system for ensuring a full pipeline of leaders now and in the future.

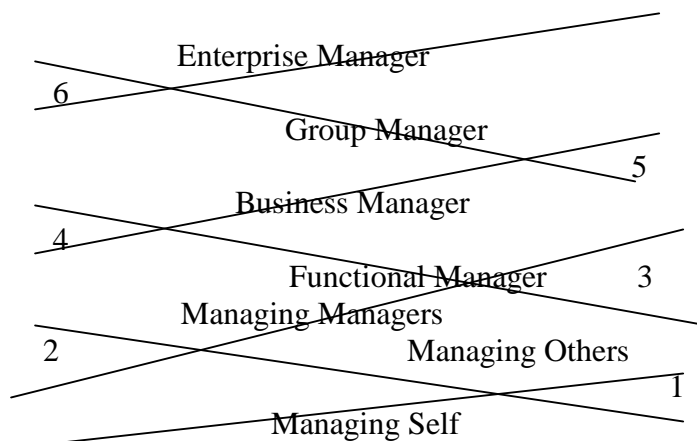
The benefit to the business is that if it gets it right then there is no need to go out aggressively into the market to hire stars. Also senior managers in the organisation become motivated as much by great development as what they get paid.

**There are 6 leadership passages** – this is an overview:

Managing Self to Managing Others  
Managing Others to Managing Managers  
Managing Managers to Functional Manager  
Functional Manager to Business Manager  
Business Manager to Group Manager

Diagram Showing Critical Career Passages in a Large Business Organisation

(NB the text should be written diagonally along the lines when demonstrating. The critical turns are where the numbers appear.



### Managing Self to Managing Others

At this turn people want to keep doing the things that made them successful when promoted to first-line manager. So they make the transition without making the behavioural or values-based transition. Skills at this stage include planning work, filling jobs, assigning and measuring work, motivating and coaching. Instead of valuing being producers they must learn to value making others productive.

### Managing Others to Managing Managers

Individual work contributions are still part of the previous job description – now they must divest themselves of individual tasks. Coaching becomes important here, and thinking beyond the function. The danger here is that an organisation chooses high technical achievers rather than true potential leaders. Relatively few managers value coaching as mission-critical. Coaching takes time – the instruction – performance-feedback cycle.

### From Managing Managers to Functional Manager

Functional Heads have to manage some areas that are outside their own experiences, not only trying to understand the “foreign” work but also learning to value it. They also have to penetrate 2 layers of management – making it essential that they develop new communication skills. They have to take other functional concerns and needs into consideration, they have to blend their functional strategy with the overall business strategy and they have to join in business team meetings and work with other functional managers which takes their time away from purely functional responsibilities. Therefore they MUST delegate responsibility for overseeing functional tasks to their direct reports.

### From Functional Manager to Business Manager

This is about integrating functions, not just understanding and working with them. It is not just about looking at proposals technically but from the point of view of a profit perspective (does this make us money?) to a long-term view (is the profitability result sustainable?)

### From Business Manager to Group Manager

A business manager values the success of his own business, a group manager values the success of other’s businesses. They have to evaluate strategy for capital allocation and resources deployment. They have to know which strategy has the greatest probability of success and should therefore be funded. They have to know who among their functional managers has the capability to move to business manager and support them. They have to make decisions about portfolio strategy – which businesses should we add, divest, is this the right collection? They have to make hard decisions about whether they have the right core capabilities to win. They have to think in terms of community, industry and government and also in terms of the financial scorecard the City expects of them.

**Leadership passages in detail:**

From Managing Self to Managing Others:

3 vital success factors:

Defining and assigning work for others: (planning, organising, choosing people and delegating)

Enabling direct reports to do the work (monitoring, coaching, feedback, acquiring resources, solving problems.)

Building social contracts through establishing relationships.

