



# What We Know About Developing Extraordinary Leaders

*Jack Zenger*



- Present convincing evidence of the importance of this activity
- Make the link between leadership and organizational performance
- Propose new objectives for leadership development
- Summarize the most effective ways to develop leaders



# Leadership Development is a Critical Issue for Most Firms

1. 70% of executives think their organization lacks adequate bench strength
2. 97% of orgs report serious leadership gaps, 40% say these are severe. Corp. Leadership Council.
3. 50% to 75 % of current senior management will be eligible to retire by year 2010. Forrester Research
4. 48% of managers continue to demonstrate a significant amount of individual contributor behavior
5. Roughly one-half of employees say they thought about resigning in the prior six months, and the reason most frequently cited was their leader. HR Solutions, Inc.



# The Research

- Two years researching the impact of leadership performance and the key behaviors that great leaders demonstrate
- Data set of 200,000 evaluations on 20,000 people
- Contrasted the highest-performing 10% to the lowest-performing 10%
- The approach: Lead with the data!
- The result: New insights that fundamentally change the way we think about leadership development





# *Why is this such an important topic?*

- Leadership impacts nearly every aspect of the organization's performance and results:
  - Recruitment
  - Retention
  - Employee Commitment
  - Productivity
  - Innovation
  - Change
  - Customer satisfaction
  - Image
  - Profitability

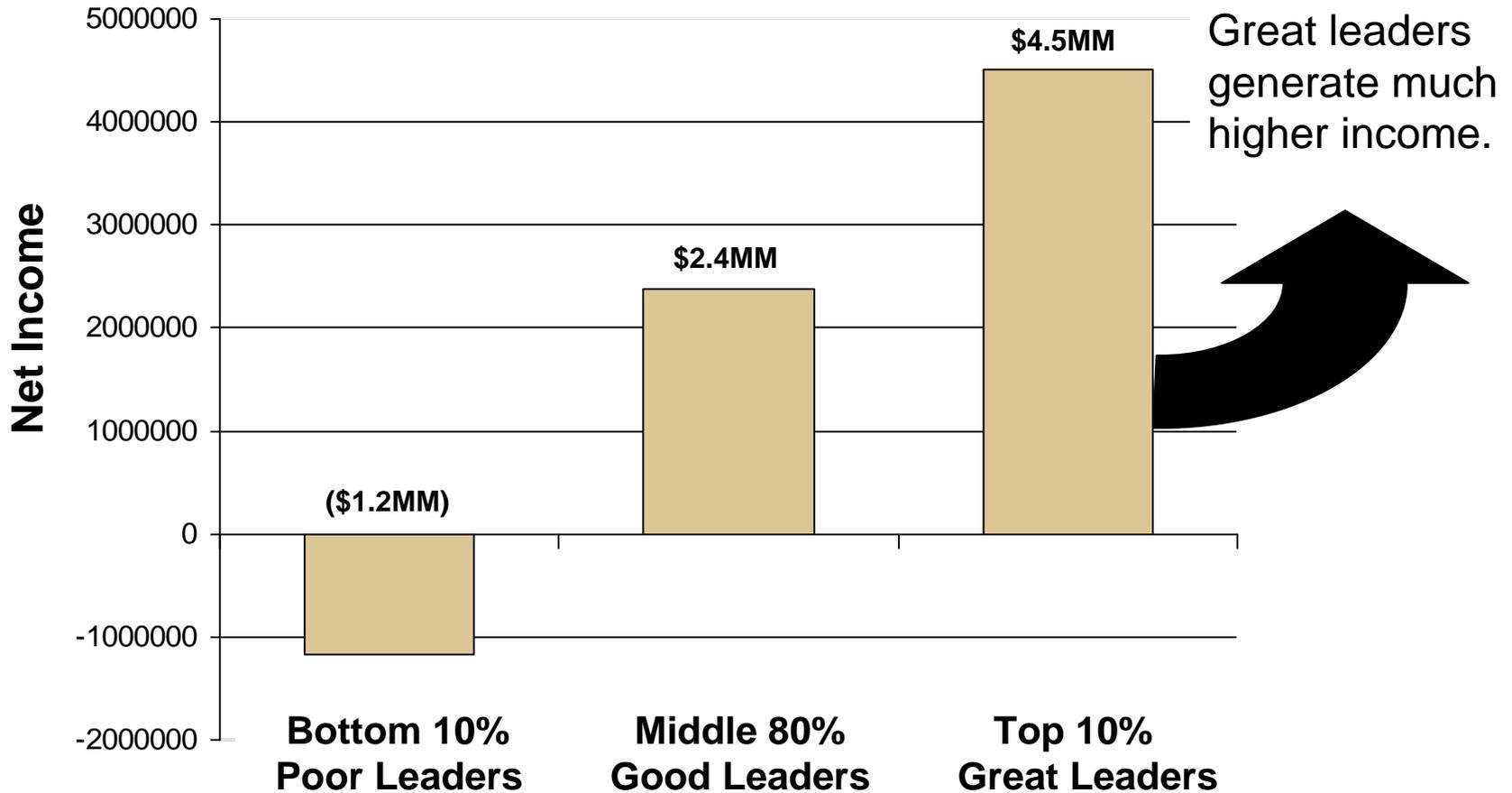


## *Why is this such an important topic?*

- For most organizations where people costs are a high percentage of total costs, improving productivity by 10% would double profits. (Assumes a 5% net profit.)

