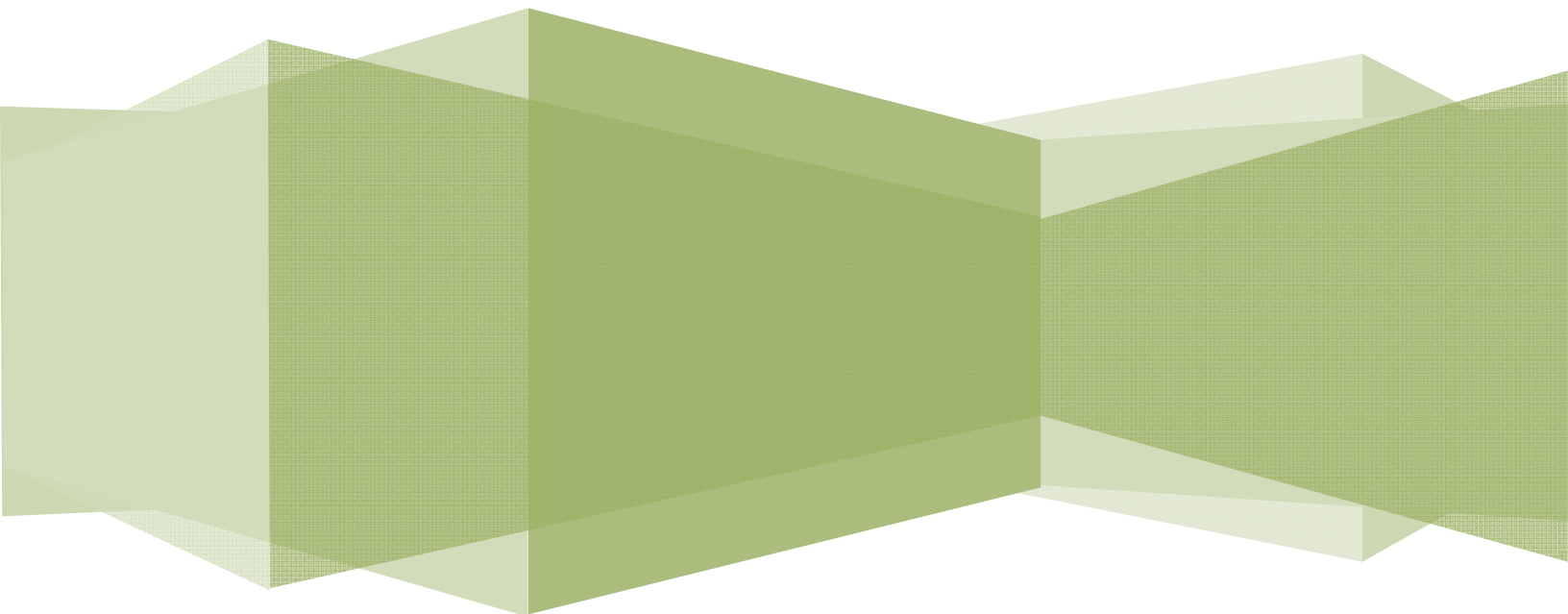




# **GROWING & DEVELOPING LEADERS**

A discussion paper based on Verity's corporate briefing "Ensuring Corporate Sustainability & Competitive Advantage: Growing and Developing the Next Generation of Leaders"



# GROWING & DEVELOPING LEADERS

## The Leadership Gap

The shift in the demographic make-up of North America and Europe is truly startling.

*40 to 50% of Canadian corporate leaders are expected to retire in the next five years.*

Some estimates are even higher. It is little wonder that companies list leadership development and attracting and retaining talent as their top two priorities.

In developing countries and markets, their economies are growing incredibly fast – last year China’s growth was over 11%. These countries are also looking for leadership talent to help them grow, and move into developed markets.

Unfortunately, many believe Canadian companies are not ready for a highly competitive labour market.