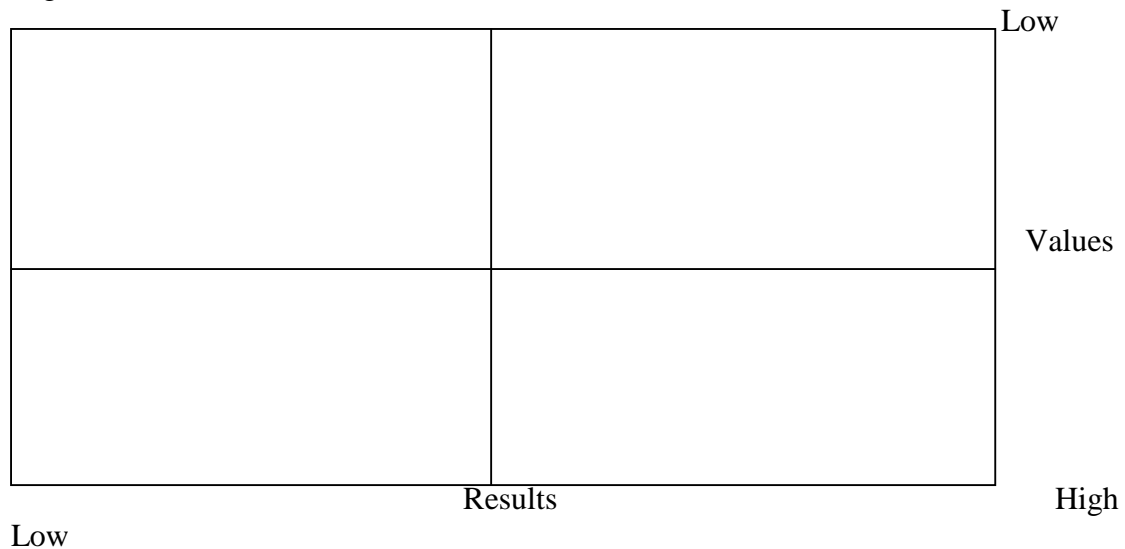
Defining and assigning means talking to a far wider range of people and spending time talking rather than doing – realising delegation is not abdication

Enabling means teaching people to do the work properly rather than just fixing their mistakes for them. It means taking ownership of success rather than distancing yourself from problems and failures – learning to be approachable.

It is about questioning and reconfiguring personal values.

On the leadership matrix, if someone has high results and low values they won't make it.

High



**Tools to help:**

360-degree feedback/employee engagement survey

Gap analysis – question first line managers about their skills and values, compare with observation and sampling and make them aware of the gap.

Intervention: coaching/feedback  
Peer learning and partnering  
Meetings, readings, travelling with the boss.

Ultimately, if none of it works, a new work assignment.

### From Managing Others to Managing Managers

The trick is to empower your managers, not disenfranchise them. You exercise your power of veto but give people power to make project decisions and hold them accountable

5 signs of a misplaced manager of managers:

Never poor technical results!

- Difficulty delegating or lacking a control system that ensures accountability for what is delegated
- Poor performance management – poor or little feedback, is not a good coach, doesn't offer clear direction or people are unsure about their goals
- Failure to build a strong team, works with people as individuals but not as a productive team – “silo” mindsets and not the synergy that comes when a team of managers share information and ideas.
- Single-minded focus on getting work done – does not recognise role as coach and developer of managerial talent. Doesn't exhibit any interest in strategic or cultural issues.
- Choosing clones over contributors – selecting individuals who resemble themselves. Choosing friends who are unwilling to challenge their boss.

### **Skills required for Managers of Managers:**

- Selecting and training first-line managers – using power to motivate and instruct, not demean and demoralise.
- Holding first-line managers accountable for managers' work – values, not technical skills
- Deploying and re-deploying resources
- Managing boundaries that separate units which report directly and other parts of the business.

Performance management note:

Removing individual contributors is usually straightforward because it is for reasons of technical competence or not fitting the company's values. Removing first-line managers is a lot harder because issues are more intangible – failing to value management work or not spending enough time doing it.

Deploying resources note:

Questions to ask a manager of managers: can each unit deliver the required output on time at the right quality level and for the appropriate cost?

Do we have the right mix of external and internal quality resources?

How should the mixture be adjusted?

Are any units wasting or missing resources?

Is this the right configuration of units given the total output required?

Which people should not be working here? How quickly can they be replaced with more productive people?

Which unit is most effective and should get the difficult new project?

Which units deserve more than their fair share of support resources?

Who, if anyone, should receive the biggest raise?

Who needs most coaching and most of my time?

### **Measures of success for managing managers:**

Improvement in efficiency

Improvement in quality

Frequency and impact of coaching sessions

Number of first-line managers moved to bigger jobs or moved laterally for broadening

Success rate of new first-line managers

Teamwork within assigned area

Teamwork with other areas

Feedback and coaching

### **How to evaluate:**

Action-based learning – cross functional learning team of a group of managers with complementary skills and experience who become committed to a common team purpose, performance goals and an approach for which they hold themselves mutually accountable

- Cross-organisational networks to encourage information sharing
- Mutual support and joint problem solving
- Apply ways of learning on the job
- Encourage, support and contribute to development plans
- Decide and collaborate on a project that has personal and organisational value

STRENGTH CONSISTS OF TALENT, KNOWLEDGE AND SKILLS. TALENT IS NATURAL, KNOWLEDGE IS ABOUT FACTS AND LESSONS LEARNED AND ACQUIRED, SKILLS ARE ABOUT UNDERSTANDING THE STEPS OF AN ACTIVITY.

