

Research Question

What are best practices to define a common understanding of what is expected of companies' leaders, and how is this understanding structured?

Introduction

Today, companies need to have strong and meaningful leadership drive their business. A critical component of strong leadership involves identifying the competencies and behaviors that enable leaders to succeed. This is primarily accomplished by implementing a leadership competency model (LCM), which has benefits but is often ineffectively utilized. Knowing which leadership competencies are key for global companies and how companies are implementing LCMs is critical for success in developing strong effective leaders to influence their teams and the overall business.

LCMs: Benefits & Missteps

The benefits. LCMs have benefits for both leaders and employers, cultivating stronger alignment in achieving business objectives. The LCM identifies leadership capabilities that differentiate a company from its competitors, signaling a unique competitive advantage that helps achieve strategic objectives¹. Having a model also identifies what is important for a leader to develop. Furthermore, organizations can utilize their LCMs to better identify and develop the next generation of leaders². For multiple reasons, LCMs are beneficial for both employers and their team of company leaders.

The missteps. While companies recognize the importance of LCMs, it is equally important to learn how they become ineffectively built and applied. LCMs often consist of too many competencies; they are extremely comprehensive and overwhelming³. Worse yet, these competencies are treated as the *only* roadmap to developing strong leadership^{4,5}. Additionally, LCMs often weight all competencies equally, which neglects the fact that some competencies are needed more in certain teams and business groups than in others.

Key Leadership Competencies at Home and Abroad

Think local. Part of having a strong LCM is ensuring that it is specific to the needs and objectives of the company. When identifying key leadership competencies, The Center for Creative Leadership categorizes them under three buckets: Leading the organization; Leading the self; and Leading others (Figure 1). Specifically, leaders in the healthcare industry must have strategic orientation (vision and timetable); agility (adapting to change); courage and passion to take on risk; strong communication; and the education inside of school (MBA, MHA) or in the workplace (seminars, workshops) that will strengthen management skills and acumen⁶.

Think global. It is equally important that leadership competencies are globally applicable. Quantum Leadership Group recently launched a survey in which 195 leaders in 15 countries over 30 global organizations identified their top 10 leadership competencies, the top three including: Has high ethical and moral standards; Provides goals and objectives with loose guidelines/direction; and Clearly communicates expectations⁷ (Figure 2). Advances in Developing Human Resources has researched the methods by which global leadership competencies are both assessed and developed, concluding that these competencies must be knowledge- and behavioral-based, and developed through self-awareness, experiential opportunities, and immersion⁸.

Company Practices

Companies with Models

Many companies have LCMs that define expectations of leadership. They are usually made up of 5-8 key leadership competencies with brief definitions and specific behavior examples to demonstrate how these competencies are executed in the workplace⁹. Below are several companies' approaches to setting expectations for their leaders and helping them fulfill such expectations:

Citibank's Leadership Standards lists all measurable skills, abilities and knowledge that associates must demonstrate to be successful leaders. A leader 1) Develops their people; 2) Drives values for clients; 3) Works as a partner; 4) Champions progress; 5) Lives Citi's values; and 6) Delivers results¹⁰.

Key behaviors in applying "Develops their people," for example, are as follows:

- Builds talent and teams for Citi by creating a culture of transparency, celebrating initiative.
- Inspires and empowers the team to work collaboratively to achieve superior results.
- Creates an environment where people hold themselves to the highest ethical standards.

Schlumberger's Management Essential model includes 1) Setting the direction; 2) Living the vision; 3) Building teams that excel; 4) Developing our future; 5) Listening to our customers and responding to their needs; and 6) Delivering results that inspire. Schlumberger also provides detailed explanation for why these are important and what kind of behaviors are expected.

Cummins' 5 LCM competencies are: 1) Coach and develop examples; 2) Foster open communications; 3) Talent management, 4) Think strategically and set the aim; and 5) Creating a culture of appreciation examples.

Under "Coach and develop examples," for example, the following behaviors are recommended:

- Ensure direct reports add a "stretch" goal to their work plan at the start of the performance year.
- At mid-year and year-end, obtain feedback from direct reports on the effectiveness of coaching.

Companies without Models

Cisco does not have a company-wide LCM. Instead, they have 8 business outcomes expected for all employees. Based on business needs, however, HR business partners may develop their own LCMs within business units. Approaches vary among business units and they do not consider it necessary to develop a company-wide expectation/competency model towards leaders.

Recommendations

As large companies look to set expectations for their leaders, we recommend the following:

1. **Identify key leadership competencies that have proven successful for leaders.**

There are certainly leadership competencies that are generally applicable, but it is even more important that leaders are surveyed to identify what has worked for them.

2. **Connect leadership competencies to specific behaviors.** As demonstrated above, certain behaviors are needed to develop certain competencies. In the survey to be completed by leaders (see Recommendation One), the company could ask for participants to identify what actions were taken to develop and master the competencies applied in their roles, among their teams.

3. **Utilize the LCM for its true purpose of developing leaders, not evaluating them.** It is important that the purpose of the LCM is to develop leaders and signal what they need to work on to succeed. Providing continuous support, mentoring, and developmental programs or assignments in which individuals can apply the model will further enhance their overall leadership development, also contributing to stronger succession planning¹¹. Whether a LCM is ultimately created, it must be understood that mastering leadership competencies require significant investment from both leaders and those supporting them.

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Figure 1: Leadership Competencies

Leading the organization:

- managing change
- solving problems and making decisions
- managing politics and influencing others
- taking risks and innovating
- setting vision and strategy
- managing the work
- enhancing business skills and knowledge
- understanding and navigating the organization

Leading the self:

- demonstrating ethics and integrity
- displaying drive and purpose
- exhibiting leadership stature
- increasing your capacity to learn
- managing yourself
- increasing self-awareness
- developing adaptability

Leading others:

- communicating effectively
- developing others
- valuing diversity and difference
- building and maintaining relationships
- managing effective teams and work groups

Source: Adapted from McCauley, C. (2006). *Developmental assignments: Creating learning experiences without changing jobs*. Greensboro, N.C.: Center for Creative Leadership Press. Permission granted from the Center for Creative Leadership to republish CCL's Model of Leader Competencies.

Figure 1

The Top 10 Leadership Competencies, Grouped Into Five Themes

When 195 global leaders were asked to rate 74 qualities, these rose to the top.



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Figure 2