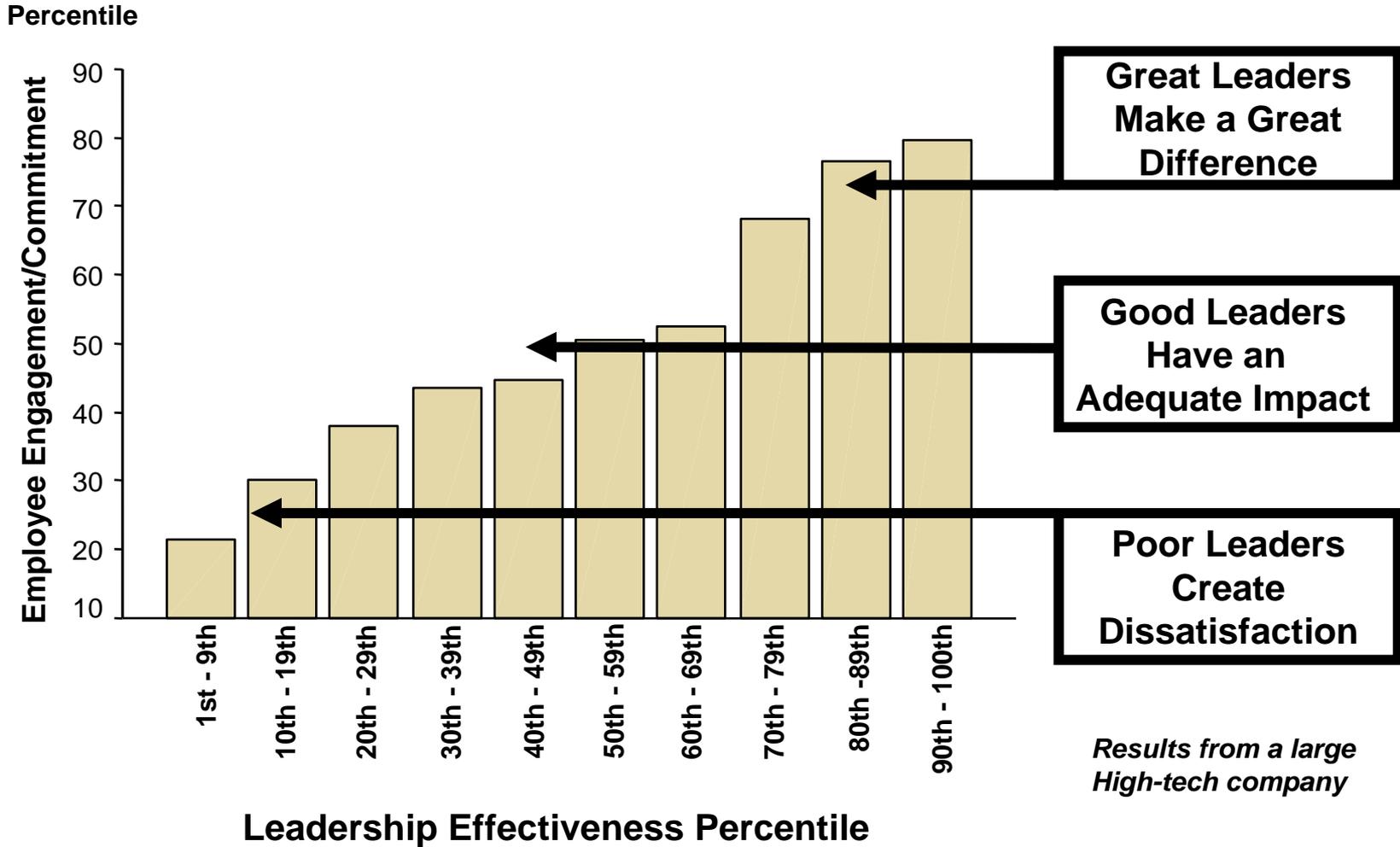


# Leadership vs. Net Income





# Leadership vs. Employee Commitment







# Differentiating Competencies

## Focus on Results

- Drives for results
- Establishes stretch goals
- Takes initiative

## Leading Change

- Develops strategic perspectives
- Champions change
- Connects the group to the outside world

## Character

- Displays high integrity and honesty

## Interpersonal Skills

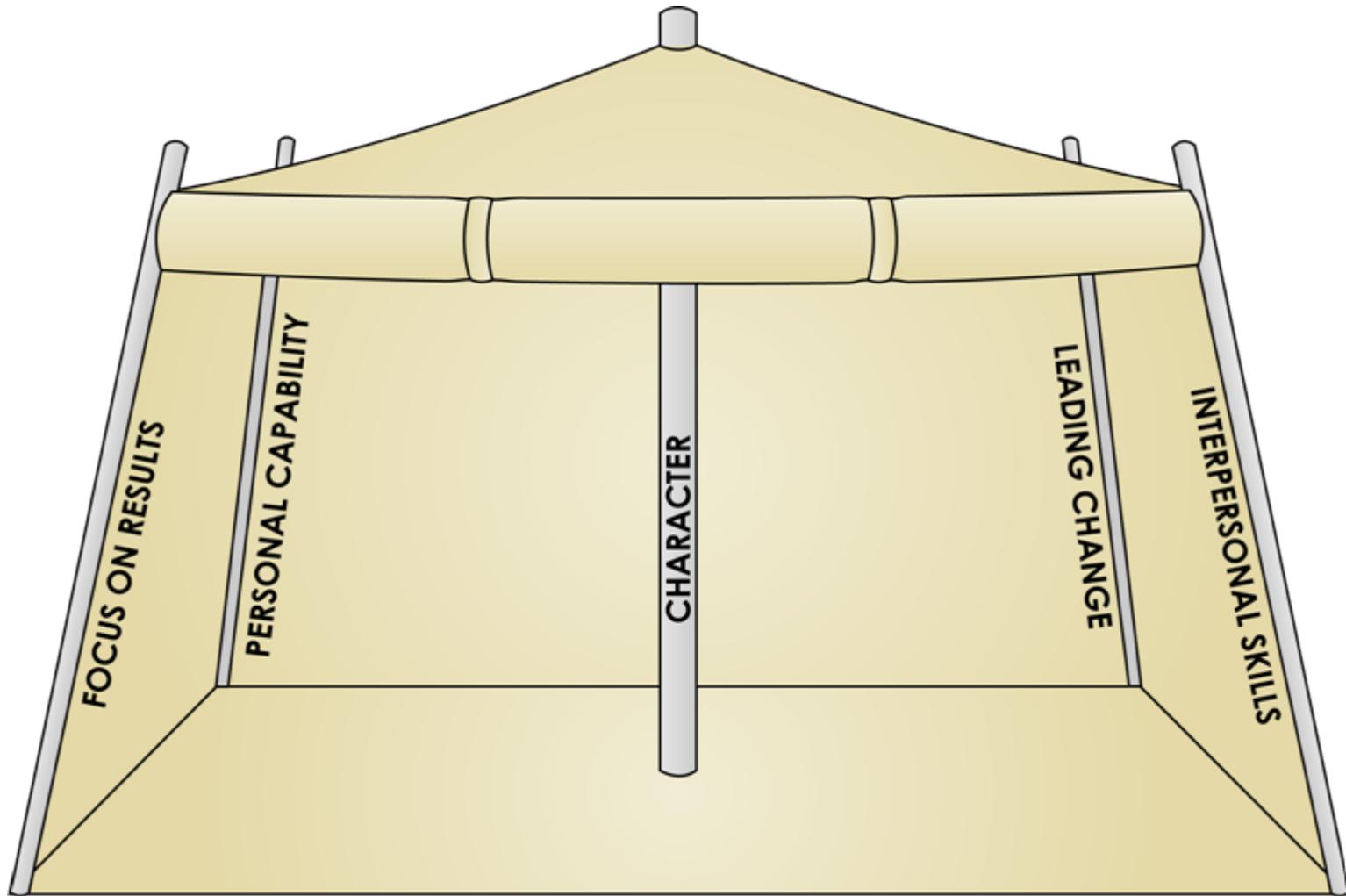
- Communicates powerfully and prolifically
- Inspires and motivates others to high performance
- Builds relationships
- Develops others
- Collaboration and teamwork

