We are facing serious lack of effective leadership in business today. Drotter’s discussions with over fifty companies have raised new concerns and substantiated old ones.

?? A vast number of leaders are retiring without leaving effective succession leaders.

?? Far too many companies are going outside for leadership replacement because they haven’t developed leadership within their organizations. Their internal systems are defective.

?? Even solid companies who are using solid leadership programs aren’t getting the results they need, and are having to settle with “We meant to deliver” and “We didn’t achieve our potential.” Often they adopt a “program” which lasts only as long as the incumbent leader stays. New leadership brings a new “program” so leadership tends to be gimmick driven.

?? There is no common core for a united message in most companies. Human Resources is silo-oriented, guarded and not connected with finance, strategy and operations.

?? Unlike GAAP in accounting, there are no standards for leadership. Most of it is made up in response to problems rather than driven by principles. In particular, lines of succession are poorly handled. But leadership is measurable and it should be.

To set a new leadership foundation that works will require a shift from behavioral science to business science, based on a set of principles. The goal is to get rid of looking at leadership potential and start looking at leadership deliverables or measured performance.

Drotter’s Salem presentation focused on two key elements from his book (with Ram Charan and James Noel) The Leadership Pipeline: How to Build the Leadership-Powered Company. First, a conceptual model to understand and measure leadership performance; and second, an empirically developed model of how the required results change as a person moves up the organization including the change in skills, time application and work values.

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degree in economics from Amherst College, and is co-author of The Succession Planning Handbook for the CEO.
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Let’s be clear about what leadership is. If we are to achieve full leadership performance, we need a more complete explanation and we need practical ways to measure it.

The operating definition of leadership is to make performance happen. Potential is a distant second. This being the case, we need to move away from the many programs in which potential is the focus. Leadership is not about new programs; it’s about establishing an enduring and flexible architecture that makes performance happen, gets the work done, and achieves results. A good architect doesn’t put the swimming pool in the attic; a good leader doesn’t build his organization on potential. In other words, the strategy is deemed good or bad based upon measurable results. Results are the measurement.

The goal is to get full performers in every job now and in the future no matter how much the work changes, and to retain only those jobs that are absolutely necessary. Having high performance people in unneeded jobs is a waste for the organization as well as for the incumbent. It creates energy around things that aren’t important. The place to start is from the work, and then figure out the jobs.

Knowing when and how to select leaders is equally important. Most organizations wait too long to choose the new person, and often give the position to someone from outside the company. In effective organizations, however, good leaders are grown not imported, and the selection is not based on personality or an arbitrary set of standards. Promoting Ivy League high-flyers with MBAs and intellect doesn’t work unless they are both willing and able to get things done.

To truly understand performance; to see it as results not activity; to give it clear definition and differentiation; to eliminate the many leadership positions that are artificially created and not needed; and to measure performance, not potential, is the task of today’s leaders.

Understanding Performance

Fully 75% of the reason work isn’t done can be attributed to the boss:
?? The job and the goals aren’t clearly defined.
?? The boss is inaccessible because she’s too busy, often doing work that the subordinate could do.
?? The boss hired the wrong person. (This is not the person’s fault.)

A true leader takes accountability for the success of other people, not just himself. This concept is often hard for young leaders (young in age as well as young in time in position) to grasp. Therefore, it’s critical to test a future leader before promoting her. Can she handle additional challenges while keeping up with her present responsibilities? If she can sustain her current performance while successfully leading others, she may have what it takes. But how can you tell?

In the conceptual models below -- Drotter calls them “Performance Portraits” -- everything within the circle is the responsibility of the individual who holds the job. Everything outside the circle is the responsibility of someone else. The lines stand for achievement of seven basic performance standards; i.e., operating results, customer results, leadership results, management results, relationships, social responsibility, and individual technical competence. A full line indicates that the performance standard has been achieved. An incomplete line indicates that it has not. It is the responsibility of a leader to engage his people enough to extend the line.

Note that these are only a few of the Portraits of Performance in Drotter’s book. See Chapter Nine -- Performance Improvement -- for others.
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**Not Yet Full Performance:** Performance is marginally ok, but some of the competencies are not in place. Leadership task: figure out what’s in the way, and help this person transition to the following model.

**Full Performance:** The direction is set, objections have been overcome, operating plans are in place, results are measured, and the goal has been achieved. This person is a prize member of any team and tends to be overlooked. Leadership task: Keep her challenged. Reward her performance and give her important new assignments as well as seek her opinion on key issues. Do not promote her without testing her capacity to do more.