Remember the competition for talent at the dot.coms in the late 1990’s? There were a multitude of stories about the extent to which companies would go to attract and retain talent – pool tables and arcades, concierge services, free food and refreshments, gyms, concerts, etc. These dot.com companies became very creative, very quickly, because that is what it took to get talent – most of it entry level.

Now amplify that situation across all industries, all levels within organizations and globally, and we have a very scary situation, indeed.

Looking at the leadership level only, we know the labour market will continue to tighten, at an increasing rate. The statistics don’t lie.

*In addition, Canada is bound to experience greater competition for top talent than our neighbour south of the border. If American organizations need more leaders than are available in the US, where is the first country they can look to, in order to fill the gap?*

Canadian organizations will need to become very creative, indeed. We will have to be better than our global counterparts at growing, developing and retaining our leaders.

Verity’s Corporate Briefing this past March focused on what four of Canada’s top companies are doing around this subject. This discussion paper summarizes some of the emerging themes.

Our goal is not to be exhaustive on the subject of leadership development, but rather to share the “best practice thinking” of these organizations – Scotiabank, GE Canada, Hudson’s Bay Company and IBM Canada. Our hope is that it will inspire ideas for development or refinement of leadership development strategies at organizations like yours.



### Contents

The Leadership Gap	2
Best Practice Thinking	3
Our Focus	3
Emerging Themes for the Aspiring Leader	3
Emerging Themes in Leadership Development	4
Leadership Development & Social Responsibility	7
IBM’s Service Corps	8
SUMMARY	8
Verity Unlocks the Potential in People	9
Global Reach with Local Touch	9



## Verity Corporate Briefing March 4<sup>th</sup>, 2008 Our Panelists

- **Marianne Hasold-Schilter**, Senior Vice President, Leadership and Top Talent Management, Scotiabank;
- **Anna Cvecich**, Vice President, Human Resources, General Electric Canada;
- **Robert Kolida**, Senior Vice President, Human Resources, Hudson's Bay Company; and
- **Anne Berend**, Vice President, Human Resources, IBM Canada.

## Our Moderator

- **Paul Bates**, Dean, DeGroote School of Business, McMaster University

## Best Practice Thinking – Growing and Developing the Next Generation of Leaders

### THE CHALLENGE

Much has been written about leadership and the development of leaders. There is not a book shelf in corporate Canada without at least one such book.

It is very difficult to find new information on the subject that challenges conventional thinking.

But our challenge was to do just that.

Twice a year, Verity hosts a Corporate Briefing Series for senior level HR leaders. At our briefing last October –

“One Size Does Not Fit All - Attracting and retaining a multi-generational workforce” – a survey of the attendees told us that Leadership Development was their number one priority in 2008.

### OUR SOLUTION

Therefore, on March 4<sup>th</sup>, 2008 we convened Verity's first Corporate Briefing event of the year. The briefing was titled: “Ensuring Corporate Sustainability & Competitive Advantage: Growing and Developing the Next Generation of Leaders.”

*Rather than try to find a revolutionary approach to developing leaders, we thought the best way to deal with this subject would be to hear how some of Canada's best companies are doing it.*

## Our Focus

The focus of our session was on best practices. We were fortunate to have panelists from four industries representing some of Canada's largest and most well-known businesses: Scotiabank, GE Canada, Hudson's Bay Company and IBM Canada.

Our four panelists are leaders in the practice of strategic Human Resources.

Our moderator for the event was Paul Bates, Dean of the DeGroote School of Business at McMaster University in Hamilton, Ontario.

The panelists provided the audience of more than 100 Human Resources leaders with a variety of insights about the leadership development strategy at their respective organizations.

As they discussed the subject, themes began to form in three areas: the individual – aspiring leader, the developmental perspective and leadership as a measure of social responsibility.

## Emerging Themes for the Aspiring Leader

The emerging themes for employees aspiring to be leaders were centered on four areas.

### Aligning Values

*“Performance does not equal promotability. They are not the same thing,” said Anna Cvecich, Vice President, Human Resources, General Electric Canada.*

Successful on-the-job-performance no longer means an individual should or will be promoted. The reason? Leadership skills can be taught, personal values cannot.