## Personal Capability

- Technical/Professional expertise
- Solves problems and analyzes issues
- Innovates
- Practices self-development



# The Leadership Tent



- **Recruitment**
- **Metrics**
- **Culture**
- **Pace**

# *New Target for Leadership Development*

- **Not just new leaders**
- **Not just poor performers**
- **Function like the best**



**Good does not equal  
extraordinary—and your  
organization needs extraordinary  
leaders.**





## *So What Really Works?*

- **Research from the Corporate Leadership Council provides several valuable insights.**
- **Our research adds to theirs**



# 1. *Expand Leaders' Scope of Authority*

- **Allow leaders to make more and bigger decisions**
  - **They feel more responsible**
  - **They learn from new challenges**
  - **They make mistakes and learn from that**
  - **This in time produces more good decisions**
- 
- It sounds disarmingly simple, but not much thought and effort go into doing this in comparison to other leadership development activities



## 2. Leaders Need a Personal Development Plan

- **Corporate Leadership Council's research suggests this to be the second most effective component of development**
- **Less than 10% of leaders have a plan that is actionable**





## 2. Personal Development Plan (continued)

- **Leaders desperately need feedback**
  - 360's are a useful tool (not optional)
  - Organizational surveys create powerful incentive
  - Mini-follow-up surveys can measure progress
  - Coaches can be powerful “mirrors”
  
- **Leaders need to identify at least one thing to be working on**

# *Views of 360-degree Leadership Assessments*

**A**

**Highly Predictive**

**Strongly  
Connected to  
Organizational  
Performance**

**B**

**Perceptual**

**Helpful, Insightful  
Reactions to  
Others**



# 360-degree Feedback Instrument (Sample)

## Character

	Score	1	2	3	4	5
<b>Character</b>	4.52					
Displays High Integrity and Honesty	4.52					

## Personal Capability

	Score	1	2	3	4	5
<b>Personal Capability</b>	4.08					
Technical/Professional Expertise	4.00					
Solves Problems and Analyzes Issues	4.23					
Innovates	4.04					
Practices Self-Development	4.05					

## Focus on Results

	Score	1	2	3	4	5
<b>Focus on Results</b>	4.04					
Drives for Results	4.15					
Establishes Stretch Goals	3.96					
Takes Initiative	4.00					



Displays High Integrity and Honesty (Character)						Response Frequency						
Rater	Score	1	2	3	4	5	1	2	3	4	5	
Total	4.52								7%	33%	59%	
Manager	4.67									33%	67%	
Peer	4.11								22%	44%	33%	
Direct Report	4.73									27%	73%	
Self	3.67								33%	67%		

3. Is careful to honor commitments and keep promises.						Response Frequency							
Rater	#	Score	1	2	3	4	5	1	2	3	4	5	
Total	9	4.67									33%	67%	
Manager	1	5.00										100%	
Peer	3	4.33									67%	33%	
Direct Report	5	4.80									20%	80%	
Self	1	4.00									100%		

1. Is a role model and sets a good example for his/her work group.						Response Frequency							
Rater	#	Score	1	2	3	4	5	1	2	3	4	5	
Total	9	4.44								11%	33%	56%	
Manager	1	4.00									100%		
Peer	3	4.00								33%	33%	33%	
Direct Report	5	4.80									20%	80%	
Self	1	3.00								100%			



# Employee Commitment Index

Employee Commitment Index					Response Frequency						
Rater	Score	1	2	3	4	5	1	2	3	4	5
Direct Report	4.64								4%	28%	68%

50. I feel confident that this organization will achieve its strategic goals.							Response Frequency					
Rater	#	Score	1	2	3	4	5	1	2	3	4	5
Direct Report	5	4.80									20%	80%

52. I would recommend this organization as a good place to work.							Response Frequency					
Rater	#	Score	1	2	3	4	5	1	2	3	4	5
Direct Report	5	4.80									20%	80%

53. I rarely think about quitting my job to go to a different organization.							Response Frequency					
Rater	#	Score	1	2	3	4	5	1	2	3	4	5
Direct Report	5	4.60									40%	60%

54. All in all, I'm satisfied with this organization as a place to work.							Response Frequency					
Rater	#	Score	1	2	3	4	5	1	2	3	4	5
Direct Report	5	4.60									40%	60%

51. My work environment is a place where people want to go the extra mile.							Response Frequency					
Rater	#	Score	1	2	3	4	5	1	2	3	4	5
Direct Report	5	4.40								20%	20%	60%



# Importance Ratings

COMPETENCY	Score (Rank)	Total	Mgr	Peer	Dir Rpt
* Displays High Integrity and Honesty	4.52 (1)	4			4
Technical/Professional Expertise	4.00 (10)	4			4
Drives for Results	4.15 (4)	4	1	2	1
Communicates Powerfully and Prolifically	3.89 (14)	4		1	3
* Solves Problems and Analyzes Issues	4.23 (2)	3			3
* Inspires and Motivates Others to High Performance	3.67 (16)	3		2	1
Establishes Stretch Goals	3.96 (13)	2	1	1	



