

# Developing Leaders for Today's Organization

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## INTRODUCTION

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Currently, organizations spend over \$12 billion each year on leader development programs across North America.

However, many of these programs fail to meet their goals because designing an effective leader development program is challenging.

The purpose of this EGuide is to provide some direction and information for organizations on how to create an effective leader development program.

# WHAT IS LEADER DEVELOPMENT?

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“Leader development involves changes in the perceptions, motivations, competencies, and patterns of behavior of individuals in leadership positions in order to help them function in their roles more effectively.” (Harms, Spain, & Hannah, 2011)

In other words, leader development can be described as developing leaders’ knowledge, skills and abilities to improve their performance and personal satisfaction.

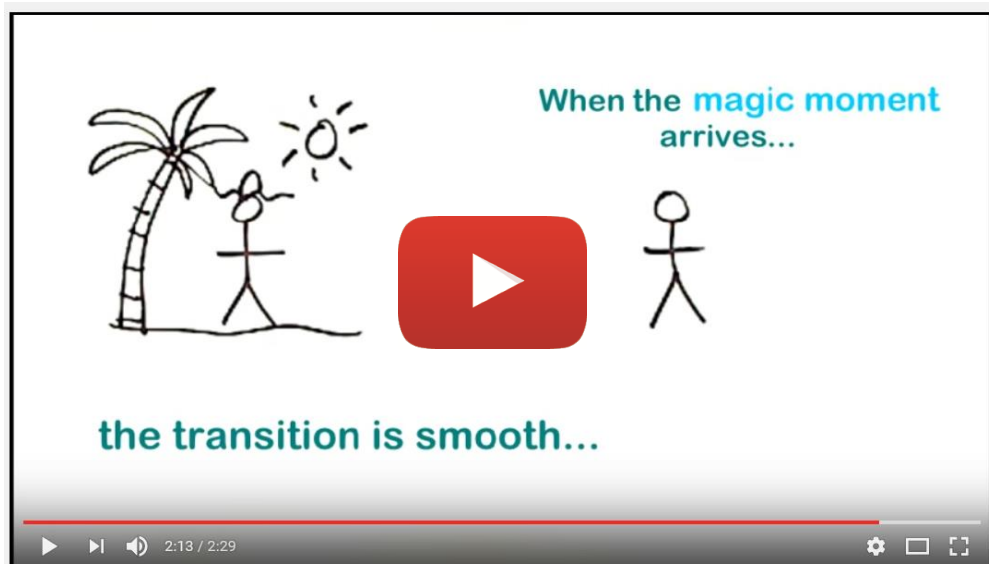
In addition, [leader development is an important tool used to keep organizations productive and profitable by ensuring transfer of knowledge from existing leadership to a new generation of talent.](#)



# WHY IS LEADER DEVELOPMENT IMPORTANT?

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An integral part of any organization's talent development strategy is an effective [succession plan](#).



However, for a succession plan to be effective, it needs to have a strong leader development program to support it.

Also, leader development programs add value to the organization by increasing employee expertise and effectiveness, resulting increased productivity.

# WHAT CAN BE DEVELOPED?

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It is generally agreed upon that two leader characteristics can be developed: leader competencies and leader character.

[Leader competencies](#) are skills and behaviors that are related to effective or superior performance in a leader.

[Leader character](#) refers to the virtuous and ethical behaviors that are related to effective or superior performance in a leader.

# WHO NEEDS TO BE DEVELOPED?

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The success of a leader development program is often contingent on selecting the right individuals to participate. Therefore, it becomes critical to identify who will participate in the program.

[The goal is to identify high-potential employees](#), which can be done by collecting information from assessment centers, performance evaluations or supervisor recommendations.

# DEVELOPING LEADERS: WHY?

## Why do they need to be developed?

Every leader development program needs to have a clear message articulating why the high-potential employees need to be developed.

To achieve this, the program needs to have a clear purpose with goals that align with the organization's strategic plan, mission and values.

Competency and character profiles can be developed that reflect the organization's vision and values and identifying those qualities that are considered most important for effective leadership performance in the organization. We refer to this process as "benchmarking".

High potentials can then be evaluated against these profiles to inform and guide a more specific individual development plan for the candidates.

### SIGMA Assessment Systems Inc.

#### Competency Benchmarking Process



## *Where can leaders be developed?*

When designing a leader development program, it is important to understand whether the training modules will be conducted on-site or off-site. Often this decision is made based on budgetary restrictions (i.e., off-site is often more expensive, but more convenient for training).

Off-site modules are often conducted in a conference room at a hotel or other venue with audio/visual equipment and no workplace distractions.

On-site modules require an in-house room that has lots of space, is adaptable (i.e., chairs and tables can be moved around) and away from workplace interruptions.

Leadership development modules can also be administered electronically through computer-based tools.

