Building the Talent Pipeline:
Why Emerging Leaders in the Succession Plan Aren’t Ready Yet

Special Report by:
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Last year we passed a milestone that most people didn’t notice. The first of the Baby Boomers was born in 1946, meaning that they hit the retirement age of 65 in 2011. This is just the first wave of many in years to come.

Michael White, CEO of DirectTV, is quoted as saying, “Let’s face it. There are 80 million Baby Boomers who are going to retire over the next five to seven years, and they’re going to be replaced by 40 million Gen Xers. That’s two to one, so you’d better be developing your next generation now if you’re going to be ready for that transition.”

In our work as executive coaches, a big theme is readiness. We frequently work with companies who have been diligent in identifying high-potential leaders and establishing a succession plan. Yet, they are continually frustrated to find that their leadership pipeline is small and that leadership readiness is an issue that waxes and wanes, but never disappears.

As we work to ready current and future leaders for the new realities of business today, our view is that the magic word in talent development is yet. Right now, you may have many new leaders or emerging leaders who lack many essential skills that they will need to lead an organization through complex challenges. They just aren’t ready—not yet at least.

The good news is that many of them can be developed. Leadership skills may come more readily to some than others, but the good news and bad news is that there is no such thing as a born leader. The skills and qualities that lead to promotions are often quite different than those that a leader needs to be successful.

While that should be encouraging news, let’s be clear: There is no easy answer. Good recruiting can help, but it’s very difficult to hire someone who possesses all of the qualities you need them to display as leaders. And the process of becoming a talented leader is by no means a magical transformation. It will require time, experience, hard work, and—quite often—expert assistance from a mentor or coach.

In our experience, many companies struggle to provide that expert assistance. We’ll discuss why later in this paper. The upshot, though, is that many employers have a nagging sense that their rising leaders aren’t really prepared for the next step.

Are yours?
Do You Have a Pipeline of Leaders?

Shrinking numbers are not the only problem you face as you attempt to build your talent pipeline. CEOs report a high level of frustration with a range of aspects of talent management. At the entry level, they note gaps between what comes out of a business school and what industries actually need. Even when hired out of very good schools, Gen Y hires don’t seem to have the plug-and-play readiness that companies want. Moving higher in the ranks, many CEOs know that they have Gen X employees who have technical proficiency. However, are these Gen Xers ready to make the leap from individual contributor or functional manager and truly lead the organization at an enterprise-wide level?

Leaders are expressing frustration over talent assessment tools that don’t measure key metrics, including employee engagement and team performance—two areas critical to fostering innovation and growth. A study by the Corporate Executive Board found that employees who were most committed to their organizations gave 57 percent more effort and were 87 percent less likely to resign than employees who consider themselves disengaged.

Companies need strong leaders to drive the necessary changes on global and local levels. In today’s economy, a leader is a globetrotter who also happens to be tech savvy, highly collaborative, and culturally astute. And that’s just the beginning: Leaders need to communicate and conduct business with a global population of employees, clients, and business partners in meaningful, compelling ways that create value for all parties.

It’s a tall order, with an even greater challenge: Even though there are still many Boomers remaining in the workforce, these types of leaders are simply too few and far between. The talent crunch is alive and well, and steep talent shortages exist across industries. As a result, many CEOs report that they were unable to pursue a market opportunity or have had to cancel or delay a strategic initiative because of lack of appropriate talent. Organizations need a continuing supply of qualified, motivated executives who are prepared to lead at the highest levels, yet the research points to acute shortages in this
area. For example, a January 2012 Deloitte study found that 31 percent of executives said their organizations lack a pool of high-potential leaders, and only 17 percent of executives believed their talent efforts are “world class across the board.”

These numbers were corroborated by PWC’s 2012 survey of over 1,250 CEOs worldwide. While almost half of these leaders are confident that their companies will grow in the next three years, only 30 percent believe that they have the talent that they will need as a result. Additionally, 66 percent of these CEOs named “develop leadership and talent pipeline” as the No. 1 area on which they wished to spend more time.

Many boards are placing even greater importance on succession planning, knowing that their company’s ability to thrive rests in the hands of their future leaders. Without the right pipeline of high-potential talent, it’s hard to execute at every level, meet customer demands, handle growth, and reach global markets. To do all this and more in a new economic landscape—you need a cadre of high potentials who are waiting in the wings, ready to step in quickly and take the reins.