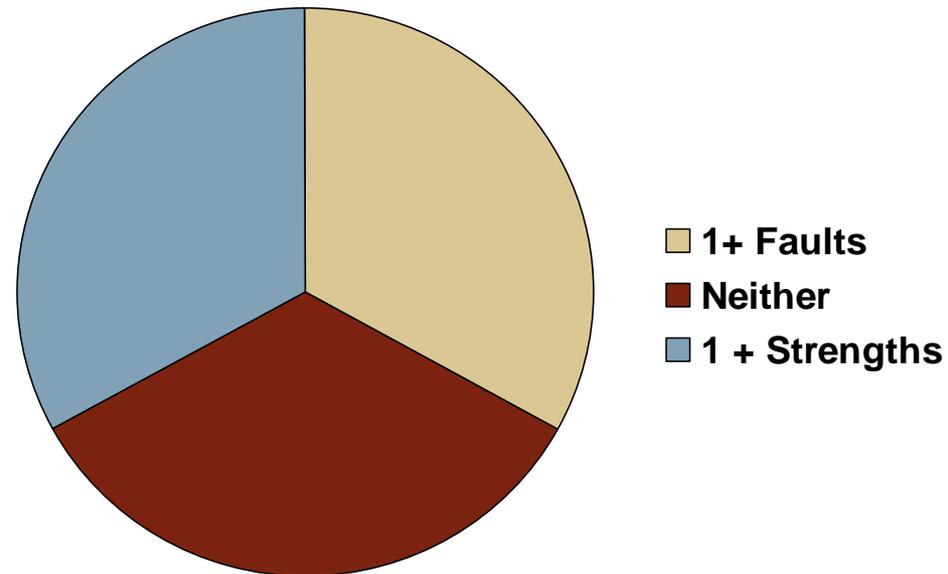
## **3. Focus on Developing Strengths**

- **Many leaders assume their strengths to be sufficient, and proceed to focus on developing their weaknesses.**
- **Our research argues just the opposite.**
- **Leaders are defined by the strengths they possess.**
- **Small number of strengths creates extraordinary leaders**
- **There is more energy to do this**

# ZF Leaders Fall into Three Categories

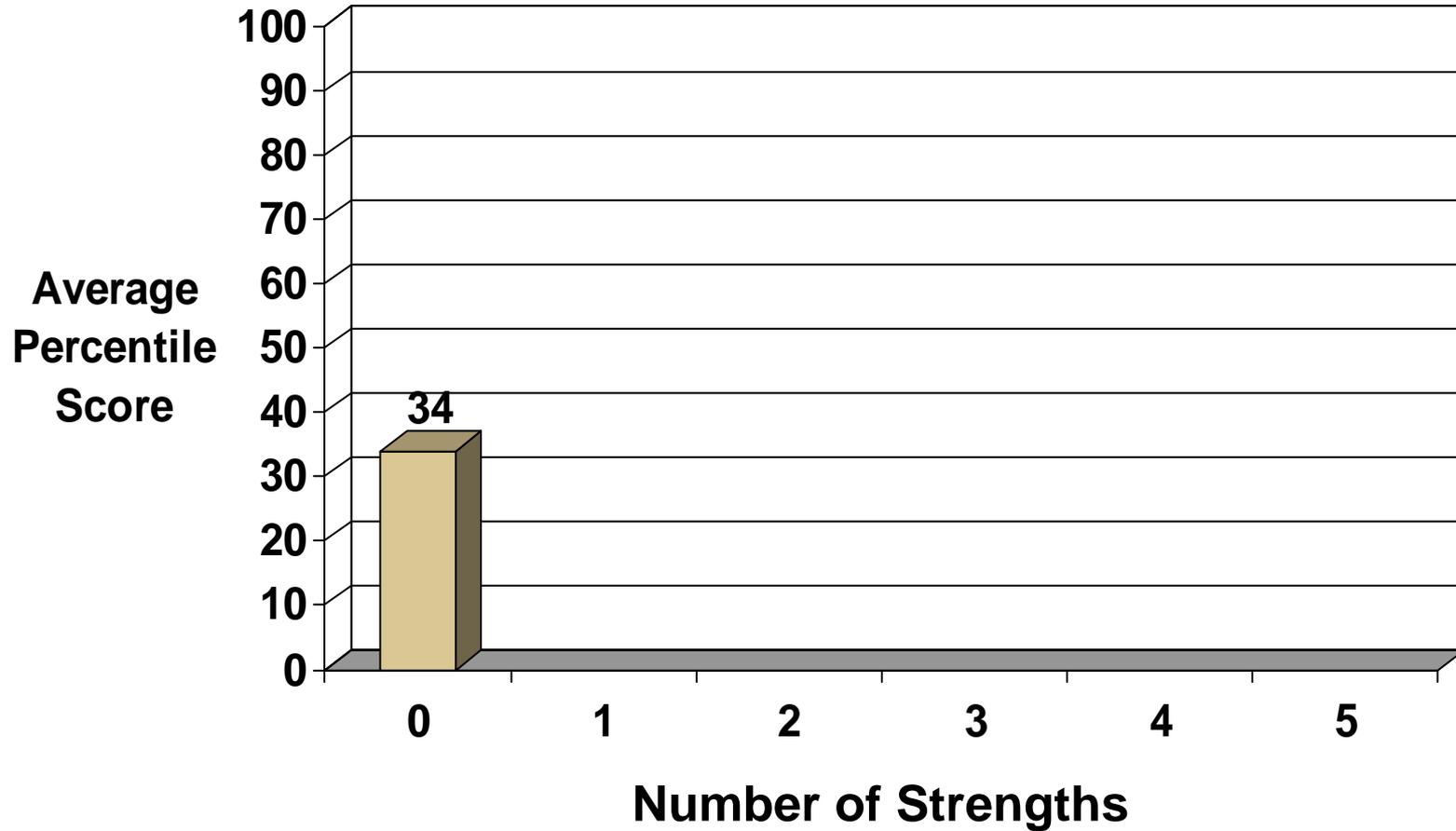
- Nearly all leaders fall about equally into one of three groups\*:
  1. **One or more faults**
  2. **Neither faults nor strengths**
  3. **One or more strengths**
- Leaders in first group have one or more competencies in bottom 10% and none in top 10%.
- Second group had neither
- Leaders in the third group had one or more strengths in the top 10% and had no serious flaws.

\*2% of leaders do not fall into these three categories. They had both strengths and weaknesses.