**Growth Potential:** Exceptional performance that includes performance beyond required results. Future leaders often come from this model. However, the incumbent may feel restless and vulnerable to a headhunter call. Leadership task: Add more challenging assignments or move to the next leadership level. Expect a temporary performance gap at the next level because it will take time to become capable of delivering strong results.

**Inappropriate Performance:** Does some of the job but spends time on non-essential or inappropriate things. May be a CMAM/W (Crabby Middle-Aged Man/Woman) who thinks he/she should be higher in the organization. May spend time resisting, disagreeing, and letting people know how the job should be done. Leadership task: Push behaviors aside and focus on results. Have the conversation and focus on required performance. Change won’t happen overnight. However, don’t be hesitant to remove people who continue to say “This job is awful” and who don’t meet performance expectations.

Using these models you can evaluate a person in five minutes. First, draw the circle and identify the lines for the position. Second, overlay the incumbent’s performance. Third, identify the areas of shortfall focusing on results, not behaviors. Which lines are full and which are short (or missing)? And fourth, list the reasons for the shortfall; i.e., what are you doing or not doing that causes the shortfall, and what is the incumbent doing or not doing?

Then establish goals (perhaps jointly) and require compliance. Make it a process. Step-by-step is ok -- perhaps one goal per quarter -- but stay away from “There is something wrong with you” and focus instead on “Here are the necessary results.”
Succession: The Leadership Pipeline

The work of succession is to help people move through steps. Building transition coaching into your organization's repertoire is a big item.

At the center of Drotter's architecture is the Leadership Pipeline, originally developed by Walt Mahler. It may look like an organizational chart, but it isn't. It is instead a succession blueprint for moving leaders through a well-planned pipeline that intrinsically tests them in their current levels, and prepares them for success in the levels above. This empirically developed model is based on differentiation of required output. What this means is, all levels have to deliver, but each has to deliver something different.

Included in the model are six transitions or passage points. At each of them, a promoted leader has to shift to a new layer of responsibility and performance. Showing up at work and doing what he/she did before won't cut it. A successful succession plan understands that current and future leadership performance differs by layer, with each layer working at the right level. A question to ask is, what difference in results are you seeing because of the people in management jobs? If the differences are not evident, you're overpaying. What do you get for big salaries that couldn't be got by individual contributors at half the cost?

Start Point

Self Management - In the first six months on the job, values are established that stay forever. The management trick is to help good individual contributors move from being managed -- doing only what they are told to do -- to self-management; i.e., to engaging their brains.

Self management may be exactly where some contributors are best suited. Don't promote individual contributors into management positions unless there is clear evidence of management capabilities and interest. You are looking for leaders who instinctively lead every time they can -- just as avid golfers golf every time they can.

Note that the best technical people are least likely to become effective managers. In fact, given a promotion ultimatum, they are likely to quit and go to another company where their technical prowess is continued and rewarded. So create a technical career path to allow technological people to grow their earning and assume greater technical responsibility.

 Passage One (to first line management)

Managing Others, although it may seem like an easy and natural leadership passage, requires a new value system in which managing assumes a higher value than doing self-managed work. People often trip up here. The biggest problem is that people who are promoted often keep doing what they were doing before but at a more frantic level. This causes the people who report to them and who are looking for leadership to become disillusioned with management. Thus, the concept of line managers doing line work is a dumb idea. It thwarts the necessary transition; a leader's job is to help others do their work well. (And why have line managers do line work at elevated salaries?)

Good Managers of Others don't solve their people's problems; they support their people to solve their own problems. Their job is one of planning and assigning work, filling jobs, coaching and measuring the work of others. They shift from doing work to making sure that others are doing theirs. Because the pressure to spend more time on managing will increase with each passage, Managers of Others must begin making the change at this level to avoid becoming liabilities and clogging the pipeline as they move up.
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The most difficult transition for managers to make at this passage is to learn to value managerial work rather than just tolerating it. They must then learn to value making others productive more than they value their own individual contributions, and to get their job satisfaction from managing and leading others.

**Passage Two (to managing other managers)**

A Manager of Managers is totally different than a Manager of Others. People at this level select and develop the people who will eventually become the organization’s leaders. They get results by getting managers to manage. In essence, they must be pure management. Therefore, it’s critical that promotions to this level be based on demonstrated leadership ability rather than on technical competence.

A Manager of Managers absolutely has to make this layer work by holding her Managers of Others accountable. She must select the managers, assign managerial and leadership work to them, measure their progress as managers, and coach them.

