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EXECUTIVE DIGEST

When senior executives stop developing

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1. Expectations regarding senior executive development

Increasingly, companies have begun to understand the importance of succession planning. Best practice companies invest considerable time and money in the identification of up-and-coming leaders; more boards of directors have also come to embrace their role in overseeing succession to the CEO position, as well as to a few senior roles such as COO and CFO. Unfortunately, unless executives are being considered as candidates for higher level roles, these development efforts rarely extend to other members of a company's senior team: the heads of major operating groups and corporate functions such as finance and IT. In a large corporation the CEO may have 10 to 15 direct reports, only two or three of whom are viewed by the board as promotional candidates. That leaves the other members of the senior executive team largely on their own as regards ongoing development.

Companies convey an implicit message to these senior executives: At this point in your career you should be fully developed; now it's time to produce. As a result, it's usually up to those individuals to either continue to develop—or not. This puts the organization in a highly vulnerable position, since the consequences of failure are dire for the individual and the company given the scope of senior executive responsibilities.

Considering the low level of focus in this area by CEOs and boards, it's not surprising that the development of many senior executives stalls. Although CEOs and boards are acutely concerned with the job *performance* of their senior executives, they are considerably less attuned to an executive's need for ongoing skills *development*. They tend to define development in terms of new job assignments intended to prepare someone to take on greater levels of responsibility; they are less concerned with whether an executive's skills keep up with the evolving demands of the job. In addition, they lose sight of a central reality regarding executive positions. In contrast to the early part of their careers when managers moved to new job assignments every 2 to 3 years, senior executives who are not succession candidates tend to stay in a position considerably longer, often 5 to 7 years. And executive jobs in today's environment are far from static. Over that long a period of time the requirements of such positions can modify substantially given marketplace changes and the need for new strategic direction.

At this level, there are a number of forces at play that combine to create obstacles to a senior executive's ongoing development—unless the individual makes a concerted personal effort. In most large organizations today, the everyday performance demands and relentless expectations of financial markets make senior executive positions excruciatingly intense, and jobs become an endless flywheel of meetings, operating and budget reviews, forecasts, and plan updates. In this environment, there is little time, let alone energy, for self-development. In addition, since senior executives tend to remain longer in positions of

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considerable power over their staffs, they are often cut off from candid, objective feedback about whether their leadership style and approach fits the evolving strategic and organizational needs of the business. Most successful executives have developed a playbook for how to handle the managerial situations they've faced repeatedly in the course of their careers: how to structure their organizations, how to build a team, how to turn around a business, and how to monitor execution. Such a playbook serves an executive well—until marketplace conditions or the sheer growth of the business requires new approaches. In that case, a well-honed playbook can quickly become outmoded.

When a long-tenured senior executive's development stalls, the risks of performance failure go up significantly. Although the reasons that otherwise talented senior executives fail are legion, in our experience three patterns tend to predominate:

1. The executive's skill set becomes inadequate to the challenge when the scale and complexity of the business increases dramatically (e.g., when the executive moves from heading a $200 million single-product business in one primary market to being responsible for a multibillion-dollar unit operating globally);

2. The executive's strong competitive drive and desire for autonomy lead to a sense of parochialism, blinding him or her to necessary organizational interdependencies. Unless channeled appropriately, the same competitive drive that helped propel the manager to the senior executive level can stimulate unproductive conflict with colleagues across the company and stifle company-wide initiatives the CEO is trying to promote (e.g., cross-unit collaboration to meet the needs of global customers whose business cuts across multiple units within the company); and

3. The performance demands and business complexity magnify the shortcomings of the executive's personality or style (e.g., when an executive who has always succeeded based on his analytical skills and because he has always been the proverbial 'smartest person in the room' becomes an increasingly frustrated micromanager who alienates the members of his team).

Continued development is crucial to the ongoing success of a senior executive, but development at this level is fundamentally different from how the executive built new skills earlier in her career—that is, by attending training courses and taking on new job assignments every 2 to 3 years. Senior executive development is more subtle and starts with a personal commitment to self-reflection and self-renewal. Somehow within the constraints of the non-stop demands of the job, senior executives need to find the mental space to reflect on several core questions:

- Where do I want to take the business and the organization over the long term?

- How will change in the business (e.g., global expansion, a new growth strategy, acquiring a complementary business) require me to modify my leadership style and how I focus my efforts?

- How can I broaden my perspective in order to make better decisions to position the business for long-term success?

Answering these questions typically triggers a number of important development actions. Over the years we have seen senior executives utilize a number of techniques to grow in their positions. Examples include getting involved in a consortium group with executives from other industries to gain insight into how others approach strategy and decision making; engaging an external coach to provide objective feedback on how the executive needs to modify his/her leadership style in areas such as delegation, collaborative problem solving with peers, managing conflict, and finding ways to free up time for strategic thinking; engaging a consultant or business school professor who can expose the executive to new strategic planning frameworks and discuss how they can be applied to the executive's business; or enlisting internal staff for 'deep dive' orientations in areas where the executive needs shoring up (e.g., finance, product development, technology).

But senior leaders on their own can go only so far in developing themselves. Addressing this senior executive development gap will require increased involvement by CEOs and boards that must expand the scope of their succession planning mandate to include promoting executive continuity via the ongoing development of those not viewed as candidates for advancement. Board members need to realize that in today's hyper-competitive environment, senior executive jobs are far from static: leadership requirements for success can change substantially during an executive's tenure in a particular position. To play this expanded fiduciary role, boards should require the CEO to monitor each direct report's development needs, as well as provide those executives with the resources and encouragement required for them to grow. Boards should communicate that ongoing skills development is an expectation, not a sign of weakness in the executive. The result would be not only stronger, more effective senior executive teams but also less unplanned attrition on the part of formerly capable executives, which would lead to more predictable succession plans.