Chapter 3: Developing Your Future Leaders

It's late, and the rest of the staff has gone home. Well, that's only fair – you're the CEO, after all. In the quiet of your office you reflect on the activity of the past several months. You've done the groundwork. You have committed yourself, the board has signed on, and the message has gone out to the entire organization: Leadership development is a strategic imperative. You have put in long hours with your colleagues assessing the organization's present and future leadership needs, and together you have identified the people with the potential to fill crucial leadership roles in the years ahead.

Great. You pause for a moment to congratulate yourself, and then take a deep breath.

You know you've only just begun.

Now it's time to get to work developing your potential leaders, equipping them with skills and capacities they need to be effective leaders today and even more so tomorrow. You know it won't be easy, but you also know it's vital to the long-term health of your organization. And you have the 70-20-10 learning model to help you organize your efforts. Recognizing that leadership development occurs largely on the job, you and your team are ready to map out a set of work assignments that will challenge your high-potential staffers to acquire new competencies, skills, and capacities. That's 70 percent of the battle. Will this learning model work as advertised? You're about to find out.

In this chapter, we look at the four-step process for developing leadership at any nonprofit. It's up to you to decide how to bring these steps to life at your organization. That will change depending on the organization's size, structure, and style of working, not to mention the specifics of its Plan A. The steps themselves are what's important. They provide a guide to creating an organization where leadership development is all in a day's work.

In fact, if there's one thing we hope you'll take away from this chapter, it's that leadership is learned by doing. That's why many corporations – and a growing number of nonprofits – use the 70-20-10 model as their blueprint for leadership training. As its name suggests, the model calls for 70 percent on-the-job training, supplemented with 20 percent coaching and mentoring, and 10 percent formal training. It's an effective way to fulfill your Plan A. You'll find a more detailed discussion of this in the sidebar, "The 70-20-10 Model."

The 70-20-10 Model

Business concepts go in and out of fashion with bewildering speed. But one concept that has stood the test of time is the 70-20-10 leadership-development model. Pioneered by the Center for Creative Leadership and based on 30 years of study of how executives learn to lead, it rests on the belief that leadership is learned through doing. There's plenty of evidence to support that belief, including a study by the Corporate Leadership Council that concluded that on-the-job learning has three times more impact on employee performance than formal training.[7]

As the 70-20-10 name implies, the learning model calls for 70 percent of development to consist of on-the-job learning, supported by 20 percent coaching and mentoring, and 10 percent classroom training. The model has spread widely in the corporate and nonprofit world, with various organizations putting their own imprint on it.

The 70-20-10 model's three components reinforce one another, adding up to a whole that's greater than the sum of its parts. The model builds on research showing that human beings retain information most effectively when they gain it in a practical context. Learning is even more powerful when the lessons of experience are reinforced through informal discussion with people who have performed similar work. These veterans can point out common pitfalls, offer practical advice, and help steer the learner away from bad habits.

To emphasize the value of experience, however, is not to slight the importance of formal learning. But formal learning is most valuable when it supplies technical skills, theories, and explanations that apply directly to what is learned through experience – and when it is both valued and quickly integrated within the work environment. In studying their own leadership-development programs, for example, American Express found that the effect of formal training increased significantly when the participants' manager engaged with them on the training both before and after the training session.[8] Training was most effective when:

- The learner had one-on-one meetings with his or her immediate manager to discuss how to apply the training in his or her specific role.

- The learner perceived his or her manager endorsed and supported this specific training.

- The learner expected to be recognized or rewarded for the training-related behavior change.

The lesson for nonprofits is clear: Leadership-development programs are only as good as the managers who implement them.

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[7] The Corporate Leadership Council Human Resources. www.clc.executiveboard.com.
[8] American Express Corp., "The Real ROI of Leadership Development: Comparing Classroom vs. Online vs. Blended Delivery."