### Managing Managers to Managing Functions

- Longer-term thinking – matching a functional strategy time frame with a business strategy time frame. 3-year planning

- State of the art awareness
- Complete understanding of the business model in detail and long-term strategic direction and goals – what must each function contribute to that strategy?
- Learning about other functions – not just supporting functional process
- Integrating all the pieces of his own function into a viable strategy
- Listening – this requires patience, empathy, approachability

### **Signs of poor functional management:**

Failure to make the transition from an operational project orientation to a strategic one  
Inability to manage and value work that is unfamiliar

Immaturity as a leader/manager – more interested in being a performer, can't let go and must control everything.

Failure to recognise the need to delegate, communicate and ensure that information flows freely.

### From Functional Manager to Business Manager

This is the stage that is about learning to value other functions and how to be highly visible (see earlier definition)

### **Trouble signs:**

Uninspired communication – can't speak a cross-functional language, only a shared functional one.

Inability to assemble a strong team

Failure to grasp how the business can make money – focusing only on one piece rather than on the entire profit chain

Problems with time management

Neglect of the “soft” issues

### **Diagnostics:**

Something is going or has gone wrong:

Ask questions about leadership skills: e.g did he know how to develop a first line manager

Time management? E.g how much time did he spend coaching

Work values? E.g what work does he think is important

Rewards: was the organisation obtaining the right results in the wrong way from the wrong people e.g too much individual contribution

Organisational values – were they geared too much to individual success?

### How to Assess an Individual:

- Identify behaviours and work production. What does he do first each day?  
Who does he meet with? What type of work does he turn to first?

- Discover his impact on others – interaction – ask his present and former direct reports and people in other units.
- Overlay this onto the Pipeline model – how well is this aligning or misaligning given the requirements of the manager’s level.
- Determine the level at which someone is working v. the level at which he should be working. What are the gaps?
- Create a development plan that is value-focused.

#### How to Assess a Group:

- Conduct a “lessons learned” discussion after both successes and failure
- Examine the managers’ calendars – what were the meetings for, were the decisions appropriate to the leadership level or were they spending time on activities better left to subordinates.
- Listen to how managers evaluate subordinates – if they fix on one performance dimension, is that what (all?) that leader values?
- Look at the plans managers submit from a values standpoint – where is the greatest amount of space and effort?

#### Action Learning:

- Broad-based goals and structure
- Real business challenges integrated with personal growth
- A coach facilitating the process, providing opportunities for feedback, learning and reflection
- Accelerates the acquisition of new skills and values
- Members selected against criteria
- Members given clear performance targets

#### Succession Planning

NB: Succession planning is NOT leadership development!

Succession planning is not trying to define a replacement now for a job that might come up in 18 months’ to 2 years’ time. If you do that the specifications will be woefully out of date.

Nor is it picking the best technical performer in the team as the next line manager for that team

It is filling the pipeline with high-performing (not high potential) people to ensure that every leadership level has an abundance of these performers to draw from both now and in the future.

The focus should be performance

The Pipeline should have a continuous flow

Pipeline turns must be understood

The short term and the long term must be balanced at the same time.

### A Test of Effectiveness

Does it help us understand how any employee can move from entry level to CEO?

Does it enable us to focus on short and long term performance including skills and values?

Does it force us to work on succession continuously?

### 3 Categories of Potential

(potential meaning work one can do in the future)

Turn potential – able to do the work at the next level in the 3-5 years

Growth potential – able to do work of bigger jobs at the same level in the near term

Mastery potential – able to do same kind of work as currently, only better

### Potential Pipeline Failures

- Selecting the wrong person
- Leaving poor performers in the job for too long
- Not listening to or seeking feedback
- Defining jobs poorly

### Coaching with the Pipeline

Communicate information in a motivating fashion

Clarify expectation using the Pipeline

Keep it simple

Be comprehensive about the context

Focus on a few developmental items

Jolt people out of complacency whilst making them feel that they are empowered and supported in changing their behaviours

Help people achieve their true potential

Provide an honest assessment

Communicate the benefit for both the individual and the organisation