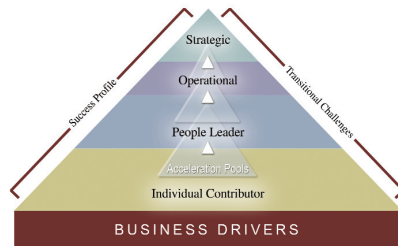




WHITE PAPER



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OPTIMIZING YOUR LEADERSHIP PIPELINESM FOR: OPERATIONAL LEADERS

IN THIS PAPER:

- > Challenges facing operational leaders
- > The midlevel Success ProfileSM
- > Assessing and developing operational leaders
- > Common categories of concern at this level

When organizations face growth or complex change operational or midlevel leaders play a critical role. Yet when corporations face belt tightening, reengineer their business process, push decision making down lower in the organization, introduce new technology, or downsize, leaders at the midlevel often take the hardest hit.

This level differs wildly, with some leaders holding strategic titles such as “vice president” while being groomed for executive positions in the near future. Others are much closer to the frontline ranks, managing other leaders but still quite tactical in purpose. Regardless, whether the issue is insufficient skills or numbers, shortcomings at the operational level come with a high price. Frontline and first-time leaders lack vital coaching and support. Companies struggle to execute business strategies because midlevel managers play a significant role in connecting strategies to the goals and accountabilities of those leaders

and teams who work with them. And when the top ranks of this leadership level are too thin, organizations face succession management issues while relying on other, less skilled leaders to handle sophisticated work they may not be prepared to tackle.

For these reasons, and many more, operational leaders are important to a healthy Leadership PipelineSM within any talent-focused organization. This paper focuses on the unique challenges—and infinite opportunities—that organizations must consider when developing these leaders.

CHALLENGES

Moving from a frontline to midlevel position is a significant and challenging transition. As these leaders move up the ladder, struggles include:

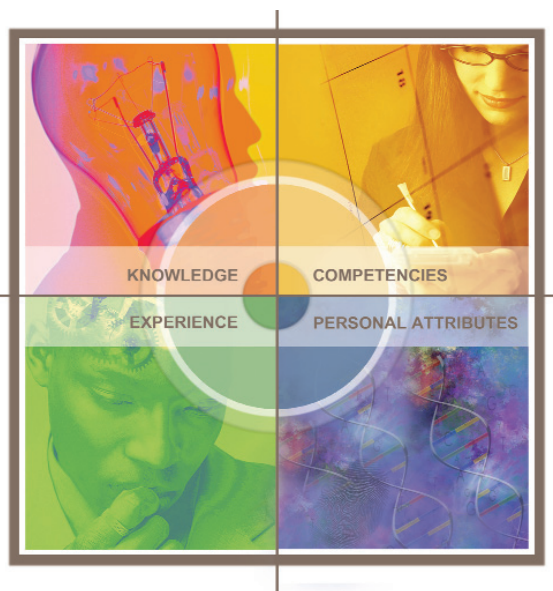
- > Increasing spans of control by managing other leaders. This means playing a key role in both the coaching and development of new leaders, and fostering collaboration and networking between their own teams and other parts of the organization.
- > Shifting their time (and minds) from day-to-day tactical activities to key operational and strategic issues.
- > Taking on accountability for leading business units and teams, including responsibility for top-line growth and profitability.
- > Balancing the multiple requests from the top of the organization with the needs and expectations of those who work for them.

So with all of the challenges that come with leading other leaders, what should organizations look for in leaders at this level?

THE OPERATIONAL LEADER SUCCESS PROFILESM

A successful operational leader will have a unique combination of skills, knowledge, experience, and personality attributes which comprise a Success ProfileSM (See Figure 1).

FIGURE 1: COMPONENTS OF A SUCCESS PROFILESM



Competencies

Some of the most critical skills/competencies for midlevel leaders include:

- > Translating strategic priorities into operational reality by aligning communication, accountabilities, resource capabilities, internal processes, and ongoing measurement systems.
- > Introducing and managing change by continuously seeking opportunities for different and innovative approaches to addressing organizational problems and opportunities.

