
Where Have All the Leaders Gone?

Just 24 months ago, most companies around the world were having good years.

I saw this first-hand as I spoke to groups of executives in the Netherlands, Canada and throughout the U.S.

Sure, not all companies were doing well. Some were just getting by. Yet for many, 2008 was a banner year. Companies in operation for decades were posting record revenues and record profits.

Leaders were understandably pleased with the results. *To what, I would ask, do you attribute this stellar performance? Great leadership*, the executives would invariably reply – with tongue only partly in cheek.

But at some point in 2008 – earlier in the year for some organizations, later for others – revenue growth began to slow for companies that a few months earlier had generated impressive financial results. By the first quarter of 2009, growth had stalled. By the middle of 2009, sales had slowed to a trickle. Prices were slashed. Shifts were cut. Wages were frozen. Furloughs were initiated. Positions were eliminated and people were fired.

Flat became the new Up. What happened?

If great leadership propelled excellent performance, was a lack of leadership causing poor performance? In company after company, I saw that a good manager was not always a good leader.

Where Do Leaders Come From?

When times are good, effective managers keep the machine – your business – running smoothly, cranking out products or services on time and on budget.

As the market turned, many managers were tested in ways they'd never experienced. It was their first recession where they held significant responsibility. As the tough times continued, these managers were expected to do something for which they were unprepared. They were expected to lead.

In the small and mid-sized companies that I mostly work with, there is – not always, but more times than not – a pretty big gap between the CEO and his or her direct reports.

It's not a skill gap. It's a leadership gap.

These lieutenants are smart enough and skilled enough yet often lack the vision, confidence, interpersonal dexterity and judgment their boss may have in spades.

How can you quantify these attributes? How can you develop them?

There is as much art as science in the development of a leader.

Yet there are questions to be asked, issues to consider and steps to take in four broad categories that will accelerate the

development of your next generation of leaders. Simple to share. Difficult to implement.

Clarity. Have we clearly defined organizational and individual success? Do we have a written plan outlining how we will achieve our objectives? Does everyone – from our direct reports to the lowest position on the org chart – understand what's expected of them on a daily, weekly, monthly and annual basis? Does each person on the management team (your player-coaches) know how much of their time should be allocated to leading...to guiding, questioning, coaching? Alternately, does each player-coach on the management team know how much of their time should be allocated to doing? How do these expectations square with behavior? Are consequences – rewards for achievement, penalties for under-performance – clearly spelled out? Lack of clarity around these issues makes it almost impossible to delegate responsibility and develop leaders.

Trust. Do we trust that the plan we have developed can get us from Point A to Point B? Yes, the landscape may shift and the plan may need to be modified, yet we developed this plan based on solid data, past and current experiences, future scenarios and agreement on a common goal. How high is our confidence in the plan? Do we trust that we've identified the appropriate Key Performance Indicators (KPIs) that will measure our performance? Do we trust that our KPIs are leading indicators that are predictive of future performance? Or are we simply using KPIs as historical benchmarks of past performance? And finally, do we trust one another? Do we care enough about our colleagues to tell the truth...even when it hurts? Do we want to go into battle with this team?

Experience. Do we have the discipline to execute our plan? Are the people that report to me making my job easier? Where do we turn to confirm it's time to abandon a practice that's no longer working and try something new? How have lessons of past failures and successes been cataloged for re-examination? What guidelines have we established to make it less difficult for leaders to weigh the cost of inaction and measure the benefits of change, flexibility and compromise? Do we have advisors – inside and outside the organization – we can turn to for a fresh perspective?

Recognition. How do we recognize performance – good and bad? Can we distinguish a mistake from under-performance? Have we established a process to address under-performance? Recognizing that people are motivated by different things, have we tailored our recognition programs and actions to drive the behavior we expect?

As you contemplate the environment your organization continues to face, consider the steps you can take today to prepare the next generation of leaders for the uncertainties of tomorrow. ■