Size Matters – When It Comes to Leadership Development and Succession

The more I read about leadership development and succession, the more I realize that size matters. As a former business school faculty member and leadership development consultant, when I read in the pages of the Harvard Business Review (December 2003 article) about what organizations like Bank of America and Unisys are doing to develop their future leaders I am struck by the differences between what large organizations are doing and what my clients face. My clients are mostly smaller professional services, government contracting, and other firms located in growing the Northern Virginia economy.

The differences are significant and directly related to size (and, of course, the money that comes with it). For example, places like Bank of America have a large staff dedicated to the development and implementation of leadership development programs, have numerous locations which can serve as test sites for experiments, have a large number of potential candidates they can choose from, and have a level of sophistication in systems and procedures which enables them to test, modify, and refine programs.

The firms I work with have none of those benefits. Quite the contrary,

- The executives who run the company on a daily basis are the same men and women who have to squeeze out a little extra time to groom their replacements while they are doing everything else to run the company. They don't have a leadership development staff they can turn to and they have little available time to dedicate to leadership development. What little time they have to think about developing their successors is time stolen from solving the critical problems of the day.

- The firms I work with typically have only one location. Some have a few small satellite offices, but those are much smaller than the main office. As a result, their test site is their only site – the one where all the work is done. They cannot isolate a few sites to test programs and procedures. While larger firms can insulate the firm from their test sites and protect themselves from the drag on performance that results from the experimentation, smaller firms don't have that luxury. New programs, procedures, and systems have to be related to the real work of the firm – there just isn't any freedom to experiment.

- The number of candidates is limited and, typically, overworked already. While larger companies have a substantial pool of candidates they can choose from, the companies I work with have a much smaller number of candidates whom they can groom. Because the pool of candidates is smaller, there are difficulties that larger companies don't face: attrition, work expectations, and diversity.

    - Large companies expect attrition and accommodate the losses by having a large number of candidates. Smaller companies with fewer candidates can't afford the loss of many candidates.

- Candidates' work expectations are different, too. In smaller firms, quality of life plays a bigger role than in larger firms where climbing the corporate ladder is expected. Grooming candidates for executive positions who want to maintain a work-home life balance is more difficult.

- The diversity among the candidates in smaller firms is less. Larger firms can accommodate the differences in their pool of candidates because they have a wider variety of opportunities available to distribute the candidates among. Smaller firms with fewer candidates and fewer opportunities have to work harder to adjust and fit the candidates to the opportunities. In many cases, the fit is one of necessity rather than choosing the best person for the job.

Unfortunately, candidates in smaller companies are also the same individuals the executives turn to the most to get things done in the firm. Smaller companies don't have the luxury afforded larger firms of shifting talent from one group to another when the need arises – there are no reservoirs of available, underutilized talent. Moreover, in smaller companies, the aspiring leaders will have been tapped for the innumerable and diverse jobs which the firm needs to be done but for which there are no assigned staff (unlike larger firms). As a result the candidates are already overworked and don't have the time to invest in leadership development activities.

- The ability of smaller firms to test, modify, and refine programs is restricted because they don't have the resources and systems that larger organizations have to invest in the development and implement of newer or improved programs. Rarely do the firms have dedicated professionals who have the expertise, time, and money to invest in needs assessments, research and analysis, curriculum development, and pilot testing.

How do my clients (and other smaller companies) resolve the dilemma of developing the next generation of leaders when faced with these challenges?

Not surprisingly, the answer lies in understanding what has made smaller firms successful in the first place. In general, smaller firms have become successful because they do more with less – they keep things simple, are practical and innovative, and they take it one step at a time. The smaller businesses I know who apply these principles to the development of the next generation of leaders are the ones that succeed.

Let me take a few moments to explain each of these elements.

First, keeping things simple. All-too-often, larger organizations rely on experts whose level of knowledge is so deep and comprehensive, that they find it hard to translate their knowledge into language and practices that's understandable to the rest of us. They get excited about and overly concerned with the nuances and distinctions that just don't matter to most folks who are just trying to get their jobs done. I've been in meetings where the "experts" waxed eloquently about their pet area of interest while everyone else was falling asleep.