- > Honing analysis and decision-making skills, which includes relating and comparing, securing relevant information and identifying key issues, creating back-up plans, and committing to an action.
- > Building customer loyalty and engagement by cultivating strategic relationships and ensuring that the customer perspective is always considered.
- > Creating strong partnerships with others through appropriate interpersonal communication to influence and build effective relationships with business partners.
- > Establishing systems and processes to attract, develop, engage, and retain talented individuals who enable the organization to meet current and future business challenges.

Knowledge

Operational leaders need:

- > Keen awareness of their company's business model, financial history and future, competitive analysis, and other key operational statistics.
- > Greater understanding of other parts of the organization and processes, products, technology, or functions.
- > Overall knowledge of business unit and corporate strategies, and critical measures of success.
- > In multinationals, increased knowledge of international operations, global markets, and cultural differences.

Experience

Experience will vary considerably based on the role of the operational manager, which could be close to the frontline or closer to executive level.

A few common experiences include:

- > Leading a business unit with profit/loss accountabilities.
- > Managing a significant function such as marketing, sales, finance, or I.T.
- > Leading cross-functional teams or matrix units in areas such as product launches, quality improvement, customer loyalty, and so on.
- > Preparing and presenting business plans.
- > If multinational, a global assignment or project would be advantageous.

Personal Attributes

Successful midlevel managers should demonstrate:

- > Hunger for continued learning and growth.
- > High receptivity to feedback.
- > Significant flexibility/adaptability.
- > Humility coupled with self-confidence.
- > Willingness to take reasonable, calculated risks.
- > High interpersonal sensitivity and perceptivity, successfully connecting with people and understanding where they are coming from.

Success ProfilesSM paint the target. There are a variety of means to develop and confirm them. An efficient means involves the use of the online job analysis advice and tools contained in DDI's Success Profiles: Navigator[®]. This software guides and documents the process from start to finish.

ASSESSING OPERATIONAL LEADERS

Once a Success Profile is determined, a range of assessment tools help organizations measure an individual against the competencies, knowledge, experience, and personal attributes defined by the Profile. We

commonly see three distinct reasons that prompt organizations to evaluate operational leaders, which are:

1. To assess how an individual is performing in their current role.
2. To uncover leadership potential, and the likelihood of leadership growth.
3. To determine readiness for and fit with a new role, job, or job family.

In this section, we'll detail a number of assessment options to accomplish each of these goals.

Assessing Performance

Assessing performance in current roles requires an effective and disciplined approach to performance management and evaluation. The information discussed or gathered during the performance management process is often unreliable. Senior managers either lack the skills and/or discipline to conduct rigorous appraisals of people or operational leaders. Or, they are fearful of differentiating superior performers from average or low performers. DDI's Maximizing Performance[®] system provides organizations with a solid approach to improving the rigor, discipline, and effectiveness of a performance management system by building the skills and confidence that high-level managers need to accurately gauge other leaders' current performance.

Multirater tools (360°) are also effective in supplementing a sound performance management process by gathering perceptions of current performance from peers, subordinates, higher level managers, and customers. DDI offers two approaches to multirater evaluation: Leadership Mirror[®] for a traditional multirater or self-only assessment;

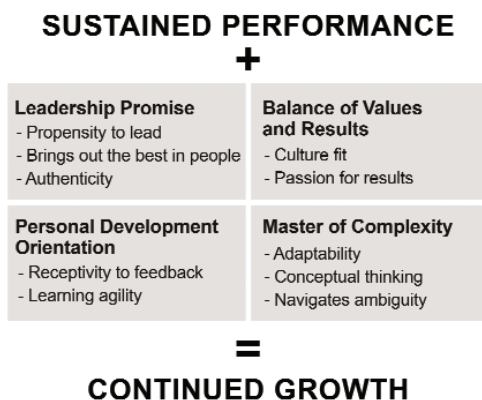
and Targeted Feedback[®], which parcels out top-priority strengths and growth areas requiring the most attention.

Assessing Potential

Failure rates of operational leaders continue to soar, costing organizations lost customers, low team engagement, and high replacement costs. Getting an accurate reading on the potential of leaders being considered for midlevel management positions helps organizations make better selection and promotion decisions.

DDI's Leadership Potential Inventory process can help you identify potential effectively, focusing your investment on those individuals who will generate the highest ROI in terms of their ability to grow quickly and broadly. Based on our experience, the factors that comprise potential are very difficult to develop. DDI's research on this topic yields four key areas that indicate leadership potential: leadership promise, personal development orientation, a balance of values and results, and a mastery of complexity (See Figure 2).