Successful performance in this key coaching role is fundamental for busting organizational silos and creating lateral organizations where performance takes precedence over format. Managers of Managers must begin to think beyond their own unit and connect their unit to others. Should they continue to operate as though they were union members -- self-restricted to doing only one thing in one arena -- they forego the option of bridging the barriers.

**Passage Three (to managing functions or departments)**

Good Functional Managers are totally productivity focused even while they are involved in strategy. Their focus is to require Managers of Managers to run the operation while they, the functional managers, make the future better. At this layer, they often manage things they haven’t done themselves and that are outside their own experiences. They must endeavor to understand “foreign” work as well as value it.

Functional Managers need to become skilled at recognizing functional needs and concerns, often teaming with other functional managers to achieve objectives. This takes time away from departmental responsibilities so delegating becomes even more critical.

Futuristic thinking -- recognizing, organizing and implementing long-term strategies -- often troubles managers at this level. Essentially, they are pushing the envelope to find sustainable competitive advantage rather than immediate yet temporary success.

**Passage Four (to leadership autonomy)**

Business Managers (often multi-functional managers) have the hardest job of all and in many ways the most satisfying. On the one hand, they must integrate functions including many they may not fully understand. On the other, they gain significant autonomy and leadership liberation. Thus, this level creates the most stumbling blocks and failure because Business Managers have responsibility for both cost and revenue. They have to break away from functional thinking to focus on strategy; i.e., move from looking at plans and proposals functionally to embracing profit perspectives as well as long-term views. Thus, their work is a balancing act between future goals and present needs; they often have to make trade-offs between the two. This requires thinking time. Good business managers reserve time for reflection and analysis; this is very difficult if they continue doing things.

Learning to accept advice, trust other people and welcome feedback -- especially from the functions they have not worked in is essential for Business Managers. A common oversight at this level is failure to recognize and use staff functions such as human resources, finance and legal support.
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Passage Five (to holistic leadership)

Group Managers, rather than valuing the success of their own business, value the success of the Business Managers who report to them. When they don’t receive the attention and credit, they may become frustrated and feel that their authority is being threatened, or that they could operate the various businesses better than their Business Managers.

At this level, a critical shift in skill sets and values is essential. Group managers must become proficient at evaluating strategy for capital allocation and deployment. They must develop their Business Managers as well as the Function Managers who are ready to become Business Managers. In addition, Group Managers need to question their mix of businesses in terms of present and future utility to the company. And finally, they need to assess core capabilities by objectively looking at their resources including human resources and making judgments based on analysis and experience of where resource enhancement is needed.

As broad-gauged executives, Group Leaders need to balance the competing demands of a host of stakeholders including communities, industries, governments and the stock market. Their perspective needs to be broad rather than specialized with generous attention paid to risks, uncertainties and expanded time lines. They must adopt a corporate view.

Passage Six (to visionary leadership)

Enterprise Managers (CEOs) are focused much more on values than on skills. The organization and its people look to Enterprise Managers for long-term visionary thinking as well as immediate quarter-by-quarter performance. Good Enterprise Leaders learn to value these tradeoffs as a means of developing their outward-looking global-thinking perspectives. Their performance may be judged by the success or failure of three or four decisions per year.

Preparation for CEO is often the result of diverse experiences over a long time during which they stretch their skills. If they have skipped levels in their development, they and their organizations will be burdened by the equivalent gap in their leadership ability. Consider the formidable challenges they face: delivering consistent, predictable top and bottom line results; setting enterprise direction; shaping the soft side of the enterprise; maintaining an edge in execution; and managing the enterprise in a broader, global context. The majority of their time is spent on external relationships; this may lure them away from paying attention to their organization, and a successful operation may quickly go awry.

Taking advice from a Board of Directors who may be less informed about insider perspectives is a frequent challenge for CEOs. Good Enterprise Managers learn to pay attention to Board advice, and to educate the Board to give better advice.

Learning Applications

1. Consider using Portraits of Performance as a means of quickly assessing your staff performance. How might you build this into your regular performance reviews? If you were doing this for yourself, what would your Portrait look like? What needs to happen to complete the lines?

2. In your organization is the Leadership Pipeline clear? If there are gaps, what can you do to begin bridging them? Who in the organization might you enlist to “get the ball rolling?”

Note: The Leadership Pipeline is full of practical, proven ways to assess and develop leadership in your company. Order online by clicking on the Powell’s Bookstore link.