The good news is that many nonprofits are offering their employees challenging on-the-job assignments. A majority – 65 percent – of respondents to Bridgespan's leadership-development diagnostic survey agreed or strongly agreed that their organizations "have sufficient quality opportunities for employees to gain new leadership skills via on-the-job opportunities." But it's not clear that those opportunities are designed with the clear intent to build specific competencies and skills, as a Plan A would call for. Only 29 percent of respondents agreed or strongly agreed that "employees with the potential to move into leadership roles have development plans in place that identify areas for development and sources of development support." And follow-up is lacking. Only 40 percent of respondents agreed or strongly agreed that "employees are held accountable for and evaluated on their progress on their development plans." Less than half of respondents to the survey agreed or strongly agreed that their "performance management systems (e.g., annual evaluations, goal setting) support effective leadership development and succession planning."

The survey results suggest that many nonprofits could benefit from a more systematic approach to leadership development, with plans tied to existing HR and performance-management processes. In this chapter, we'll outline steps you can follow to weave leadership development into your organization's activities. It's a collective effort that involves the CEO and other senior leaders, line managers, and employees, themselves, who play an active part in crafting their individual development plans.

Four Steps to Developing Future Leaders the 70-20-10 Way

- Step 1: Cultivate talent champions.
- Step 2: Identify organizational needs and craft development opportunities.
- Step 3: Co-create individualized development plans.
- Step 4: Follow through on development plans.
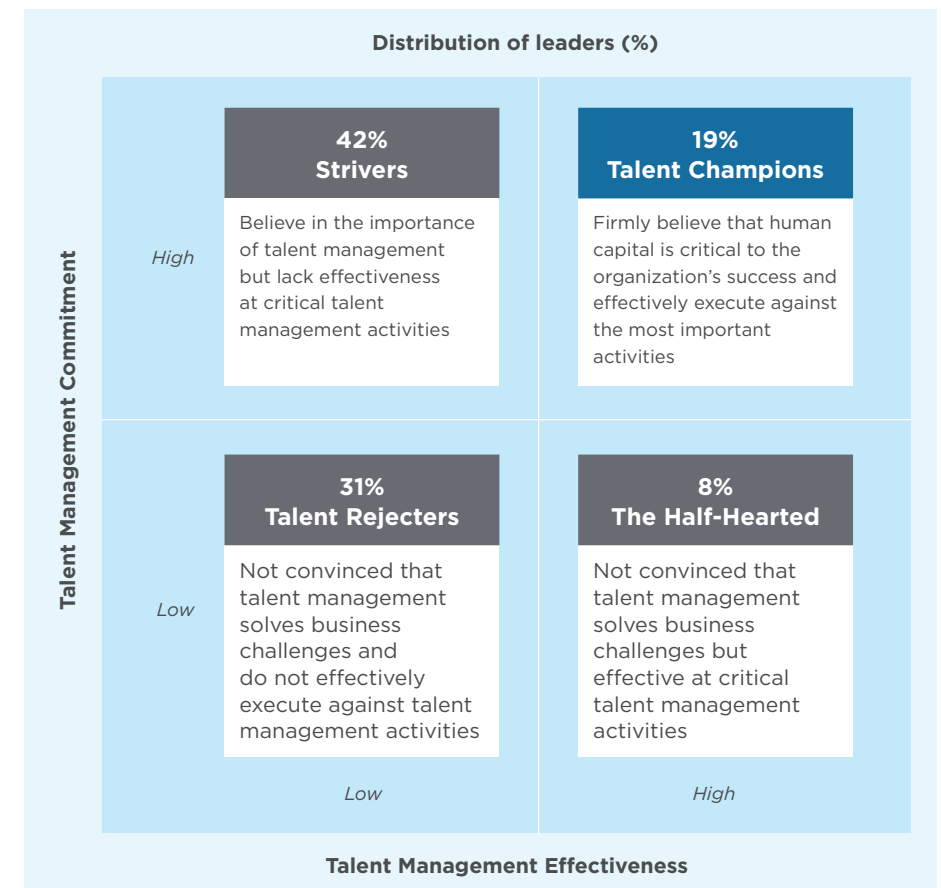
Step 1: Cultivate Talent Champions

As the 70-20-10 model implies, line managers are the key players in the leadership-development process. They do the heavy lifting by working with high-potential leadership candidates every day and overseeing the vast majority of their development through on-the-job learning and individual coaching and mentoring. So the first task of senior leaders is to develop line managers into what the Corporate Leadership Council refers to as "talent champions" – managers who recognize the vital importance of developing a cadre of up-and-coming leaders and take responsibility for preparing them. Effective talent champions make a measurable impact on their organizations: The Corporate Leadership Council has found that in the corporate world, talent champions outperform their peers in meeting business goals, delivering 6 percent higher business unit revenue and 7 percent higher business unit profits than average.[9] And it's reasonable to think that talent champions can help nonprofits perform better, too.

