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In the past couple of years, leadership has become the hottest topic in business. Companies see this hard-to-pin-down ability as essential to organizational success, and they want their executives to *learn* how to exercise it. As a result, leadership development has become a big business: investment in leadership education and development approached $50 billion in 2000.[1] Publishing houses are shaking the trees in hopes of finding the author of the next blockbuster leadership book; consulting firms that once focused exclusively on strategy have aggressively launched global leadership practices; and business schools have positioned themselves as prospective partners with companies in the lucrative leadership-education market.[2]

In this atmosphere, it is difficult to find a CEO of a large company who doesn't have a carefully honed speech about the importance of developing next-generation leaders at every organizational level. And yet for most companies, the combination of eloquent statements and massive investments has not produced a sufficient pipeline of leaders. Many report that they have been forced to look outside the company for a new CEO or top executive team member, even though people brought in from the outside derail at significantly higher rates than internal hires. The very high rates of CEO turnover due to poor performance in recent years points to the problem: if companies were adept at producing leadership talent internally, it should be most apparent in the performance of senior leaders.[3]

Our research and advisory work involving dozens of companies over two decades leads us to believe that three pathologies are the root cause of the failure of so many leadership-development efforts. **(See "About the Research.")** By pathology, we mean the causes and effects of systemic problems in the way organizations attempt to develop leadership capability. As with an actual disease, companies exhibit clear patterns that cause repeated failures or breakdowns in their capacity to create a sufficient supply of internal leadership talent. Until these pathologies are examined and understood, leadership-development initiatives will continue to produce flawed results despite the best of intentions and continuing investments of time and money. Fortunately, there are ways of fighting these diseases so that companies can create healthy processes for preparing the leaders they'll need in the future.

Pathology #1: The "Ownership Is Power" Mindset

In many organizations, older ways of managing are colliding with new realities about what makes companies and their employees tick. Leadership development suffers from this pathology when executives approach it with control, ownership and power-oriented mindsets rather than with an understanding of the need for shared accountability.

Consider how this pathology affects a typical global company. It will often have powerful regional heads for its dispersed operations, senior managers who oversee the company's multiple lines of business, and equally powerful executives from the functional areas embedded within the business lines, geographical organizations, and corporate center. Given such complexity, it is easy to find multiple power centers for leadership-development activities, each with a different owner but lacking any overall sense of coherence.

This was the situation not long ago at a Fortune 50 manufacturing company. The company's strong global-product business units created powerful divisional and business heads, while its technological heritage and reputation for strong financial controls gave rise to highly influential functional heads. This history presented enormous structural and cultural challenges to the newly hired head of leadership development (a highly regarded academic brought in from a top-ranked business school), whose mission was to build a global pool of next-generation leaders who would be available to move freely across divisions, businesses, geographies and functions.

The company's approach to leadership development was a reflection of its culture and the ownership-is-power pathology. The CEO was enthusiastic about leadership development but in a superficial way -- he soon latched on to a management guru who told him exactly what he wanted to hear: that he would build a legacy as "the leadership CEO." The company's division and business presidents carefully controlled their involvement in leadership-development initiatives, engaging only when it was in their units' self-interest. The senior vice president for human resources (the leadership director's boss) was more of a traditional personnel professional, well-versed in labor relations but not an expert in leadership development. As a result, he felt competitive pressure from the leadership director whenever there were successes in building leadership capability. Such achievements were perceived to be the director's victories, and the HR executive began withholding critical information from the director, such as the names of identified high-potential managers and key job openings that could serve as developmental opportunities for the company's next-generation leaders.

Thus the manufacturer's ownership-is-power mindset produced an out-of-touch CEO, intermittently involved line managers, internal warfare within the HR function, and a pool of prospective leaders who didn't know what was expected of them, didn't understand what leadership skills to develop, and couldn't link the objectives of the company's leadership programs to their businesses' priorities. As one might guess, the prognosis for a sustainable leadership-development effort at this company was poor, and it wasn't long before the CEO, management guru, and SVP for HR were fired and the director of leadership development returned to his academic post.

Given the confusion in this case, it's natural to ask who *should* own the responsibility for leadership development in large, complex global businesses? The fact is, this is the wrong question to be asking. Ownership of resources, especially human resources, is old-world thinking and does not reflect the reality of organizational life today.