# DEVELOPING LEADERS: WHERE?



## *When can leaders be developed?*

One of the most challenging components of a leader development program is time management.

It is therefore important to make sure that the program does not interfere with the day-to-day functioning of the organization. However, it is also important that the modules are long enough to provide effective training (~4hrs; Byrne & Rees, 2006).

In addition, it is also essential to identify when a candidate should participate in the program. This will help ensure that the candidate is equipped with the required skills to succeed in their new position.

For example, an organization may have a plan to move a candidate into a cross-functional leadership team. Based on a profiling or benchmarking exercise the organization may have determined that key competencies for success in this position include effective communication and information sharing. Assessment tools can play an important role in determining if further training is required in these areas prior to the candidate's deployment to their new position.

# DEVELOPING LEADERS: WHEN?

## *How are you going to develop them?*

First, an organization needs to have a clear understanding of what [leader effectiveness is within and outside their organization](#). This will help create a structure surrounding the goals and objectives of the program. For more information, see competency profiling/benchmarking above.

## DEVELOPING LEADERS: HOW?



Second, an organization needs to decide whether the leader development program should be insourced, outsourced, or a hybrid system should be developed. Many organizations may not have the tools and resources needed to develop their own program, and therefore will need to seek support from outside their organization (e.g., diagnostic tools).

## CREATING A LEADER DEVELOPMENT PROGRAM

### The program's foundation

#### 1. Conduct a needs analysis

There are many different types of needs analyses. However, the main three are: organizational, task, and person analysis. These analyses will help identify the leaders' development needs for the organization, the specific leadership skills and character attributes needed for the organization's tasks, and which individuals need to be developed.

#### 2. Get executive buy-in

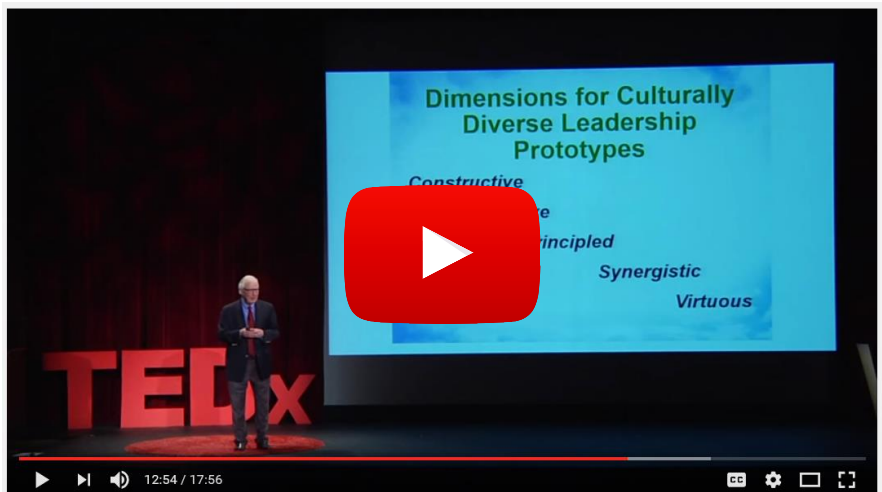
It is integral for the success of the program to get commitment from the senior leadership team. To achieve this, a presentation should be developed and delivered that considers all stakeholders, resources, and budget needed to build an effective program. Executive buy-in can also be enhanced by including this team in the process of developing the leadership benchmark or profile. Executives will be more invested in a program that reflects their knowledge and input.

## CREATING A LEADER DEVELOPMENT PROGRAM

The program's  
foundation  
(continued)

### 3. Organizational culture

A leader development program needs to fit with the organization's culture. Ideally, the organization will have a culture that supports employee learning and development. Further, it is important that the organization's culture is one that supports and reinforces the giving and receiving of constructive feedback on a regular basis.



## CREATING A LEADER DEVELOPMENT PROGRAM

### Designing the program

#### 1. Create a strategic plan



The first step in designing a leader development program is creating a strategic plan. This plan is a strategy guide for the effectiveness of the program. The strategic plan needs to outline the learning objectives of the program. Further, it is important to associate learning levels (e.g., novice, competent, expert) with learning objectives. Learning levels may help map a participant's progress through the development program as he or she learns to “master” a specific competency and manage his or her character attributes. Even further, the strategic plan should outline the diagnostic tools that will be used to evaluate participants and the program.

## CREATING A LEADER DEVELOPMENT PROGRAM

### Designing the program

(continued)

### 2. Create a development framework

The second step is to design a developmental framework for the program. This framework should clearly define the competencies and/or virtues that will be developed in the program. Building on this, the learning levels should be further expanded on and used to demonstrate proficiency and progress in the program. Next, the development framework should include the measurement and diagnostic tools used to evaluate the success of participants and the program.

### 3. Create learning modules

The third and final step is to begin designing the learning modules. Each competency and/or character dimension requires its own module. In addition, within each module clear learning objectives that are specific to each module need to be created.