[9] Corporate Leadership Council Human Resources, *Corporate Leadership Council Talent Management Effectiveness Survey.*

But the Corporate Leadership Council also has found that only 19 percent of managers in the corporate world might be characterized as "talent champions." Most fail either to be sufficiently committed or effective. And in our interviews with senior nonprofit leaders, many noted the variation they find in their managers' ability to effectively develop others.

The presence (or lack) of Talent Champions

Leaders have one of four mindsets about talent

Distribution of leaders (%)

Talent Management Commitment — High / Low

42% Strivers
Believe in the importance of talent management but lack effectiveness at critical talent management activities

19% Talent Champions
Firmly believe that human capital is critical to the organization's success and effectively execute against the most important activities

31% Talent Rejecters
Not convinced that talent management solves business challenges and do not effectively execute against talent management activities

8% The Half-Hearted
Not convinced that talent management solves business challenges but effective at critical talent management activities

Low — High

Talent Management Effectiveness

Talent commitment includes both leaders' individual enjoyment and commitment to talent management, and leaders' perceptions of its importance to the organization.

Talent effectiveness consists of business leaders' performance at both organization-wide talent management activities and individual talent management activities.

Source: CLC Human Resources, *CLC Talent Management Effectiveness Survey, Corporate Executive Board*

How can organizations increase the proportion of talent champions within their management ranks? In the first two chapters we highlighted several high-impact actions that the CEO and senior leaders can take to promote leadership development. They can:

- Make the case for investing in leaders with a clear vision of the link between leadership development and achieving impact.

- Integrate leadership-development processes into existing work processes, such as monthly or quarterly check-ins, senior team or department meetings, and annual reviews.

- Hold senior leaders, HR, and others accountable for leadership development by setting goals and reviewing progress against Plan A, and stepping in when a senior leader's actions run counter to the leadership-development norm.

- Reinforce all of the above by investing in developing the senior team – and asking the board to make the same investment in the CEO.

These are crucial activities because they model leadership-development behaviors for the rest of the organization. In addition, by singling out talent champions for recognition, the CEO and senior leaders can highlight examples of high performance, where a leader is successfully developing others. This type of soft accountability or peer pressure can be even more powerful than formal job requirements, particularly when coupled with coaching and training in areas where managers are struggling.

Support is especially important when working with first-time managers or managers just making the transition from managing individuals to managing groups. These managers often lack all the skills and competencies to fulfill their role as talent champions, coaches, and mentors. Their work experience may not have prepared them to think of themselves as talent developers. They may also need help changing their work habits and time allocations to make room for these unfamiliar responsibilities. Focusing support and development efforts on individuals transitioning into managerial work can pay big dividends, as first-timers acquire leadership-development skills – and the leadership-development mindset – as they learn the other skills needed for their new jobs.

That approach is rewarding KIPP, the charter-school management organization that provides high-quality education to some of America's neediest children. Recognizing they were stretched thin by rapid growth, KIPP's leaders made a considered decision to make the organization's school principals and grade-level and subject-matter leaders – in effect, their line managers – champions of the leadership-development process. They reinforced this message by revising their leadership-competency model to put greater emphasis on people management. And to make sure school leaders were equipped to manage and develop talent, they convened gatherings where school leaders could meet with peers to discuss their challenges, share the leadership-development methods that worked, and coach one another in talent and leadership development. The organization also created opportunities for up-and-coming managers to shadow school leaders. As they followed these leaders, the up-

and-comers gained practical insights into being a talent champion, insights they were able to put into practice when they transitioned into leadership roles.