“Beyond being outstanding performers, leaders must possess key values that are differentiators when it comes to moving ahead in an organization. Consequently, it is critical that organizations have a leadership development program that combines core skills and value attributes,” Cvecich said.

## Candor

Candor is critical when discussing an individual's leadership potential.

*"If an employee does not offer the required values, then candor is the best policy," said Robert Kolida, Senior Vice President, Human Resources, Hudson's Bay Company.*

The majority of any workforce will not assume executive leadership roles, but they can be the solid performers every organization needs to be successful.

So, how do you handle those conversations with a high performing employee, who is not on the leadership track?

"Be up front and honest about it. Not everyone is fit for leadership, but these people can still play important roles in the organization, especially if they have special skills or expertise," Kolida added.

## Realistic Expectations

Similarly, for those high potentials with an eye on the proverbial corner office: be careful what you wish for.

*"Executive leadership often looks rosy for some people, especially younger employees," said Anne Berend, Vice President, Human Resources, IBM Canada.*

Again, conversations concerning expectations, roles and responsibilities require candor. While there are enticing rewards for assuming leadership roles, the level of accountability can be overwhelming for many, especially for those who are unprepared.

"It is important to remind them they should be careful what they wish for. Few of them have a realistic view of the responsibilities that come with executive roles," Berend said.

## Different Aspirations

Not everyone aspires to leadership roles, and certainly not all at the same time. We know that as life circumstances change for employees, so too will their advancement or leadership aspirations.

*"Organizations should not assume that everyone aspires to leadership roles. Nor should they assume that an employee's aspirations never change," warned Marianne Hasold-Schilter, Senior Vice President, Leadership and Top Talent Management, Scotiabank*

Organizations need to be ready to accommodate these changes. The old saying, "Up or Out" does not work for today's labour market. Businesses and industries alike, are increasingly looking for ways to keep employees engaged as they move through each stage of their lives.

"Ongoing discussions and candor between the employee and their manager are essential parts of identifying and developing future leaders," Hasold-Schilter said.

For the aspiring leader the message is clear: Personal values, as well as continuous and candid dialogue with managers are critical for advancement.

## Emerging Themes in Leadership Development

Our panelists described in some detail the leadership development policies and practices of their individual organizations. While each organization had different models and programs, their approaches were similar when it came to four fundamental principles of leadership development: clarity, commitment, customization and stretch assignments.

These principles are scalable and are equally applicable to large enterprises, as well as small and medium-size organizations. Furthermore, these concepts do not require a significant budget. Therefore, organizations with limited funds for leadership development should not be deterred – much can be done on little to no budget.

The four fundamental principles of leadership are described on the following pages.

### Emerging Themes for Aspiring Leaders

- Aligning Values
- Candor
- Realistic Expectations
- Different Aspirations

## Emerging Themes for Leadership Development

1. Clarity of Leadership Requirements
2. Commitment & Ownership at the Top
3. Customization – One Size Does Not Fit All
4. Stretch Assignments

## 1. Clarity of Leadership Requirements

Every organization is unique. Each, not only has its own product or service, but its own culture and value proposition for both customers and employees. The same is true of leadership models.

At Scotiabank, the organization uses their Leader Profile to articulate the competencies, values and experiences desirable for those aspiring to the most senior levels in the bank. This profile has been communicated to both leaders and emerging leaders.

“The Scotiabank Leader Profile forms the foundation for identifying, assessing and developing our leaders,” said Marianne Hasold-Schilter.

Each organization must determine the specific leadership competencies and values required, not just for today, but for the future. How will your business change over the next 3 to 5 years? What key leadership attributes will be critical for your business in the future? We find that if you compare them to today’s model, they will most likely be different.