At first glance, it might seem logical for the CEO to assume ownership for the development of talent -- to ensure that leadership development has credibility as a companywide priority. This approach has been best exemplified by General Electric under Jack Welch's tenure. Welch was well-known for his comment to his business heads about the company's top 500 executives: "I own the people. You just rent them." But it is not realistic or desirable for CEOs to be solely responsible for the development of new leaders. Not only do they have little expertise in developing talent, they are usually exposed only to those with the highest potential and have extremely limited knowledge of up-and-coming junior-level leaders. Moreover, the demands on the typical CEO make it difficult for the top person to devote enough time to this single issue.

Line managers, on the other hand, know their people well and have seen them perform under daily pressures -- surely they would know best who has the ingredients to make it to the top. But one can't necessarily predict who will lead successfully at the enterprise level based on how someone has managed a project, a function or even a business. Leaving responsibility for leadership development to the line is insufficient as well.[4]

The human resources function has become more prominent over the past decade, and HR specialists with expertise in talent development have typically designed the company's processes for high-potential identification and succession planning.[5] Once again, however, assigning ownership for leadership development to HR raises complications. In highly decentralized firms, it is common to have HR specialists in each business unit running leadership-development initiatives suited to that unit's specific needs, which are not always coordinated with the company's strategy as a whole. For example, in a well-known retailing company, the corporate HR staff designed and owned one set of initiatives for director-level managers while the CEO's staff designed and owned a completely different set for vice presidents. The two staff groups came up with different definitions of leadership effectiveness, different approaches to teaching leadership, and different standards and expectations for grooming leaders.

The Fortune 50 manufacturing company example points to one final argument: that individuals should be responsible for their own leadership development. The role of the organization should be to provide opportunities for development through challenging assignments; individuals have to assume responsibility for taking advantage of those opportunities, seeking feedback on their performance, and making realistic assessments about their prospects.[6] With this approach, individuals are masters of their own destiny and, the argument goes, less vulnerable to power politics and competing self-interests.[7] Yet, despite the intrinsic appeal of encouraging individuals to manage their own careers, this approach fails to take into account that career self management in large organizations would quickly deteriorate into chaos without disciplined processes to track developmental opportunities and the insight required to assess whether an individual will succeed in a new challenge. Moreover, such an undisciplined approach would surely lead to more career derailments than successes due to the lack of support systems normally provided by line managers and human resources staff that aid many individuals when they move into new stretch assignments.

When one adds the pathologies of power -- guarding turf, withholding information, nonparticipation -- to the many other problems associated with assigning ownership to a particular group, it becomes clear that accountability for leadership development must be the interconnected responsibility of the CEO and top team, senior line managers, HR specialists, and the high-potential individuals themselves.

Pathology #2: The Productization of Leadership Development

In numerous companies, leadership development efforts are not aligned with strategic goals.[8] As with other complex organizational challenges, companies are frequently in search of quick fixes and silver bullets, and they orient their leadership initiatives around commercial products that have limited relevance to their actual needs.[9] In other words, executives become too focused on the products themselves rather than on the problems that need to be solved.[10] (Full disclosure: given our own work, we have to be careful not to fall victim to the Pogo Principle: "We have met the enemy, and he is us.")

For example, a human resources manager from a Fortune 100 company recently explained enthusiastically during a break in an executive education class how she had just brought a “primal leadership” course into her company. She wanted suggestions on how to convince her company’s line managers of the course’s value…after she had already launched the program! Another company offers a new leadership-training program approximately every two years based on a current best-selling book on leadership. The programs to date include training experiences designed on the basis of well-known books by respected researchers, such as Steven Covey’s Seven Habits of Effective People, Peter Senge’s Fifth Discipline, Collins and Porras’s Built to Last, and Daniel Goleman’s Emotional Intelligence.[11]

The problem does not reside with the authors or their books, which contain many great ideas. The problem is the misuse of these works in the form of rush-to-action training packages. As one executive in the company explained, “This multitude of offerings has created a certain cynicism about leadership development within the organization. We build a program and then toss it over the wall to the operating units. Then we go back and build another one without linking the ideas to the context of our business. There is no consistency in our message.” A division president at a Fortune 50 company made a similar comment a few years ago during a leadership-development audit: “We spend $120 million a year on this stuff, and if it all went away tomorrow, it wouldn’t matter one bit. Leadership development in this company is nothing more than a series of disconnected programs sold by consultants to training managers who don’t understand our business.”