Recognizing the difficulties young teachers faced when jumping to a leadership role, KIPP created support materials designed to ease the transition (see exhibit "Support for Leadership Transitions at KIPP"). The materials explained the competencies that new principals and other school leaders needed to cultivate and advised them on structuring their time for maximum effectiveness. Perhaps most important, the support materials helped new leaders with the shifts in perspective and time that their new roles required – for example, from focusing on a single class's academic performance and behavior to attaining school-wide results, or from focusing on developing their students' abilities to developing the abilities of their fellow teachers. By emphasizing talent development from the outset, KIPP is sowing the seeds of a leadership culture.

Support for Leadership Transitions at KIPP

(Excerpts from the KIPP Leader Progression Road Map: Grade Level Chair to Assistant Principal)

Competency shifts: Which competencies change the most?

Critical thinking & problem solving	• There are more challenges to anticipate and address, they are more complex, and impact the entire school. • In addressing larger-scale/school-wide problems, you must consider a greater number of stakeholders. • You must analyze, weigh options, and propose solutions more quickly than before.
Decision making	• You make decisions with an increased sense of urgency, and do so on a daily basis. • You must publicly stand by difficult and controversial decisions that you (or the Principal) make. • You are obligated to communicate decisions to many more stakeholders in a timely manner.
Communication	• You now frequently communicate to the entire school community. • You must adapt your communication style appropriately across several different audiences within the school. • You will periodically speak on behalf of the Principal.
Impact & influence	• You now often work through other school leaders (e.g., GLCs) to motivate and inspire students. • You adapt your leadership style appropriately to influence diverse audiences in the school. • You must be consistently persuasive in inspiring others to act.
Performance management	• You now work directly with teachers to set their individual performance goals. • You now hold both teachers and grade-level teams accountable for results that roll up to the school level. • You participate in managing formalized performance evaluation.

Source: KIPP Leadership Progression Road map, Grade Level Chair to Assistant Principal

Perspective shifts: The changes in what you value and where you focus

Focusing on academics and behavior within the grade level	→	Focusing on school-wide results
Focus on gaining the respect and trust of students and teachers in your grade level for leadership credibility	→	Focus on gaining the respect and trust of all students and staff in the school for leadership credibility
Valuing GLCs who will provide helpful peer feedback	→	Valuing GLCs who will carry the leadership team's message forward
Valuing your network of peers within your school for support and empathy	→	Valuing networking with peers nationally across KIPP for support, empathy, and sharing best practices
Focusing on maintaining a presence among students in your grade	→	Focusing on having a visible presence in most/all school-wide activities

Source: KIPP Leadership Progression Road Map, Grade Level Chair to Assistant Principal

Time shifts: The changes in your daily work

Your core responsibility is instructional excellence within the grade	→	Your responsibility may be school-wide administration, discipline, or academics
Driving the grade-level agenda	→	Driving the school-wide mission
Mostly predictable daily tasks	→	Tasks that vary daily and may change unexpectedly
Building relationships with a limited group of students and teachers	→	Building relationships with all students and teachers in the school
Leading and coordinating a team of teachers	→	Leading and coordinating a team of managers
Providing coaching and informal feedback to teachers	→	Supporting formal performance management of teachers
Creating and managing instructional plans	→	Empowering GLCs to manage instructional plans
The majority of your work day is spent teaching in the classroom	→	The majority of your work day is spent outside the classroom

Source: KIPP Leadership Progression Road Map, Grade Level Chair to Assistant Principal

Step 2: Identify Organizational Needs and Craft Development Opportunities

The work of identifying the competencies that future leaders need flows naturally from the planning process discussed in Chapter 2, where you envisioned the organization's leadership needs in three years and mapped out a plan – Plan A – to develop or hire the people capable of meeting those needs. By the time you have prepared your Plan A and conducted the talent review, you will have a pretty clear idea of your organization's competency gaps. You and your leadership team can then study the organizational calendar and pinpoint the special projects, cross-cutting initiatives, board presentations, and the like where future leaders can gain experience. It's also a good time to zero in on any formal training or mentoring that, when coupled with appropriate on-the-job activities, might address the most glaring gaps.