**Four Reasons Why Emerging Leaders Aren’t Ready**

We’ve established that there is global concern about the readiness of emerging leaders in the pipeline. What’s going wrong? Through our work in executive coaching, we have identified four reasons why emerging leaders aren’t ready:

1. All parties underrate the difficulty of making the transition from functional manager to enterprise-oriented leader.

There can be a “halo effect” around rising leaders. They have deservedly earned attention for being smart, driven doers. Senior leaders therefore assume that they will figure things out when promoted to a role in which they will lead large groups and develop a broader perspective on the business.

What’s overlooked—both by senior leaders as well as those they’re promoting—is just how different a skillset is needed to become an effective leader with greater responsibility. Suddenly, you need to be a powerful communicator who can connect with a variety of internal and external audiences, motivating them to take action. You have to abandon your narrow functional mindset, delegate effectively, and become a
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2. Leaders fail to see the need to “slow down to speed up.”

3. People tend to avoid giving or seeking criticism.

4. The process of making necessary changes may seem overwhelming to emerging leaders and their mentors.

big-picture, enterprise-wide thinker and doer. You have to manage a calendar and an onslaught of email—both of which threaten to drown you in minutiae and pull your focus away from the big picture. No matter how smart and driven you are, it’s very easy to be overwhelmed and underprepared for these demands.

2. Leaders fail to see the need to “slow down to speed up.”

Almost invariably, most leaders know that they need to get better at some elements of their job—or that members of their leadership team have developmental needs that are costing the business because they haven’t been addressed. Yet, these issues sometimes get overlooked because of the perception that there’s no time to do anything about it.

Our advice is to “slow down to speed up.” Investing in talent development is not just a “feel-good” exercise; it has very real business results. Developing great leadership skills is not a quick fix: We find it takes six months of coaching to bring about deep, meaningful, lasting change. But what if your leaders could improve their efficiency and effectiveness? Two big themes in the post-recession economy are doing more with less and speeding time to value. Once leaders develop a profound understanding of leadership and communication tools and tactics, they know exactly what they need to do to get fast results. A six-month investment pays off for years to come.

3. People tend to avoid giving or seeking criticism.

When high-potential employees or new leaders are missing the mark—perhaps even alienating some of their important audiences—who’s going to set them straight? Ideally,
an internal manager or mentor will become a trusted advisor who can provide constructive criticism.

Unfortunately, that doesn’t always happen. Alternatively, it may prove insufficient. When we conduct our extensive 360 interviews of coaching clients, we personally deliver a report culled from in-depth conversations with peers, counterparts, direct reports, and managers. Typically, we find that our clients aren’t often surprised by the existence of a given issue. However, they are sometimes floored by how deep and pervasive the issue may be.

Why? Direct reports may be uncomfortable about sharing what they really feel when talking to their manager. Even supervisors are sometimes reluctant to share their frustrations or concerns with a leader who works for them—or they may not be aware of some concerns as perceived by the leader’s peers or direct reports. People also may worry about the consequences of being critical. It’s just human nature to avoid conflict. Unfortunately, though, people aren’t ready to work on an issue unless they know how real and extensive it is.

4. The process of making necessary changes may seem overwhelming to emerging leaders and their mentors.

For any leader, building awareness of where you need to improve is a great first step. Addressing those needs is, unfortunately, a real difficult hurdle in many cases. Even when an emerging leader gets direct, useful feedback, it’s rarely accompanied by a real roadmap to change.

This is especially true when the feedback is broad and nebulous. Imagine how you would feel if you were to receive the following critique:

- You need to build a network of great relationships across the company.
- You have to become a compelling public speaker who moves people to action.
- You’re too much in the weeds—you need to develop more of an enterprise point of view.
“Due to globalization, technology, and sluggish growth in developed markets, today’s leaders need to be ready to deal with a more complex set of realities than ever.”

These are all critical developmental needs. The problem? Where to begin! A vicious circle results: The feedback is delivered, and the recipient takes little or no action in response because the issue is too large and poorly defined … and then the feedback is given again, which frustrates the person giving it as well as the person hearing it. No one’s happy, but nothing has changed because no one has broken down the goals into a series of steps in the right direction.