Principle number one: keep it simple. Don't let the experts confuse and compound the process to the point where the real focus is lost and it's impossible to measure the results. Make sure that everyone knows what is being done, and why.

Second, being practical and innovative. Those same experts, when added to the mix of complex, matrixed, multi-location, functionally-segmented organizations, just can't help themselves – programs become so complex and convoluted that the down-in-trenches, get-something-done-today folks get lost. Practicality is lost in the complexity of sophistication. And, what's worse, the solutions are often the worn-out or overly advertised approaches whose primary value is that everybody has heard or read about it recently. Remember the latest in the long list of failsafe solutions to organizational problems, customer relationship management?

Principle number two: be practical and innovative. Make sure that the program is focused on the real work of the organization, not the peripheral work of leadership development. And, find ways to kill two birds with one stone – that is, be innovative so that you can avoid the tiresome shop-worn solutions in favor of something fresh and distinctive.

Finally, taking it one step at a time. Work is hard – mostly because we live in a world of rapid change where it's impossible to predict with any certainty what the future will bring. And yet, many organizations try to identify, understand, assess, and account for every conceivable factor, trend, and possible future scenario. Needlesstosay, they fail, often miserably. They fail because they try to account for too many things at once and they try to forecast the future.

Principle number three: take it one step at a time. The best smaller firms don't try to do too much at once. They take one step at a time, exploring and implementing as they go in bite-sized pieces. The pieces they bite off aren't so large – in time, money, or scope – that they're difficult to manage. As a result, the pieces get done.

So, how do my clients and the other successful smaller firms I know apply these principles to resolve the dilemma of developing the next generation of leaders given the challenges they face?

They do so by following these simple steps:

- Identify strategic challenges confronting their firms
- Assign aspiring leaders to teams responsible for solving those problems
- Provide support to the teams
- Engage the firms' executives

Let me explain each of these steps and how they help to apply the principles noted above.

Identify strategic challenges confronting the firm.

Nearly every smaller business that I know has trouble finding people to work on the myriad of issues and challenges they face – in particular those, which pertain to the firm overall but aren't related directly to client work. There are always things that the leaders of the firm would like to get done, but for which they don't have the time or people to address.

For example, one engineering firm with which I worked identified three: 1) How do we ensure quality assurance across all our divisions and locations when we don't have some one person responsible for it? 2) How do we ensure that our culture is maintained and inculcated in all our offices when we're growing rapidly by acquisition in parts of the country where we had not worked before? 3) How do we provide a continuing stream of qualified management candidates who know and embrace our vision, culture, and procedures for a growing business?

The first step is to identify those issues, which, if resolved, would reduce a significant threat to the firm, or enhance its ability to compete. The key is determining issues critical to the firms' future success, not just interesting, incidental, or peripheral issues that often plague many leadership development programs. In my experience, the firms' executives know what these issues are – they're the ones they've been thinking or worrying about for months, but for which they haven't had the time or resources to address.

Assign aspiring leaders to teams responsible for solving those problems.

Most executives in smaller firms have some idea as to which employees might move up to succeed them, but they rarely have the time to do much about preparing them to take over. The second step is to identify who those individuals are so that they can be assigned to teams responsible for solving the strategic problems. Typically, the selection process isn't complicated; it involves the executives answering three questions:

1) Who do I think might lead the firm?
2) Who else might be a candidate – someone who I don't know much about, but whom I've heard or wondered about?
3) Which five or ten people in the lower ranks would, if asked, be able to identify some of their peers that I should consider?

Once the candidates are identified, they are assigned to multi-functional teams. The candidates are assigned to teams to ensure there is an array of skills, knowledge, and ability on each team. One team that I worked with had a young Asian bookkeeper, a middle-aged IT Director, an architect, an engineering department manager, and another engineer from a different department.

Multi-functional teams are important for a variety reasons. First, they help build relationships across functions that bind the business together as a more unified, connected whole. Once the team members have relationships with those from other functions, they begin to see the organization as a more complex, complete, integrated system and not just a place of disconnected and often competing functions.