If you have the time and the resources, you can also perform a more in-depth study of leadership competencies and the means of developing them. That's what the YMCA of the USA (Y-USA) did recently, conducting a two-year study to identify the competencies its staff needed in order to meet the leadership challenges of the future and to provide a road map for developing them. Based on its findings, Y-USA created a comprehensive development guide, *Developing Cause-Driven Leaders,*[10] that identifies 18 competencies, grouped into four categories, and offers practical suggestions for developing them.

The Y's guide is a resource for any nonprofit committed to leadership development. But your organization can launch and sustain a leadership-development program without going to the same lengths. The key is to identify ongoing activities that leadership candidates can engage in to develop needed competencies. Your organization offers plenty of opportunities to execute your Plan A by putting your rising stars in leadership situations, at little cost and with minimal disruption to operations. You could assign a leadership candidate to make an important presentation to your board or to important stakeholders, for example, or place several candidates on a cross-functional task force. Whatever the assignment, the Corporate Leadership Council recommends[11] that for maximum effectiveness, the opportunities involve four elements:

- **Discomfort** – Assignments should take candidates out of their comfort zones and call on skills other than those they have mastered.

- **Accountability** – Candidates must take ownership of their assignment and be held responsible for the results of their work.

- **Clarity** – The lesson the assignment is intended to teach should be clear to the candidate.

- **Relevance** – Each assignment should teach a skill or competency that leadership candidates need in their current roles, as well as in roles they may be asked to play in the future.

At the Y, leadership candidates who need competence in philanthropy, for example, are encouraged to research and write a grant proposal. The Y suggests that supervisors link the leadership candidate with an experienced grant-writer who can explain the research process and furnish examples of successful proposals, and also give the candidate a suggested reading list. But it's the candidate's responsibility to prepare the proposal – an exercise well outside his or her comfort zone – and take responsibility for its results. The purpose of the assignment is clear, and its relevance to the candidate's work is plain.

Step 3: Co-create Individualized Development Plans

When senior leadership has identified the activities where future leaders can build their competencies, it's time for line managers to work with staff members one-on-one to create a development plan. These discussions can be built into the performance-evaluation process, which is a natural setting for discussing the skills that staff members need to do their current jobs effectively. It's not necessary, though, to prepare the individual development plan during the review meeting. Indeed, some organizations prefer to separate development and evaluation conversations to allow sufficient time and reflection for both conversations.

Whenever you schedule the development conversation, it's important to candidly discuss the staff member's aspirations, career trajectory, and goals. If a staffer wants a greater leadership role, there needs to be an honest assessment of the skills and competencies he or she must cultivate to get there. The staffer might need to work on several areas of performance, but as a practical matter, it's important to settle on two or three priorities. These are the areas to focus on during the coming review cycle.

When managers and a staffer have agreed on the development focus, they can turn to creating a development plan to address these needs. In our discussions with nonprofits, we have heard over and over again that the most effective plans reflect a true collaboration. Staffers who participate actively in crafting a development plan feel a sense of ownership they can't get from one they have inherited. It's up to managers to provide the support and guidance that staffers need to meet their development goals, but ultimately, it's the staffers' responsibility to carry out their plans and be accountable for its results. It's a responsibility that most people will be happy to take on if they feel like full partners in the planning process.

Below you'll see a simple template that Y-USA has created to help managers and staffers formulate development plans and fit them within the 70-20-10 framework. The timing for creating an individual's plan is left to each affiliate, but the national organization recommends beginning the planning process only after the formal evaluation is completed. This is to allow time to reflect and create a well-thought-out

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[10] *Developing Cause-Driven Leaders: Leadership Competency Development Guide,* www.pvfymca.org/files/LCM_Guide_1-2011.pdf.

[11] "Unlocking the Value of On-the-Job Learning," www.ldr.executiveboard.com.