Key Skills for Leading in Today’s “Reset World”

In the post-recession economy, it’s as if someone somewhere pressed the reset button. Due to globalization, technology, and sluggish growth in developed markets, today’s leaders need to be ready to deal with a more complex set of realities than ever.

You need to have a team of “reset” leaders with the right level of capabilities in your pipeline. What does a future leader in a reset economy look like, and what should you be doing to develop this type of executive talent internally?

While future leaders need to possess a wide range of talents and capabilities, there are several key skills that are absolutely necessary in a reset world:

- **The ability to take a concept and give it content.** In times of change—whether because of exponential growth or an economic downturn—leaders can be unsure of what they should say. This failure to manage expectations causes all sorts of anxiety and distraction across organizations. Future leaders need to get messages across to stakeholders on their terms, in their language, about what matters to them. In the reset world, you may not always have monetary incentives like raises and bonuses to motivate employees, but you still have to make messages relevant and meaningful to inspire action.

- **The ability to demonstrate critical thinking and communicate with clarity.** The reset world delivers a high level of complexity and a never-ending flow of information.
Future leaders must prioritize and synthesize, and apply the strongest of filters to stay out of the weeds. The ability to summarize is what sets great leaders apart, and future leaders need to make their ideas easily understood.

- The ability to engage and connect. Today’s employees need leaders who inspire them with passion and energy. High potentials need to communicate their goals, vision, and mission powerfully, using case studies, relevant examples, and compelling stories that appeal to both logic and emotion, infusing their stakeholders—including boards, employees, business partners and customers—with a sense of optimism about the future.

Readying Future Leaders: Developing the Right Capabilities in Your High Potentials

As executive coaches, we work with CEOs, executive teams, and high potentials who need to rapidly prepare to lead in a fast-paced business environment. As a result, we’ve seen many different types of leadership development programs that all aspire to develop a pool of highly qualified leaders.

Here’s the question: In a reset world, will the current level of support be enough to ready future leaders for what’s ahead?

In March 2012, Bates Communications President David Casullo reported on a 21st-century “energy crisis” in his book, Leading the High-Energy Culture, painting a picture of leaders and high potentials taxed to their limits, failing to engage and inspire their people.

One of the key concepts of the book is what Casullo calls “save the saved.” Many leaders focus much of their energies on the bottom 20 percent of their employees—those who have major issues with performance and attitude. Meanwhile, the top 20 percent—the peak performers—are left to their own devices because they’re doing fine. Casullo argues that leaders have it backwards: Why are we focusing time and resources on a cohort that may never turn it around? Why aren’t we investing in energizing our true disciples, who in turn will energize those who might be on the cusp of that top 20 percent? These are the emerging leaders that you want—and need—to cultivate.
As a crop of future leaders takes the spotlight, they will need to be ready for the road ahead. They need new tools to engage a global audience by articulating a value proposition that cuts through boundaries, and more. Smart executives and top companies know that putting these leaders into the game without further development in these areas is like putting someone into the ring with one hand tied behind his back. It just isn’t a fair fight.

**Give Them the Tools to Win**

As you know from your own career path, there are many ways to gain skills as a leader, whether launching a new product or service, making a strategic proposal to top management, or even taking on an assignment where others have failed. These are all powerful ways to support an executive’s growth, but what’s behind that growth, and what allows for success in each instance, is a commitment to deep leadership development on a strategic level. This means that the commitment to developing talent to drive business results starts at the very top of your organization and cascades down to your high potentials and beyond.

In December 2011, our firm conducted an analysis of several dozen action plans from our most recent coaching clients. Our executive clients are typically new to their roles and facing significant internal pressure to develop in specific areas. These highly talented, motivated leaders are often technically savvy, driven professionals.

Our analysis highlighted the gaps between what CEOs want from their executives and the current capabilities of those executives.