In addition, the multi-functional teams are strengthened by the variety of perspectives they bring to any problem. The diversity of opinions improves the team's ability to solve problems. In the process, the team members learn how to work with people who are different and how to lead and work on teams – important skill sets for moving up.

Provide support to the teams.

The teams can't be left alone, they need to be provided support and that support must take a variety of forms.

- Time – The team members must be released from their regular work for the time required to engage fully in the program. That is no small feat. The firm's leaders must be ready and willing to account for the team members' time as non-revenue producing work and communicate the importance of the program to the rest of the firm so that the team members are not be penalized for their participation in it.

- Training – The team members are provided short-term, focused training on topics directly related to the primary issues they'll face. The firms' leaders approve the topics to ensure the team members are learning things relevant to the senior positions to which they aspire. Having the firm's leaders participate in the training increases the importance of the training for the team members and provides the firm's leaders with the opportunity to share their experience and wisdom with the team members. It also provides an additional venue for the firm's leaders to observe and evaluate their potential replacements.

- Individual feedback – The team members are required to receive 360-degree feedback on themselves. For many team members, this is the first time when they've had any kind of intense, detailed information about their strengths and weaknesses. As a result, it serves as the first step in their ability to understand and evaluate their ability to lead.

- Personal coaching – Each team member is assigned an external coach – someone who can provide candid and concrete feedback and guidance based on the 360-degree feedback and someone with whom the team members can have safe and honest conversations regarding their ability to lead. For those team members who are sincere about their desire to lead, these conversations often serve as the key to developing the insight and clarity needed to grow and advance.

- Problem-solving advice – The teams are provided an external coach, typically the same people who coach the individual team members. The coaches are available to facilitate team meetings (if requested) and to provide advice regarding any of the issues the teams may run into (how to organize themselves, the focus of the project, how to make sure they're meeting the leaders' expectations, and how to resolve internal team conflicts).

Engage the firms' executives.

Engagement of the firms' leaders cannot be over-emphasized. Without the firms' leaders active and committed involvement, this approach will not work. Their involvement takes three forms and serves several purposes:

- The firms' leaders decide on the challenges the teams will address. This ensures that the challenges are strategic and critically related to the firms' success. Having important challenges guarantees the firms' leaders and the team members take the program seriously.

- The firms' leaders attend and participate in the training sessions. This helps to impress on the team members that the training is important. In addition, the firms' leaders can share their wisdom and experience, thereby enhancing the relevance of the training. And, sitting in on the training provides the firms' leaders with an additional venue for observing and evaluating their potential replacements.

- The firms' leaders provide feedback to the teams on their work. The most important feedback comes when the teams make formal presentations to the firms' leaders at three key stages during the process: 1) To assess and evaluate the impact of their particular challenge/issue on the firm, 2) To propose a set of options the firm might considers to address the challenge/issue, and 3) To propose a specific solution (with budget, deadlines, staffing, and metrics). The firms' leaders also make themselves available for consultation (by appointment) when the teams want additional advice and guidance. These opportunities for feedback enable the firms' leaders to guide the thinking of the teams and to observe and evaluate the team members' performance.

Size does matter. Large companies are different from smaller ones, not so much in terms of the issues they face (those are often the same), but in terms of the resources, expertise, and sophistication they can apply to those issues. Large companies are like developed industrial countries. When faced with a military threat, they have a large, sophisticated, well-trained and well-organized army to repel the threat. They have the people, materiel, and experience to deploy against the enemy. Smaller companies are more like insurgent rebels who have no such resources and have to rely on their wits, ingenuity, flexibility and discipline to challenge their foes.

Both large and small companies face threats to their survival. They both have to find ways to deal with those threats. They both have to know the weapons they have and how to use them well. Smaller firms can't fight like larger ones. Smaller firms must embrace the factors that distinguish them from larger ones, not blindly follow the lead of larger companies, and develop an approach that utilizes their distinctive abilities.

Smaller firms can resolve the dilemma of developing the next generation of leaders despite their unique challenges. They can do so by following the three principles of keeping things simple, being practical and innovative, and taking it one step at time. They can do so by applying the four steps of identifying the strategic challenges confronting the firm, assigning aspiring leaders to teams responsible for solving those problems, providing support to the teams, and engaging the firms' executives.