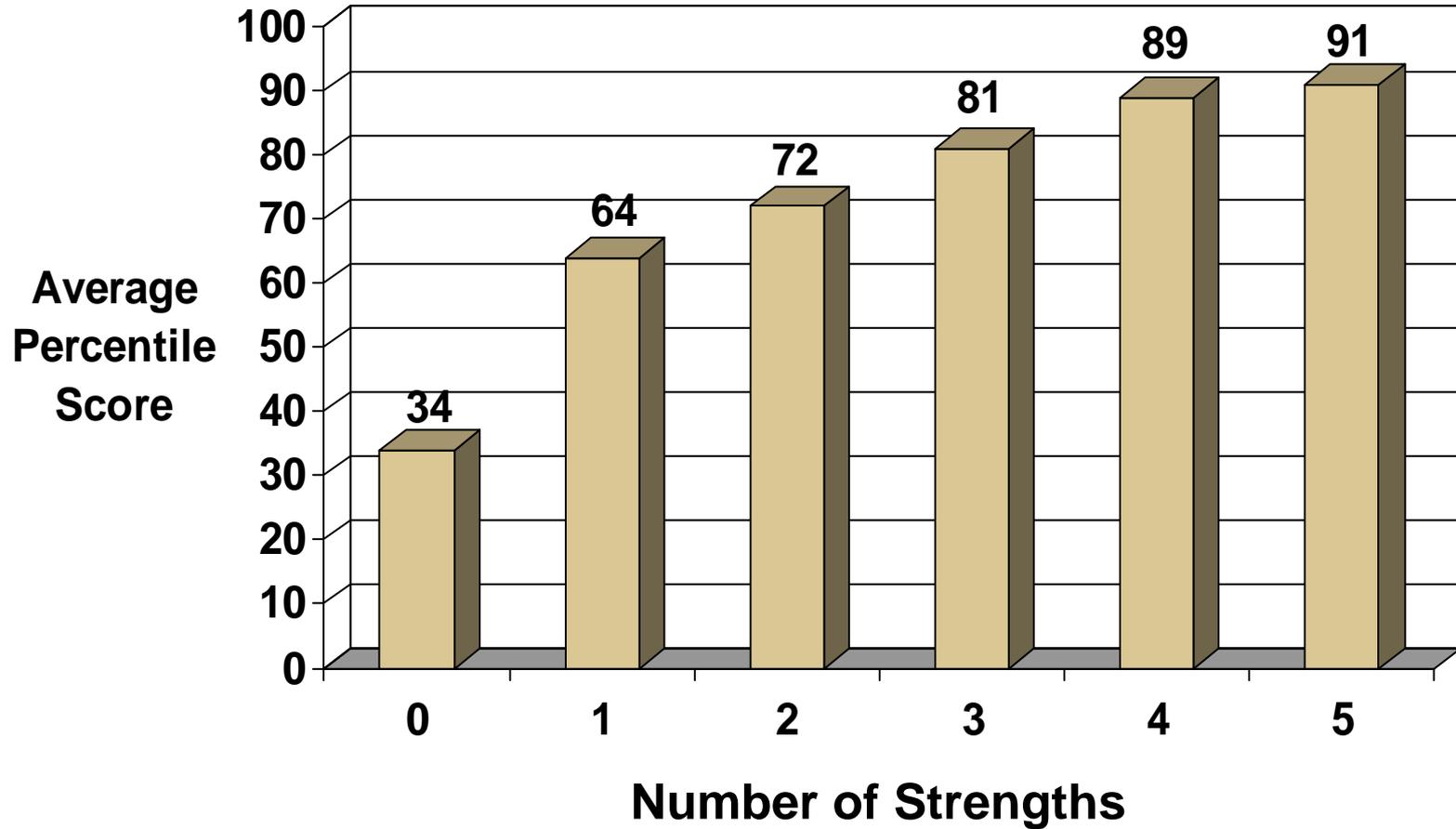


# Impact of Leadership Effectiveness Without Any Perceived Strengths



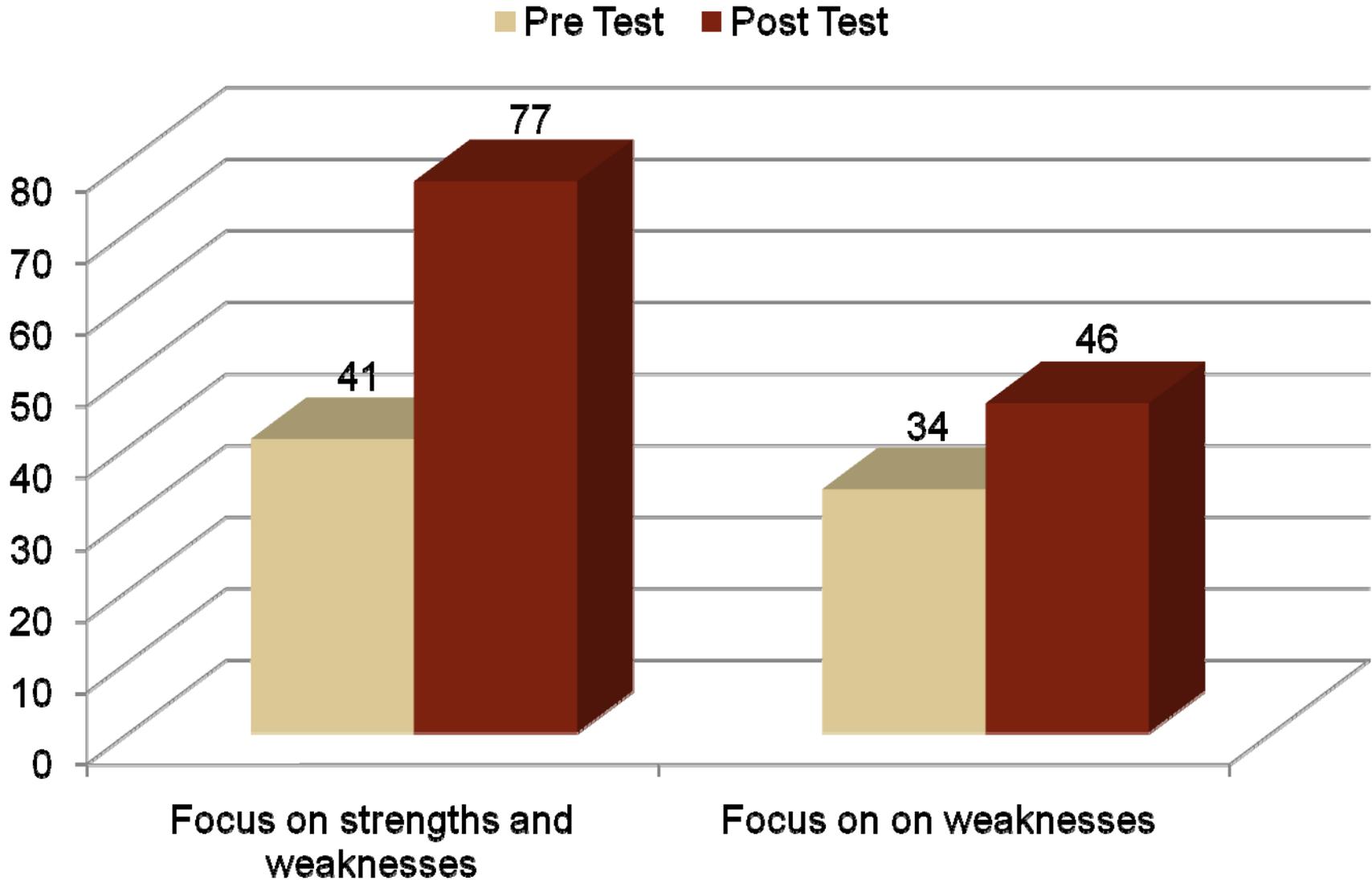


# Strengths Create Extraordinary Leaders





# Study of 141 Leaders' Success in Development





## 4. Fix fatal flaws

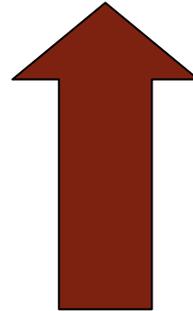
- A. Work on a weakness if there is a fault that seriously diminishes performance
- B. Working on a flaw gets you to ground zero, but not beyond that. Here's a continuum of performance:

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Fatal Flaw



Ground Zero



Strength