As the following model shows, we identified a total of 12 leadership communication skills, which we grouped in four clusters. Every executive is different, and each action plan emphasizes different priorities; however, it is telling that over half of our recent coaching clients recognized that they critically need to develop in two key areas: Presentation Skills and Strategic Thinking.
Why do executives and CEOs recognize that developing communication and strategic thinking skills are essential to high performance in a reset world? Leaders recognize that high potentials are technically proficient and have risen through the ranks on their own horsepower. In the pipeline for top leadership roles, CEOs need executives who can demonstrate they can think and communicate at the C-level, delivering messages from a strategic vantage point rather than simply reporting out or conveying information through a narrow functional perspective.
If you look again at the leadership communication model that we derived from our analysis of action plans, you’ll see evidence of some real cutting-edge trends in leadership development today:

1. **Employee engagement is now recognized as a top priority.** A recent Gallup survey indicated that nine out of ten employees at world-class companies consider themselves engaged, while just two out of three employees are engaged at average companies. Employee disengagement is costing American companies billions in the form of productivity and attrition.

2. **The emphasis on “building visibility” reflects the growing challenge is being perceived as a signal amidst the noise.** We work with many leaders who are looking to be viewed as experts in their industry, field, or community. The challenge is trying to do so amidst our “Age of Distraction,” where people are busy, preoccupied, and overwhelmed by information. More than ever, people are coming to us for advice on how they can be great public speakers, bloggers, social networkers, and influencers.

3. **Executive image is a fast-growing theme in leadership development.** While strategic thinking and presentation skills are the two biggest needs we address in executive coaching, we often work with people who need to work on what many call “executive presence.” This phrase can be misleading, as it can refer to any number of executive characteristics—how you dress, how you speak, how you listen, how you carry yourself, and so on. The popularity of business casual attire may explain this trend to some degree—there are now so many more ways in which professionals can get it wrong with their wardrobe. Additionally, though, there has been a growing sense that fewer people are entering the workforce with strong communication skills, and this is starting to show up at higher levels in the organization.

4. **Communication strategy is often a weak tool in the emerging leader’s toolbox.** Many new leaders are surprised and frustrated when their important messages don’t seem to reach beyond their direct reports. Many of our coaching and consulting clients are all too aware of the symptoms of this problem. We give them tools to help them diagnose
the underlying cause of those symptoms, showing them what’s going wrong and then helping them create a strategy to ensure that communication “cascades” all the way down to whoever needs to convert the strategy into action. It’s always amazing to learn that millions of dollars are riding on a plan, yet there often is no strategy in place for ensuring that the plan is rolled out effectively with a blend of communication vehicles.

Our analysis also reveals that future leaders need easy-to-use tools that cut through the complexity to deliver simple, insight-rich thinking that creates business value. They need a process that equips them with the skills and confidence to tackle urgent challenges and engage hearts and minds in order to accelerate business results. Where to start? Whether you’re in the process of creating an executive development program, reassessing your talent pipeline, or looking to improve your existing model, evaluate your current activities and consider ways in which you can further support your leaders in the face of the new realities.

• **Strengthen critical thinking.** Use mentors or hire coaches to help your future leaders translate complex issues into simple ideas. The result? Better execution across the business because people “get” what they are talking about, and they become stars because they know how to get people to focus through simple language. Mario Cuomo once said that you shouldn’t get up to speak until you can explain it to an eight-year-old, and neither should future leaders.

• **Develop a culture that rewards enterprise-wide thinking.** Your leaders will need to be able to tackle major change initiatives and launch innovative new processes. The biggest threat to their efforts will be functional silos. You need to develop and reward leaders who have learned how to break down those silos and present a worldview that is aligned with the CEO and the board. We use our Audience Agenda System tool to help people develop an enterprise-wide, audience-focused mentality—crucial for any leader today.

Most organizations tend to have only a small handful of leaders who can communicate at a visionary level. These are the ones who attract the right people to execute the vision. However, without a shared level of expertise spread across your leadership, there’s a tremendous strain placed on a few people and the result for the business is never what it
could be. This is a skill that needs to be developed early and often.

• **Prioritize preparation.** Let your future leaders know that you expect them to clear time on their calendars to prepare, whether it's for a presentation to your board or a quarterly offsite meeting. These are opportunities to set the course for the future, connect people to your company’s mission, and inspire them to work hard toward worthy goals, so you need them to put real thought into the messages they share. Are you taking active steps to ensure that your message addresses the needs and concerns of that specific audience? Bates Communications coaches use a tool called the Quick Prep Method for this purpose. It's a good example of slowing down to speed up: Once you’ve invested some time in learning this tool, you can create powerful presentations in 30 minutes or less—saving countless hours in the long run while simultaneously hitting the mark with each audience.