This is the pathology of productization at work. The phenomenon is not new, but it has become more problematic and could lead to the following scenario:[12]

Witnessing an endless stream of disconnected models and initiatives, top management begins to view leadership development as code for products that are divorced from business issues and sold by consultants to line managers looking for quick answers and HR managers looking to help the line at almost any cost. The top team disengages from these programs, and the credibility of the leadership program suffers. As top-level support is reduced, it becomes far less likely that the company will build an organizational culture that promotes the thoughtfully planned development of its leaders. During tough economic times, top executives decide to curtail investments in leadership development, ushering in the return of a more Darwinian model of leadership -- “the cream will rise to the top.” Employees then become cynical about the company’s dedication to leadership development. High potentials hesitate before investing their energy in developmental initiatives; some of the best walk away from the organization, and others do not reach their potential for lack of strong developmental experiences. In this scenario, there are no winners.

There is nothing wrong with trying to keep up with the latest ideas in leadership and management. The rush to productize these ideas, however, creates the tendency for managers to think that leadership development can take place in one-day, paint-by-the-numbers, “edutainment” sessions. When such thinking is exposed as manifestly false, companies may be tempted to give up altogether and force individuals to sink or swim in the leadership pool, and that’s rarely been an effective way of teaching people anything.

Pathology #3: Make-Believe Metrics

Businesses search for accountability for most of their actions, and accountability is driven by metrics. There are scorecards today for every business process imaginable. So it is not surprising that leadership-development initiatives are being scrutinized, as they should be. The metrics that most companies are using to assess the effectiveness of their leadership-development efforts, however, are leading them astray.

Several years ago, a large industrial company with a strong history of technological excellence and financial discipline reviewed its leadership-development initiatives. At the upper levels of its business units and functions, the company was populated by engineers and financial experts, and its culture was characterized by no-nonsense, fact-based analysis. The HR specialists charged with leadership development, seeking top management approval for their work, provided the top team with metrics that fit the culture.

At a quarterly review meeting with division presidents and the CEO, the HR executives demonstrated the effectiveness of their programs by focusing on quantifiable activities. They showed figures that indicated higher utilization rates of the company's leadership center, the number of people sent through the programs at below-target unit costs, and an increase in the use of the company's e-learning technologies to train managers in leadership skills. These metrics met the CEO's approval, and he never stopped the presentation to ask, "Are we better able to fill key jobs when they arise?" or "To what extent are our leadership programs building commitment among our managers to our strategic direction?" Instead, he and the division presidents thanked the HR staff for their good work and commented on the improvements they were making in quantifying the impact of the company's leadership initiatives.

Their satisfaction was misplaced. The full utilization of a company's training center does not matter if employees perceive that they are wasting their time attending programs that do not build competitive capability or create the next generation of talent. Increases in technology-enabled teaching methods and decreases in unit cost per program don't matter if they fail to equip the company to fill key positions more effectively. And the attempt to prove that a new action-learning leadership program has turned a big profit for the company misses the point. Far better to be able to demonstrate that the company's leaders can now think more strategically, work more cooperatively in teams, and coordinate cross-company efforts more effectively because they understand the objectives of their counterparts in other businesses and locations.

The philosophy that dominates so many company cultures today is that initiatives that cannot be measured have no value. In most instances, that is a reasonable assumption. But it does not apply to leadership development -- not, at least, in the quantifiable terms that dictate assessments of capital expenditures. To avoid relying on make-believe metrics, executives have to make sure they are asking the right questions of their leadership programs.

Treating the Pathologies at IBM

Although the three pathologies run deep in many organizations, they need not be fatal – recovery is possible. Several companies, including IBM, are making great strides in leadership development. As that company's example shows, there are three keys to the successful creation of a pipeline of next-generation leaders.

Share Ownership and Demand Accountability.