*“Be very clear,” said Robert Kolida. “You need to be able to articulate the leadership attributes you need, and then assess your leaders and future leaders against that model.”*

Anna Cvecich of General Electric Canada explained that her company has identified where future growth will come from and has aligned this paradigm with characteristics of future leaders in the business. These leadership characteristics include:

- External Focus – Knowing, understanding and building relationships with customers based on their needs;
- Clear thinking;
- Inclusiveness;
- Imagination and courage – the willingness to take a risk; and
- Expertise – Growth leaders need a domain expertise. As a result, GE has consciously slowed its process of rotating its high potential talent through stretch assignments. They are asking people to stay in development assignments longer to acquire the domain competence necessary, and to live through the business decisions that they made in the role.

## 2. Commitment & Ownership at the Top

The commitment to develop leaders needs to begin at the top of the organization. Our panelists were unanimous in their view that identifying and nurturing future leaders is an organizational necessity, a competitive advantage in a world of increasing complexity. In their organizations, the executive team and next level of leaders are accountable for developing future leaders.

*“Human capital governance is critical. Leaders in all facets of the business are accountable for developing leaders within their sphere. Human Resources is not accountable. Leaders are,” explained Marianne Hasold-Schilter of Scotiabank.*

What do we mean by commitment and accountability?

- At General Electric, leadership development is a key component of each leader’s performance management and compensation plans.
- At IBM, high potential leaders meet regularly with their leader to jointly develop and execute a development plan focused on leadership competencies and experiences required for that individual to achieve their potential. Leaders from other parts of the business act as mentors for these high potential leaders as part of their commitment to the development of all leaders
- At HBC, leaders are held accountable for the identification of their high potentials. They are also mandated to partner with each individual in the development of a robust and relevant Individual Development Plan that will drive their career at HBC, retain them, and show them the unlimited opportunities and possibilities at the company. The success of this and other programs is measured through people metrics such as leadership bench strength and the number of promotions each leader and the organization as a whole has made.



- Scotiabank executives participate in bank-wide leadership resource planning activities that require the identification of global talent and emerging leaders, potential development moves, short-term leadership demand and succession planning. Progress against these plans is measured.
- These activities are also complemented by other ongoing processes, including monthly meetings of the Human Investment Committee (comprised of the President & CEO and his direct reports). At these meetings, the Bank's current leadership opportunities are discussed in the context of business strategy, requisite leader, potential candidates, and their ability to execute the strategy and more importantly, how the opportunity would develop a candidate for subsequent roles.

The research is clear. A key enabler of leadership development is accountability at the top for developing, coaching, mentoring, guiding, assessing and being honest with identified high potentials.

Personal participation and ownership by executive leaders is fundamental in developing talent. Leadership development needs to be a core organizational commitment and competency.

### 3. Customization – One Size Does Not Fit All

When it comes to the types or levels of leaders throughout an organization and to the methods of developing their talents, our panelists agreed that one size does not fit all.

Each of the four companies has created leadership development initiatives and programs tailored to people at various levels of the organization or in various stages of career progression.

*"We identify the leadership attributes we need to drive the business, identify the people with the right competencies and values and tailor the leadership development activity to the individual's specific needs," said Robert Kolida.*



### Identifying Leadership Talent

The four organizations categorize leadership candidates as:

- a) **Emerging leaders**, generally newer or younger employees;
- b) **Leaders on the rise** in the organization or new to it as a result of recruitment or merger/acquisition, for example; and
- c) **Top talent**.

All four organizations offer leadership development courses aimed at various needs and levels of development of high potential employees. But, increasingly, it is "hands-on" experience, not courses, that provides the most benefit to leadership candidates.

## 4. Stretch Assignments

The primary method for developing leaders is to rotate high potentials through stretch, or challenging, assignments. The purpose of these assignments is to take the individual out of their comfort zone and into a challenging role that helps them grow. Many organizations will actually identify the key development roles in their company. Others may use the opportunity of participating in a merger/acquisition or a completely new discipline or area of the business as a way to develop their people.

Participating in a stretch assignment does not mean being thrown in the deep end to sink or swim. There is support from other leaders through coaching, mentoring and candid evaluation, all focused on self-improvement. Leadership development is not a “classroom thing”. The greatest learning, our panelists agree, occurs on the job, in a challenging role, with the support of more knowledgeable and experienced leaders.

