

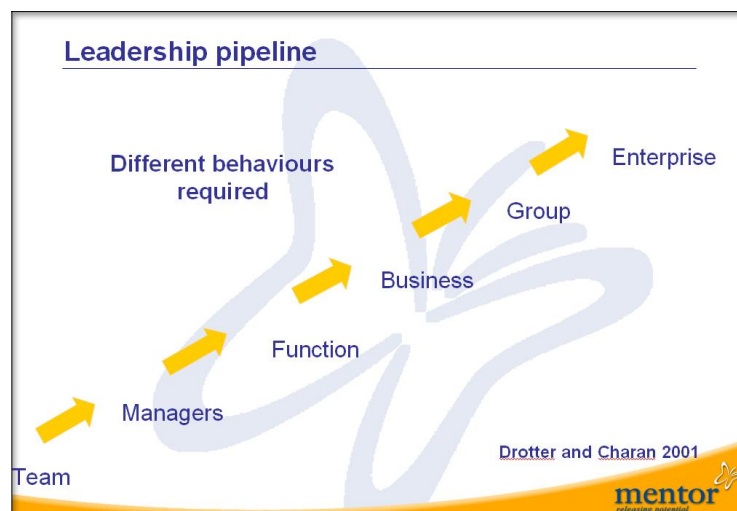
The Leadership Pipeline

An Overview

This is an abstract from the original article by Ram Charan and Stephen Trotter in the Harvard Business Review. It sets out a clear series of stages that constitute a leadership journey through an organisation. Within Mentor Group this journey is one of our leadership themes and models we base our leadership programmes around and we are happy to share this as we believe it's a break through piece of work in Leadership development

The six stages in the pipeline represent significant passages that can't be mastered in a day or by taking a course. But grasping what these passages entail and the challenges involved, will put you in a better position to unclog your organisation's leadership pipeline and facilitate your own growth as a leader. The six stages will provide you with ideas and tools to achieve full performance at all leadership levels in your organisation.

As you read about each stage, the odds are that you'll think of leadership transitions that apply to your own company that are not addressed in the Leadership Pipeline model. No problem - every organisation is unique, as you become more attuned to the six stages, we believe you'll see how they apply to your own situation and organisation.



Stage One: From Managing Self to Managing Others

New employees spend their first few years with an organization as individual contributors in sales, accounting, engineering, or marketing, and their skill requirements are primarily technical or professional. They contribute by doing the assigned work within given time frames to meet given objectives. When they become skilled contributors who produce good results, and can collaborate with others, they are often promoted to first-line manager.

When this happens, they are at Stage One. This might seem like a natural leadership passage, but it's often one where people trip. The highest-performing people are reluctant to change; they want to keep doing the activities that made them successful. As a result, people make the job transition from individual contributor to manager without making a behavioural or value-based transition. The result is frequently disaster.

The skills people should learn at this first leadership passage include planning and assigning work, motivating, coaching, and measuring the work of others. They cannot allocate all of their time to putting out fires, seizing opportunities, and handling tasks themselves. They must shift from "doing" work to getting work done through others.

Reallocating time is an especially difficult transitional requirement for first-time managers. Many still prefer their "old" work, even as they take charge of a group. Yet the pressure to spend less time on individual work and more time on managing will increase at each passage, so they will become liabilities as they move up.

The most difficult change for managers to make at Stage One, however, involves values. They need to value managerial work as a clear task. They must believe that making time for others, planning, coaching, etc are their responsibility. As these values had nothing to do with their success as individuals, it's difficult for them to make this dramatic shift. While the changes in skills and time applications can be seen and measured, changes in values are more difficult to assess. They will only take place if their managers reinforce the need and if people find they're successful at their new jobs after a value shift.

Stage Two: From Managing Others to Managing Managers

Perhaps the biggest difference is that here, managers must be pure management. Before, individual contributions were still part of their job description. Now, they need to delegate individual tasks. The key skills during this transition include selecting people to make Stage One, assigning managerial and leadership work to them, measuring their progress, and coaching them. This is also the point where managers must begin to think beyond their function and concern themselves with strategic issues that support the overall business.

All this is difficult to do if a given manager at this passage still overvalues individual contributions and functional work. Too often people were promoted to first-line managers but didn't change skills, time applications or work values. As a result, they now hold first-line managers accountable for technical work rather than managerial work. Because they themselves skipped the first passage, they poison the managerial well. They choose high technical achievers for first-line managerial spots rather than true potential leaders; they are unable to differentiate between those who can do and those who can lead.

Managers at Stage 2 need to identify value-based resistance to managerial work, a common reaction among first-line managers. They need to recognise that the software designer who would rather design software than manage others should not move up to leadership work. No matter how brilliant he might be, he will become an obstacle in the leadership pipeline. In fact, one of the tough responsibilities of managers of managers is to return people to individual-contributor roles if first-line managers don't shift their behaviours and values.

Coaching is also essential at this level, because first-line managers frequently don't receive formal training in how to be a manager; instead they're dependent on their bosses to instruct them on the job. Time is needed to go through the instruction- performance- feedback cycle repeatedly before lessons sink in-and some managers aren't willing to reallocate their time in this way. In many organisations, this coaching ability isn't rewarded, nor is the lack of it penalised. It's no wonder that relatively few managers view coaching as mission-critical.