## Ten Most Frequent Fatal Flaws

1. Not inspiring due to a lack of energy and enthusiasm.
2. Accepting mediocre performance in place of excellent results.
3. Lack of clear vision and direction.
4. Loss of trust stemming from perceived bad judgment and poor decisions.
5. Not a collaborative, team player.
6. Not a good role model (failure to walk the talk).
7. No self-development and learning from mistakes.
8. Lacking interpersonal skills.
9. Resistant to new ideas, thus did not lead change or innovate.
10. Focus is on self, not the development of others.



# 5. *Leaders need breadth*

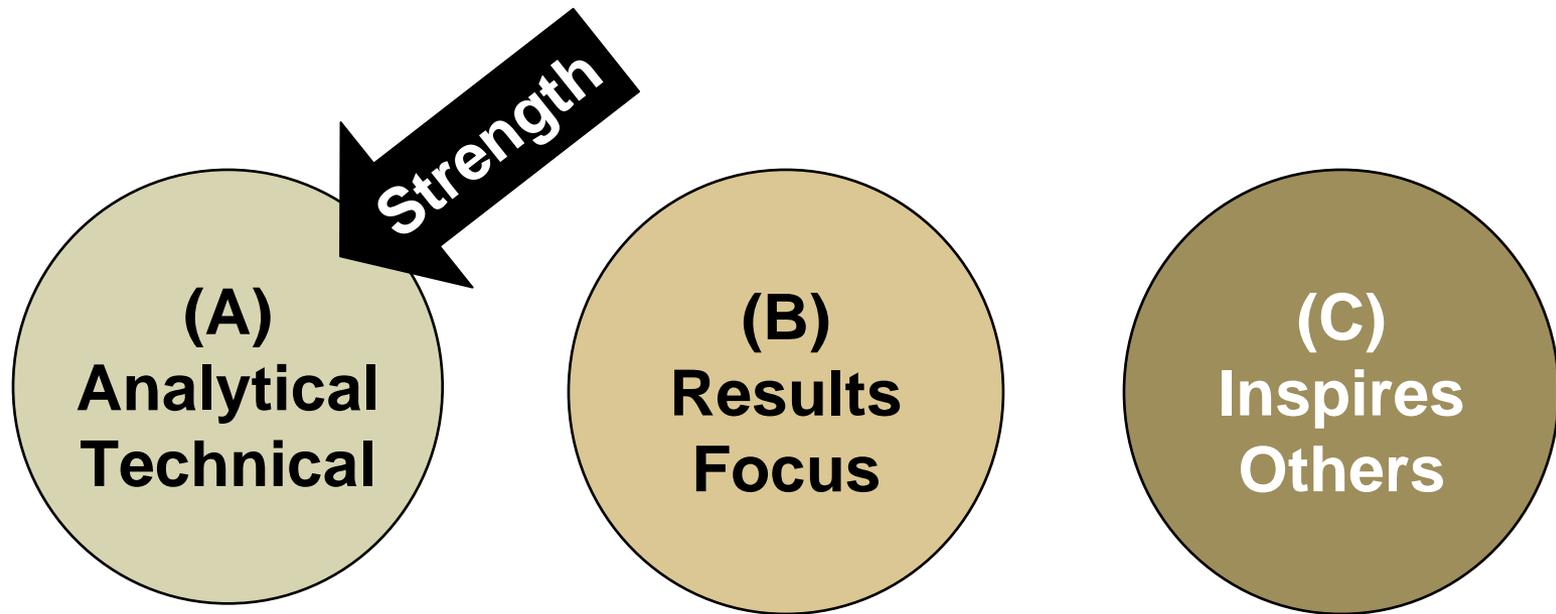
**(A)**  
**Analytical**  
**Technical**