*“Our organization’s strategy for leadership development is multi-faceted including the opportunity for many developmental experiences,” said Anne Berend, IBM Canada.*

“It is the integration and consistent implementation of these multi-faceted elements that achieve the best results,” she added.

At Scotiabank, they use business driven action learning projects to develop key people from various divisions. Teams of 8-10 are assembled full-time for 4-8 months to address a significant business or strategic issue, with senior executives providing strategic direction.

For the duration of the project, participants receive one-on-one coaching, in addition to being coached as a group.

*“We track the career moves of all participants in these projects to assess the effectiveness of the program,” said Marianne Hasold-Schilter. “We find that a high percentage of participants make cross-divisional, cross-functional and promotional moves in subsequent years,” she added.*

If it is satisfying to watch aspiring leaders succeed in their organizations through programs such as these, it is truly inspiring to learn what some can do as leaders outside of their businesses.

### At Scotiabank, Participants of “Action Learning Projects”

- Gain a broader understanding of the organization;
- Develop strategic thinking capabilities by researching market trends and identifying potential business initiatives that align with longer term goals;
- Develop strategic influencing skills by presenting ideas and proposals to gain executive buy in;
- Raise their profile with the executive team;
- Establish a network of key people from across the organization; and
- Gain an understanding of team dynamics by both leading and participating in a team environment.

## Leadership Development & Social Responsibility

The World Economic Forum Annual Meeting 2008 wound up recently. The annual leadership think-tank drew leaders from politics, government, business and other sectors of society to the tiny town of Davos in the Swiss Alps.

This year participants left the meeting with a key message for anyone who would listen: They jointly called for “a new brand of collaborative and innovative leadership to address the challenges of globalization...”

*Bill Gates of Microsoft was one of dozens of noted speakers at the event. Gates, like the World Economic Forum he is part of, called not just for a new breed of leaders, but a new view and role for capitalism to address global challenges.*

“The world is getting better, but it’s not getting better fast enough and it’s not getting better for everyone.”

“The great advances in the world have often aggravated the inequities in the world. The least needy see the most improvement; the most needy get the least.”

“We have to find a way to make the aspects of capitalism that serve wealthier people serve poorer people as well. The genius of capitalism lies in its ability to make self-interest serve the wider interest.”

*“As I see it, there are two great forces of human nature: self-interest and caring for others.”*

*“It is the interaction between a company’s principles and its commercial competence that shape the kind of business it will be.”*

Organizations are responding.

## IBM’s Corporate Service Corps

Anne Berend of IBM Canada outlined an innovative leadership development idea that her company has launched, the Corporate Services Corps.

The Corporate Services Corps is where IBM will team with non-governmental organizations to place small groups of employees from different countries and business units outside of the office structure. They will build relationships and work on some of the world’s toughest problems such as enhancing global economic opportunity and access to education resources.

*“This program provides leadership development experiences for IBMers, exposing participants to the 21st century context for business including diverse cultures, policy environments and societal expectations,” Berend explained.*

It is an initiative that oozes leadership development opportunity for those fortunate enough to be involved. It also contributes to that “new brand of collaborative and innovative leadership” that the world increasingly needs.

Initiatives like IBM’s Corporate Services Corps mirror the very essence of leadership: inspiring others to follow their dream and helping them achieve success in the process – a rewarding relationship.

## SUMMARY

Verity’s Corporate Briefing on Leadership Development Best Practices was a success due to the knowledge and experience of our panelists, and the practices of their respective organizations.

While there is no single solution on how best to develop leaders, the ideas they shared are applicable and scalable for all organizations, large and small, public or private.

The three areas of emerging themes - for aspiring leaders, organizations and global social responsibility – show that leadership development strategies need to have a holistic approach.

*After all, the leaders growing within your organization can and do use their talents outside of your business. Their efforts create a lasting effect wherever they go.*

*This is how organizational legacy is made.*

*What do you want yours to be?*



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