Y sample development plan

NAME: Jill Sample **LEADERSHIP LEVEL IN CURRENT ROLE:** Team Leader

	ASSESS DEVELOPMENT OPPORTUNITIES USING 70/20/10 LEARNING FORMULA*: Refer to the Leadership Competency Development Guide for suggested experience-based learning assignments, key coaching questions, formal training, self-study & valuable tips.					
I. Leadership Competency to Develop	II. Experience-based Assignments (70%)	Target Dates	III. Who will you ask to help (and how)? (20%)	Target Dates	IV. Formal Training & Self-Study (10%)	Target Dates
(a) Philanthropy (b) Behavior Description(s): • Designs and conducts training programs for volunteers, staff, and other groups in order to educate them about the charitable nature of the Y. • Secures gifts from prospective donors in order to generate financial support for the Y's mission.	1. Give a presentation about the Y's mission impact and community benefit to a group of prospective members or donors. 2. Research opportunities and write a successful grant proposal.	By: 3/31/2011 By: 6/15/2011	Sarah Brown, Chief Development Officer at my YMCA (possible coach or shadow opportunity). Doug Robinson, Grant Writer for local school (could teach me to effectively conduct research and provide samples of grants). Debbie Wagner, Senior Administrative Assistant (may offer tutorial for creating effective PowerPoint presentations).	Contact by: 1/20/2011 Set meeting: 2/28/2011 Contact by: 1/20/2011	Read the book: *How to Ask Anyone for Any Amount for Any Purpose* by L. Fredricks. Attend AFP International Conference on Fundraising	By: 2/01/2011 Scheduled: 3/20–3/23, 2011

Select Leadership Certification: _____ Working toward achieving a new Leadership Certification
_____ Maintaining current Leadership Certification with 20 Leadership Certification Credits every 5 yrs & Assessment

Circle Leadership Certification you're working toward achieving or maintaining: Team Leader • Multi-Team/Branch Leader • Organizational Leader

*70/20/10 Learning Formula describes how leadership competencies are developed. 70% of learning and development comes from real-life, on-the-job experiences; 20% of learning and development comes from coaching, feedback, and from observing and working with role models; 10% of learning and development comes from formal training.

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plan. Both the performance review and the staffer's self-assessment of leadership competencies (which staffers can fill out using an online Y tool) factor into the plan, which isn't complete until it includes training and coaching components, as well as on-the-job learning.

Step 4: Follow Through on Development Plans

The best-laid plans have little impact if they sit on the shelf. That's why senior leadership must track the implementation of development plans and share their findings with the managers and staffers responsible for them. In organizations where development is ingrained in the culture, it's often enough for senior leaders to monitor progress informally, checking in with the people responsible and offering ad-hoc feedback and guidance. But organizations that are new to leadership development may want to institute formal tracking programs.

It's a good idea to schedule formal progress reviews at least semi-annually, and possibly more frequently in some types of organizations. Y-USA, for example, encourages managers to check in with staffers every quarter to review plan progress and make any adjustments. The check-ins usually don't take long, but they help ensure that there are no surprises during annual performance evaluations, when managers review each staffer's progress in meeting development goals. Project-based nonprofits might want to schedule reviews to coincide with major milestones in the project cycle. And it may be necessary to check in frequently with individuals who are struggling to fulfill their plans or who have just taken on significant new leadership responsibilities. To minimize disruption, these progress reviews should be tied into the organization's existing management processes and review cycles. The more closely they integrate into the workflow, the easier they'll be to implement and track.

The Rest of the Story

Whew. You have to admit (if only to yourself) that it was a little scary when you first considered the skills you'd need to develop in your leadership candidates to meet your organization's future needs. And it's true, some of your line managers are still finding their sea legs as talent champions. It's not easy for them to conduct the honest development conversations that your leadership candidates need to advance. That's why you have repeatedly touched on the topic during management team meetings. Good thing your COO is a born talent champion. The work she has done with her team is a real inspiration to your other senior team members. She has worked with her people to craft thoughtful individual development plans, and they have shown real imagination in choosing activities to build their leadership competencies. Now, of course, you'll have to keep a close eye on people to make sure they're putting their plans into practice. But that's all in a day's work – kind of like leadership development, come to think of it.

But (and there's always a "but," isn't there?) it's clear that you won't be able to fill all your organization's leadership needs internally. Your bench is a bit thin in a couple of places, and you're going to have to hire externally to fill some critical positions. There are some good candidates out there, but your organization has its own way of doing business. How can you be sure the people you hire will fit in and start contributing to your Plan A on Day One? OK, that's your next challenge.