**(B)**  
**Results**  
**Focus**

**(C)**  
**Inspires**  
**Others**



# Impact of Analytical/Technical Capabilities

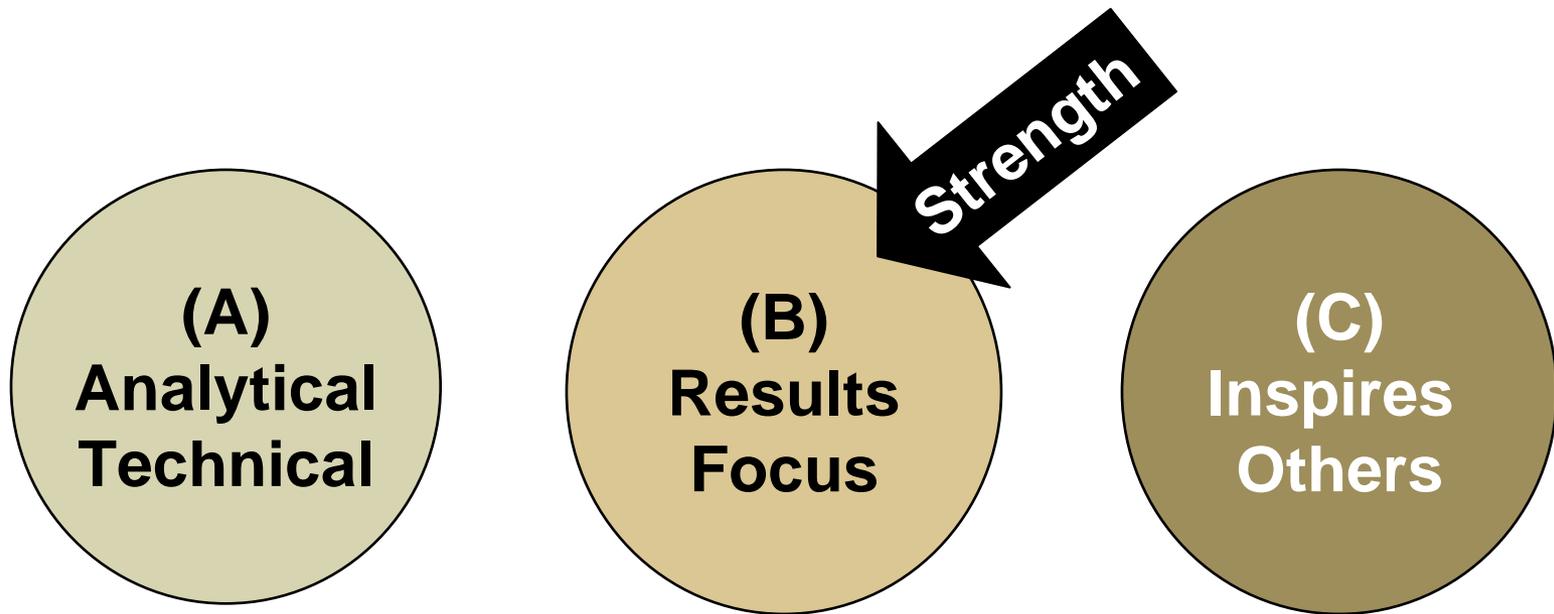


*If this is a strength . . . but this isn't . . . and this isn't*

*the probability of being an extraordinary leader: .9%*



# Impact of Results Capabilities Alone

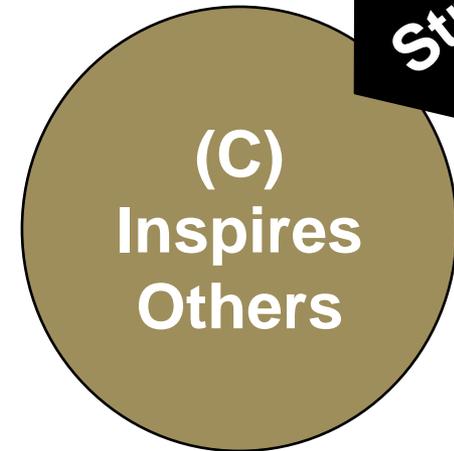
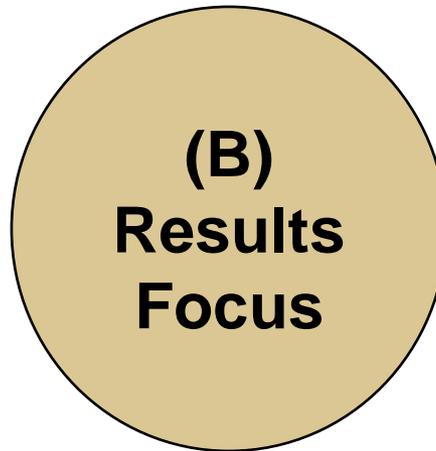
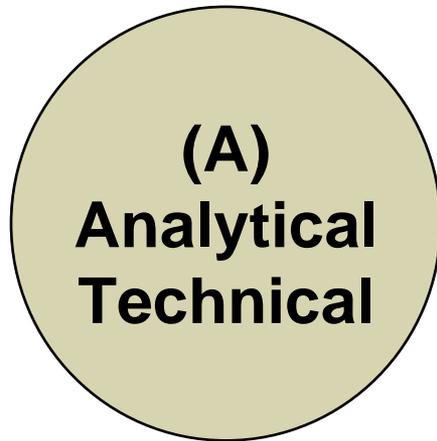


*If this is not a strength . . . but this is . . . and this isn't*

*the probability of being an extraordinary leader: .8%*



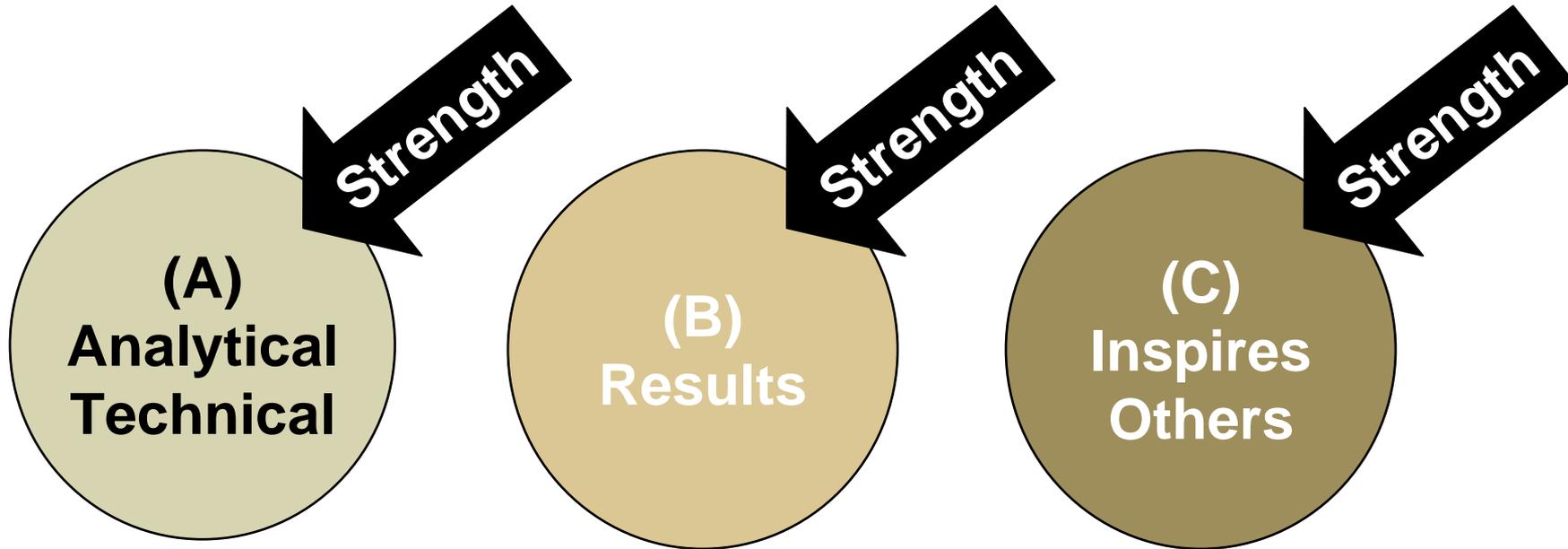
# Impact of People Capabilities Alone



*If this is not a strength . . . and this is not . . .*

*but this is*

*the probability of being an extraordinary leader: 1.1%*



*If all three are strengths*

*the probability of being an extraordinary leader:*

$$\begin{array}{r}
 .9\% \\
 + .8\% \\
 + 1.1\% \\
 \hline
 \del{2.8\%} \quad 77\%!
 \end{array}$$