Stage Three: From Managing Managers to Functional Manager

This transition is tougher than it seems, although on the surface the difference between managing managers and functional management might appear negligible. Communication with the individual contributor level now requires penetrating at least two layers of management, thus requiring new skills; and what is just as significant, functional heads must

manage some areas outside their own experiences: they must not only understand this "foreign" work but also learn to value it.

Functional managers report to multifunctional general managers and now have to work in teams with other functional managers and compete for resources based on business needs. Managers at this turn should also become proficient strategists, not only for their function but working for the overall business. This means spending time meeting and working with other functional managers, which reduces the time available for their own functional roles. This in turn makes it essential that they delegate responsibility for many functional tasks to direct reports.

This leadership passage also requires an increase in managerial maturity – being able to both think and act like a functional leader, while adopting a broad, long-term perspective. Long-term strategy is usually what gives most managers trouble. At this level, their leadership entails creating functional strategy to beat the competition: whether it's coming up with more innovative products or reaching new customer groups. They must push the functional envelope into the future, looking at sustainable competitive advantage rather than just an immediate but temporary edge.

Stage Four: From Functional Manager to Business Manager

This leadership passage is often the most satisfying and challenging of a manager's career. Business managers usually receive significant autonomy, which people with leadership instincts find liberating. They also are able to see a clear link between their efforts and marketplace results. At the same time, it requires a major shift in skills, time applications, and work values. The biggest shift is from looking at plans and proposals functionally (Can we do it technically, professionally, or physically?) to a profit perspective (Will we make any money if we do this?) and to a long-term view (Is the profitability result sustainable?). Business managers must change the way they think in order to be successful.

For people who have only been in one function their entire careers, a business manager position represents unexplored territory. Not only do they have to learn to manage different functions, but they also need to work with a wider variety of people than ever before; they need to become more sensitive to functional diversity issues and communicating clearly and effectively.

Even more difficult is the balancing act between future goals and present needs and making trade-offs between the two. They must meet quarterly profit, market share, product, and people targets, and at the same time plan for goals three to five years into the future. The paradox of short-term vs long-term thinking means that managers at this turn need to plan for thinking time. They need to stop doing every second of the day and reserve time for reflection and analysis.

When business managers don't make this turn fully, the leadership pipeline quickly becomes clogged. A common failure at this level is not valuing (or effectively using) staff functions. Directing and energizing finance, human resources, legal and other support groups are crucial business manager responsibilities. When managers don't appreciate their contribution, these staff people don't deliver full performance; they deliver half-hearted efforts. Business managers must learn to trust, accept advice, and receive feedback from all staff and functional managers, even if they have never experienced these functions personally.

Stage Five: From Business Manager to Group Manager

The assumption with this leadership passage is that if you can run one business successfully, you can do the same with two or more businesses. However, a business manager values the

success of his own business, a group manager values the success of other people's businesses. As you might imagine, if a group manager is convinced he could operate the businesses better than his managers, the leadership pipeline becomes clogged with business managers who are not being properly supported or whose authority is being usurped.

A critical shift in four skill sets is needed to succeed. First, group managers must be proficient at evaluating strategy for capital allocation and deployment purposes. This involves asking the right questions, analyzing the right data, and applying the right corporate perspective to decide which strategy will bring the greatest success.

The second skill cluster involves development of business managers. As part of this development, group managers need to know which function managers are ready to become business managers. Coaching new business managers is an important role for this level.

The third skill set has to do with portfolio strategy. This is quite different from business strategy and demands a perceptual shift. For the first time managers have to ask: Do I have the right collection of businesses? What businesses should be added, subtracted, or changed to position us properly and assure current and future earnings?

Fourth, group managers must become astute about assessing whether they have the right core capabilities to win. This means avoiding wishful thinking and taking a hard, objective look at their range of resources and making a judgment based on analysis and experience.

Leadership becomes more holistic at this level. To perform at full capacity they need see themselves as executives who can run multiple businesses. They must also be ready for the bigger decisions, greater risks and longer time spans that are inherent to this leadership level. They must always be cognizant of what Wall Street wants them to achieve in terms of the financial scorecard.

Stage Six: From Group Manager to Enterprise Manager

There is real danger when the leadership pipeline becomes clogged at the top. A CEO who has skipped one or more passages can diminish the performance of managers all the way down the line. They not only fail to develop other managers effectively, they also don't fulfill the responsibilities that come with their own position.

However, developing effective CEOs is difficult to manage – they first need diverse experiences over a long period, and time to learn and practise the necessary skills. They also need to apply will and conscious effort. Many CEOs fail because they sustain the same skills, time applications, and work values that served them well as group managers, and never adjust their self-concept to fit their new leadership role.

The transition during this sixth passage is much more about values. As leaders of an institution, CEOs must be long-term, visionary thinkers, but must also develop operating mechanisms to drive quarter-by-quarter performance; although the trade-offs involved can be mind-bending. In addition, this new leadership role requires an ability to manage external constituencies, sense significant external shifts, and do something about them proactively.

These enterprise leaders need to realise that their performance will be based on three or four major decisions annually; they must set these mission-critical priorities and focus on them. They must let go of the pieces and focus on the whole - How well do we conceive, develop, produce, and market all products to all customers?

Finally, at this level a CEO must assemble a team of high-achieving and ambitious direct reports, knowing that some of them want his job and picking them for the team despite this knowledge. This is also the only leadership position in the organisation where inspiring the entire employee population through a variety of communication tools is essential.