The companies that still live by the ownership-is-power mindset believe that sharing ownership for leadership development would mean that nobody is responsible or accountable for ensuring that leaders are identified and developed in their organizations. Yet IBM's approach to developing leaders rebuffs the old world belief that individual ownership is power. IBM's approach is comprehensive and results oriented. The CEO and top team set the tone for the whole company. Chairman and CEO Sam Palmisano puts it this way: "One key to our success over the past decade has been that we established leadership development as a top corporate priority. Every

manager and every executive at IBM is accountable for identifying and developing leaders. We are completely committed to this principle as one of the cornerstones of our core values." IBM's top team establishes clear expectations by ensuring that individuals with leadership potential are identified and discussed at top management's quarterly meetings. At the meetings, the senior executives participate in what IBM calls the "five-minute drill." During the drill, each executive is expected to forward the name of at least one individual in his or her business or function who shows leadership promise. With 300 individuals in IBM's senior leadership team and literally thousands more in talent pipelines hoping to move up through the organization, one can readily imagine that the exercise takes longer than 5 minutes! The term is used with some level of symbolism to prompt senior managers to be ready to discuss their "hot talent" at a moment's notice. Palmisano demonstrates his commitment to this process by chairing the five-minute drill sessions. It is understood that someone from the Chairman's office will follow up with those executives who offered up the names of the high potentials if they have not been provided with stretch assignments in relatively short order.
In this and other ways, IBM's line managers are held accountable for leadership development: they know they will not be considered for senior executive positions unless they have demonstrated skill in developing leaders. As with the senior executives, line managers are fully engaged in identifying promising talent and making sure high potentials are on the radar screen in a variety of meetings and venues. According to Bob Moffat, head of IBM's Personal Systems Group, "All line managers are expected to coach and mentor their employees as a part of IBM's bedrock belief that leaders learn best from other leaders and through their experiences."

IBM has also assembled a staff of HR development specialists who combine technical knowledge with business understanding. The department, called the Global Executive and Organization Capability (GEOC), consists of approximately 50 organizational and leadership-capability consultants and succession-planning professionals who help IBM's line executives think through the human capital implications of the company's business strategies. For example, Chairman Palmisano has recently announced that IBM will embark on a massive initiative to lift IBM to its next level of excellence …what Palmisano is referring to as "the great company vision". Rather than being sidelined during such an exciting new initiative, the GEOC will play a key role in the "great company vision", as they will work with Palmisano and his top team to identify the organizational and leadership capabilities that will differentiate IBM from its competitors over the next decade.

Invest in Processes, Not Products. Companies that excel at building leaders don't rush to buy quick-fix products, they know that panaceas are a myth, and they invest in process excellence rather than a multitude of programs. At IBM, the leadership-development process is guided by the IBM Leadership Framework, a document created by the company's most senior executives, its line leaders, and the GEOC.

A key component of the framework is the heavily researched set of executive leadership competencies: 11 skills and behaviors demonstrated by exceptional leaders at IBM. IBM interviewed its cadre of exceptional performers in order to find out "what they did" and "how they behaved" that might be differentiated from average performers in the company. They found, with striking regularity, that exceptional performers at IBM held deep "customer insight", were "driven to succeed", had the capacity for "breakthrough thinking", were exceptional at "leading teams", demonstrated a "passion for the business", and so forth. Bob Moffat, the SVP in charge of IBM's Personal Systems Group, for example, was identified early on in his career as an exceptional performer with significant leadership potential, based upon his demonstration of the leadership competencies that matched up well with IBM's vision of a next generation leader. By using these competencies as touchstones, Moffat's mentors and coaches assess whether he is on track as a potential leader in ever-more demanding situations. If so, they make sure that excellent developmental job stretches are made available to him.

This brings us to another key tenet of the IBM Leadership Framework: that executives learn leadership much more effectively from experiences than from educational courses. With such a philosophy guiding the framework, planned on-the-job development becomes the preferred approach to building leaders at IBM. The GEOC's consultants work closely with line managers to ensure that high-potential individuals move into jobs that will serve as developmental vehicles. Examples of critical leadership skills learned on the job include managing a turnaround, initiating a start-up, managing cultural diversity and executing cross-border partnerships.

Companies that know how to build leaders have another trait: they believe in the importance of making long-term investments in their employees, even during lean times. The head of IBM's GEOC, Tanya Clemons, explains it this way: "During the tough economic conditions in the mid- to late-1980s, we abandoned our commitment to leadership development and paid a dear price for that in loss of market leadership later on. We had to relearn the hard way the critical importance of grooming leaders at every level of this company and in every location that we do business around the world."

Measure What Matters. Once accountabilities for leadership development are clarified and investments are made in process excellence, the appropriate metrics must be put in place to help managers judge whether investments in leadership development are paying off. Rather than dwelling on "activity analysis," as was the case with the company focused on make-believe metrics, companies should link leadership-development investments to building the capabilities that will produce superior business results.