## 6. Leaders Gain from Formal Development

- **Classroom learning can be vital**





## *6. Leaders Gain from Formal Developmental (continued)*

- **Emotionally engaging learning methods**
- **Concrete, practical, job related**
- **Immediately applicable**
- **Personalized**
- **Accountability**
- **Purposeful**
- **Ongoing**



## *7. Leaders Benefit from Forums on Leadership*

- **Need sounding board**
- **This can be:**
  - **Boss**
  - **Peer coach**
  - **External coach**
  - **Mentor**
  - **Group of peers**



## 8. *Build Learning into Work*

- **Military pioneered “after action reviews” or “post-mortems”**
- **How learning is built into work**
  - Action learning
  - Special projects
  - Task forces
  - Temporary assignments
  - New positions

## 9. Use Senior Executives for Mentoring

- Senior leaders share examples and stories
- Stories create the culture of an organization.





## ***10. Emphasize Implementation of Learning***

- **We have relied on the participants' motivation**
- **Three more elements are required:**
  - **Culture of accountability**
  - **Visibility**
  - **System that reminds people, holds them accountable and forces them to plan**
- **Transfer management systems are now available and show enormous benefits**



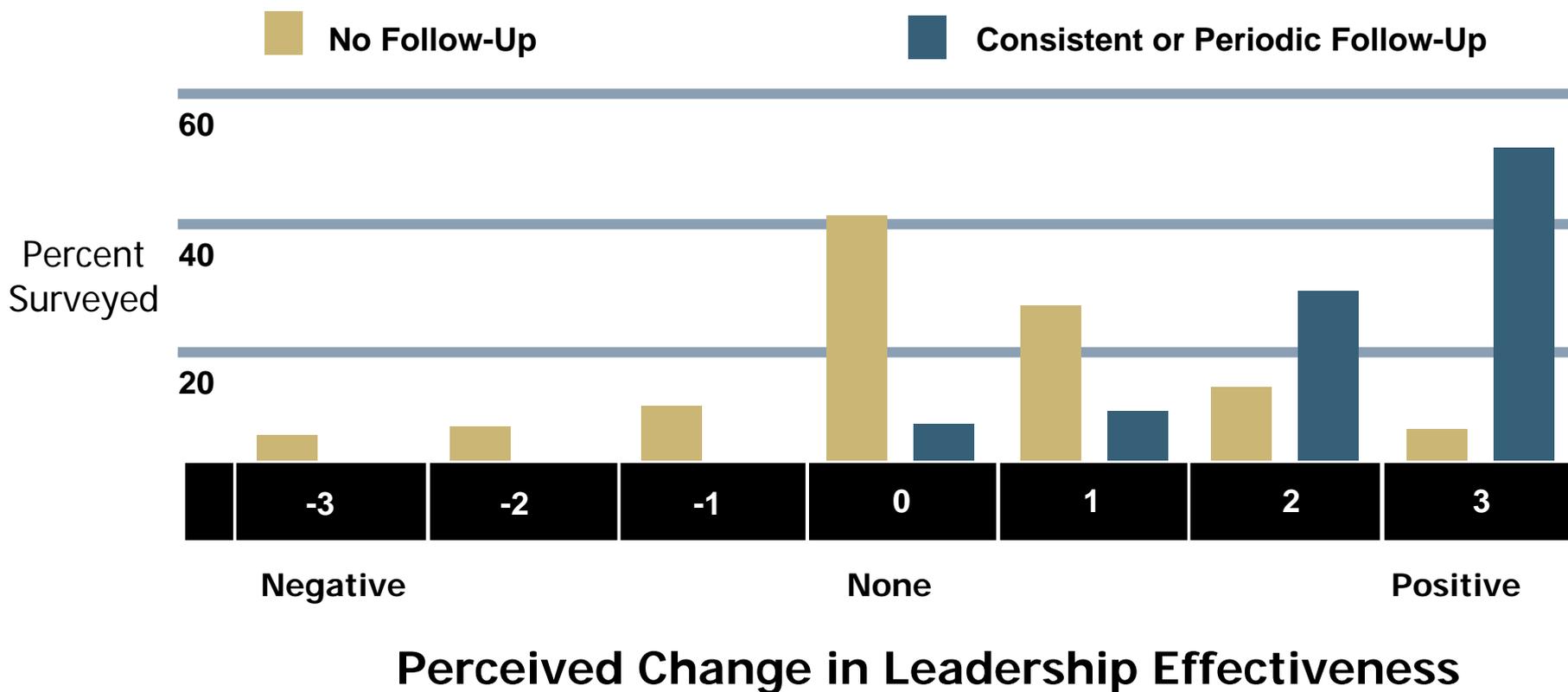
## 11. *Benefits of Follow-up*

- **Results from article “Leadership is a contact sport”, by Goldsmith and Holman. (Strategy + Business, Jan. 2005)**
- **Varying amounts of “follow-up”**
- **Six respondents were asked if this manager was behaving the same, worse, or better.**
- **Used a 7 point scale, with the middle representing no change.**



# Importance of feedback and follow-up

Goldsmith/Holman study on the impact of follow-up, 3-6 months after Leadership Development programs (11,480 managers)



- Leadership development has not always paid off.
- Apply the correct principles and it will pay off handsomely.





## *A Reminder From Goethe on the Influence of a Leader:*

- “I have come to the frightening conclusion that I am the decisive element.
- It is my personal approach that creates the climate.
- It is my daily mood that makes the weather.
- I possess tremendous power to make a life miserable or joyous.
- I can be a tool of torture or an instrument of inspiration.
- I can humiliate or humor, hurt or heal.
- It is my response that decides whether a crisis is escalated or de-escalated.”
  - Johann Von Goethe



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**Thank You!**

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