The learning activities need to be included in each module. Each learning activity must provide opportunities to apply knowledge that has been learned in the module (case studies, role modeling, group discussions, etc.).

## CREATING A LEADER DEVELOPMENT PROGRAM

### Evaluating the program

To be able to evaluate the program effectively, it will be important to incorporate a variety of diagnostic tools, outcome measures, and profitability statistics.

#### 1. *Diagnostic Tools*

As previously mentioned, an integral component of a successful leadership development program is to identify high potential candidates and track their progress. Validated diagnostic tools that measure a leader's character and/or a leader's competencies should be utilized. These tools should be used throughout the program to evaluate whether the participants in the program are retaining the information in the modules.

This, however, may not be feasible to achieve with every leader development program. The ability to utilize diagnostic tools will be limited by both time and budgetary restrictions and therefore need to be managed to maximize effectiveness.

## CREATING A LEADER DEVELOPMENT PROGRAM

### Evaluating the program

(continued)

## 2. Outcome Measures

To evaluate the effectiveness of the leader development program and its ability to meet the goals it was designed achieve, it is important to have quantitative measures of the desired outcomes of the program.

It is worth noting that the outcomes might vary depending on the goals/objectives of a leader development program. Nevertheless, there are three outcomes that, generally, are good sources of a leader development program's effectiveness. These outcomes are as follows:

- a) The performance of the leader being developed.
- b) The performance of the followers of the leader being developed.
- c) The performance of the organization as a whole (e.g., sales or stock prices)

It is recommended that the performance of leaders and followers be measured using 360 degree feedback.



## CREATING A LEADER DEVELOPMENT PROGRAM

### Evaluating the program (continued)

### *3. ROI & Payback Period*

To demonstrate the effectiveness of the program, it is important to be able to quantify for the value of the program. There are two methods for demonstrating the profitability of a leader development program: return on investment (ROI) and payback period.

ROI is a profitability statistic that compares the costs associated with leader development program (e.g., participants' time, facilities, development costs) to the expected monetary benefits of the program (e.g., increased leader and follower performance). Once the expected benefits and costs have been computed, the ROI can be easily calculated with the following formula:

$$\text{ROI: } [( \text{program benefits} - \text{program costs} ) / ( \text{program costs} )] \times 100 = \text{XX\%}$$

## CREATING A LEADER DEVELOPMENT PROGRAM

### Evaluating the program (continued)

### 3. ROI & Payback Period (cont'd)

The payback period, on the other hand, is a profitability statistic that helps an organization predict when the benefits of the leader development program begin to outweigh the costs. More specifically, the payback period demonstrates when the leader development program will become profitable. Consistent with the ROI, the payback period formula is also dependent on the expected benefits and costs of the program and can be easily calculated with the following formula:

$$\text{Payback Period: } [(\text{program costs})/(\text{program benefits} - \text{program costs})] \times 12 = \text{XX months}$$

Both formulas are useful for communicating the value of the leader development program to the leadership team and for budgetary information. A word of caution: do your research and be realistic. Make sure that estimated values are representative of the expected costs and benefits.

There are also intangible outcomes of creating a leader development program that cannot be easily measured. These intangibles include improved satisfaction with their job, increased commitment to their organization, and being more engaged in their work. Although job satisfaction, organizational commitment and employee engagement have all been demonstrated to increase performance in organizations, the monetary value of their impact is difficult to calculate.

## 3 KEYS TO THE PROGRAM'S SUCCESS

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There are many reasons why a leader development program might succeed or fail. However, we have identified three essential ingredients to a successful leader development program. The three keys to a leader development program's success are as follows:

1. [Clear communication of the program's goals and objectives](#)
2. [Developmental feedback to \*both\* mentors and mentees](#)
3. [Commitment from all stakeholders involved in the program](#)

# HOW SIGMA CAN HELP

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## *Our Philosophy*

We believe that a systematic, measurement-driven approach is an integral part of any successful leader development program. In addition, we believe that both leader's competencies and character can be developed in an organization, resulting in increased leader effectiveness and more strategic succession planning.

## *Our Approach*

We have developed a variety of innovative tools that can be leveraged to make any leader development program more effective. The following assessment tools are just three examples of how SIGMA can contribute to the success of a leader development program.

1. [Leadership Skills Profile](#) (LSP) – the LSP is a personality-based development tool that provides scores and customized advice on 42 leader competencies.
2. [SigmaRadius 360](#) – a comprehensive 360 degree feedback tool that measures the essential leader competencies with ratings provided by leaders, colleagues, and direct/indirect reports.
3. [Leadership Character Insight Assessment](#) (LCIA) – a novel approach to measuring a leader's character based on a creative and dynamic partnership with the Ivey Business School. The LCIA measures 10 key dimensions of character and their corresponding elements.

# CONTACT US

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