For example, IBM seeks answers to the following: Are we better able to satisfy our customers' needs than our competitors? Do we have the right leaders ready to take on key jobs when they arise? Can we take advantage of new opportunities when they surface faster than our competitors? Do our people understand -- and are they capable of executing -- our vision and strategy? That's what IBM measures when it comes to investments in leadership development. "We expect our senior managers and executives to share in the ownership of the leadership development process at IBM. We don't chase quick and easy answers to complex problems. And we measure our success by the extent to which we can link our leadership development activities to business results. It all becomes a matter of demanding accountability", states Randy MacDonald, Senior Vice President for Human Resources for IBM.

Leadership Development is Serious Business

Although leadership is a hot topic at present, without thinking more deeply about it, many companies will get burned by old world thinking about ownership, a product-focused mentality that focuses on quick fixes, and make believe metrics that measure activity analysis rather than capability building. The risk is that by getting burned, companies will stop investing in leadership development and passively wait for leaders to emerge the old-fashioned, misguided way...by letting the "cream rise to the top". Leadership development is serious business…treat it as such. Consider it a core business process and you will look at it in a different light. Companies can avoid the ownership-is-power mentality by securing top team commitment, line management engagement, and first-rate professional staff support in a system of shared ownership and accountability. By constructing a leadership framework and focusing on process excellence, they can steer clear of products that offer little relevance to their companies' leadership development challenges. And by building metrics that matter, they can have a clear line of sight between investments in leadership development and the ultimate goal: preparing individuals and teams who will be ready to step in and take their organizations to greater heights as next generation leaders.

About the Research

The research for this article is based on findings from three research initiatives and a series of in-depth interviews with executives at IBM. The research initiatives are the Building Leaders project, which included interviews at 15 global corporations with approximately 250 individuals about organizational approaches to leadership development; the Learning to Lead project, which included interviews with 150 managers from more than 50 companies who participated in leadership-education programs; and the Global Capabilities Project, which included interviews and survey-based research with nearly 3,000 managers and executives from 30 companies around the world on approaches they were using to link strategic challenges to organizational and leadership-development initiatives.

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[3] A recent study by Booz Allen Hamilton shows that CEO turnover at major corporations in Europe and North America increased by 53 percent between 1995 and 2001, and the number of CEOs departing due to the poor company performance increased by 130 percent. See C. Lucier, E. Spiegel and R. Schuyt,

"Why CEOs Fall: The Causes and Consequences of Turnover at the Top," Strategy + Business, 28, pp. 1-14.

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[12]Richard Pascale, a former Stanford Business School professor, charted the ebbs and flows of line management attention to what was considered best practice in leadership over recent decades. He cited the near-fever-pitch interest in T-Groups, quality circles, confrontational feedback, assessment centers, reengineering, and a variety of other leadership initiatives. See R.T. Pascale, "Managing on the Edge" (New York: Simon & Schuster, 1990).

Evaluate leadership development efforts using the right metrics. Some companies don't measure leadership development at all. Others assess resource consumption or activity levels, such as how many sessions or hours of training employees took part in. And, according to the Institute for Corporate Productivity, many evaluate their efforts using those ubiquitous smiley-face sheets. Very few gauge whether what they are doing actually leads to improvements in engagement, satisfaction, turnover or anything else other than participants' temporary enjoyment of the experience. Why leadership-development programs fail. January 1, 2014 | Article. By Pierre Gurdjian, Thomas Halbeisen, and Kevin Lane. Open interactive popup. Article (PDF -187KB). Why leadership-development programs fail. Open interactive popup. Article (PDF -187KB).Â Together, they suggest ways for companies to get more from their leadership-development effortsâ€"and ultimately their leadersâ€"as these organizations face challenges ranging from the next demanding phase of globalization to disruptive technological change and continued macroeconomic uncertainty. 1. Overlooking context. Why Transformation Efforts Fail by John P. Kotter â€¢ Included with this full-text Harvard Business Review article: 1 Article Summary The Idea in Briefâ€"the core idea The Idea in Practiceâ€"putting the idea to work 2 Leading Change: Why Transformation Efforts Fail 10 Further Reading A list of related materials, with annotations to guide further exploration of the articleâ€™s ideas and.Â He then made these formation efforts, the leadership coalition ï¬ndings public. On the surface, such moves can grows and grows over time. But whenever look unduly risky.