• **Help them look and sound like leaders.** Your future leaders must become masters at getting their messages across and making a true connection with their audiences. Your business depends on their ability to win hearts and minds and become influential, but as your future leaders take on higher-visibility roles, they need help managing the way they are perceived beyond their inner circle. This may mean a focus on their personal style, physical presence, or listening ability, for example. The impact of your future leaders will be far greater when their executive polish and presence is as strong as their other capabilities.

• **Break down those huge, vague goals into bite-sized “micro-goals.”** A good analogy here is losing weight. How many people are excited about the prospect of losing 20 pounds? It sounds about as enjoyable and doable as a 50-mile march through a swamp. Instead, you need to get someone excited about losing one pound. Or maybe it’s getting them excited to do more than walk for 30 minutes a day. Eventually, you’ll be best off by making a plan of small “micro-goals” that can be taken—baby steps around exercise, diet, and lifestyle. A series of small wins adds up, building momentum toward accomplishing a bigger, tougher objective.

A business goal such as “building great relationships with key stakeholders” is no different. It sounds overwhelming initially. In our coaching work, we break these
“Mount Everest goals” into a series of attainable base camps on the way to that summit. For example, we probably would start on that big goal by identifying one small step that could be taken with one key stakeholder—perhaps soliciting her advice on something within her area of expertise or finding an opportunity to do her a small favor. This is another reason why six months of coaching can be so powerful: We work in real time on these big goals, and we peck away at them steadily until the client gets the desired result.

Developing future leaders provides a clear return on investment. As tricky as navigating a reset world may be for business leaders, it also provides a tremendous opportunity to “reset” the way work gets done. The best time to take action is now: The talent crunch is only going to get worse, and having real bench strength in leadership can make the difference between being a market leader and an enterprise that will be at risk when the economy takes another dive. Your teams are yearning for the emergence of great new leaders. Create some inside your organization today.

Executive Coaching for Future Leaders

An executive’s ability to communicate strategic business objectives is critical to the success of an organization. Executive coaching is a proven method for getting future leaders ready for new challenges. At Bates, we like to say our coaches are the leaders behind the leaders, partnering with executives throughout every stage of the leadership lifecycle, helping them develop an exceptional level of skill, capability, and confidence.

Contact us today to learn more about how Executive Coaching can help you build bench strength and develop your talent pipeline:
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Learn more about executive coaching on our website: www.bates-communications.com
Elizabeth Freedman is a Certified Executive Coach and consultant with Bates Communications. Elizabeth improves her clients’ businesses by helping senior executives “Have Better Conversations” with their teams, clients, and other stakeholders.

Elizabeth enjoys working closely with her clients to help them lead, persuade, and strategically influence their stakeholders through conversation after conversation –transforming their own communication abilities along the way. Whether working one-on-one with an executive, or partnering with a team of leaders, Elizabeth gets excited when her clients get excited – and that happens when they experience the positive impact of their improved communication on their work and their lives.

Prior to joining Bates, Elizabeth spent over 15 years as a global brand and marketing consultant, working with large companies in the financial services, technology and consumer products industries on behalf of the global consulting firms Accenture and marchFIRST, as well as in her private coaching and consulting practice.

Elizabeth is a dynamic, motivating speaker who has spoken in front of thousands of audience members, and she delivers dozens of keynote presentations annually. Her high-energy programs have appealed to corporate, nonprofit, and association audiences, and she was a 2005 finalist for College Speaker of the Year, awarded by the Association for the Promotion of Campus Activities.

Elizabeth is author of *Work 101: Learning the Ropes without Hanging Yourself* (Bantam Dell), which has also been published in India and has over 10,000 copies in print. Elizabeth is the National Workplace Issues Blogger for The Examiner, and has appeared in dozens of publications, including The New York Times, Boston Business Journal, U.S. News & World Report, and CNN.com. Most recently, Elizabeth was a featured coach in The Boston Globe.