Figure 2: Four key areas that indicate leadership potential.



Assessing Readiness

One of the key functions of a Leadership Pipeline is to promote leaders through the

ranks of management. It's not enough to discern that a person has the potential to be a leader; organizations need confidence that a person is ready to step into a new role, get up to speed quickly and deliver good performance without a huge learning curve. With this imperative in mind, three key contextual variables must be considered when choosing a tool to assess readiness:

- > **Risk:** what is the danger associated with a poor fit between the individual and his or her new position?
- > **Volume:** how many people need to be assessed?
- > **Role:** what tools (simulations, exercises, surveys, tests, etc.) will produce the most relevant information to use in making a selection decision for a specific position?

Operational roles vary widely between organizations. For roles that are more strategic and high-level, risk is the key concern because the cost of a poorly performing key leader is substantial. For the leaders of leaders who are closer to the frontlines, consideration of the role may be more important. Organizations need confidence that a leader can move from a role managing just a few other people into a role managing other leaders and their teams.

Some of the tools useful in assessing readiness include:

- > **Behavioral Interviewing:** DDI's Targeted Selection[®] (TS[®]) system gathers information on a candidate's past experience, behaviors, and skills relevant to those required in an upper-level role. TS is tailored to the organization's specific Success Profile and is backed by over three decades of research. TS is helpful for both promotion and outside hiring.

- > **Simulations:** DDI offers a series of simulations designed around an operational leader role, which assess a candidate's abilities regarding competencies or skill areas they have not had an opportunity to perform. Examples include launching a new product, building global partnerships, managing strategic customer relationships, coaching a subordinate manager, and preparing a business plan. These simulations are usually tied together into a single "day-in-the-life" assessment lasting anywhere from a half- to a full day based on organizational needs and how the information will be used. Assessing Talent[®] offers platforms for operational leaders that can be delivered onsite, using web-based technology and telephone role plays. Candidates can also travel to DDI's Acceleration Centers[®] for a thorough, more immersive experience. During the simulation experience, the participant receives an agenda with appointments, holds meetings (virtually or live) with role players, and completes e-mail and analysis exercises.
- > **Personality and Leadership Inventories:** Personality attributes often come into play in determining a candidate's ultimate success—or failure—in higher level roles. DDI's Global Leadership Inventories gauge both personality enablers (e.g., ambition, learning orientation) and potential derailers (e.g., risk adverse, arrogance).
- > **Executive Interviews:** Allow participants to engage in an intimate, one-on-one dialogue with an experienced interviewer in order to explore readiness and development gaps around targeted elements of a success profile (knowledge, experience, skills, personality attributes).

Executive interviews are tailored to tap into critical organizational business drivers pivotal to leadership success or failure for a given role. Interviewers focus on gaining insight into past business impact (experience) as well as future-focused scenarios that represent new realities or challenges the participant may face.

No single method, no matter how accurate, tells you the whole story of an individual's potential for success. Job situations vary, as do the characteristics required to be successful, and specific techniques are better measures of personal characteristics than others. Using multiple assessment methods or tools increases overall accuracy.

All of the tools mentioned above yield information that's valuable as part of a Strategic Talent Review. This process provides a thorough analysis of what talent is present in your organization for line decision makers and other organizational stakeholders, and often becomes the foundation of an active dialogue on how well-equipped a level, strata, or group of leaders are to execute a desired strategy based on the outputs from the assessment phase. A Strategic Talent Review will cover each high potential, their assessment results, and how they stack up against the key business drivers. It also provides a group-level analysis, allowing an aggregate view of how ready your leaders are to deliver on the key business drivers.

Holistic profiles in individualized reports also provide a rich foundation for participant feedback and development planning. DDI's best practice approach to development also engages the participant's manager, maximizing return on development for the individual and the organization by ensuring appropriate support and alignment to business objectives.

DEVELOPING OPERATIONAL LEADERS

Unlike first-time and senior leaders, operational leaders vary widely in terms of roles and accountabilities. In many larger organizations, a midlevel manager may manage three to four team leaders in a manufacturing environment, manage a call center operation, or may even be responsible for running an entire business unit in a role with global responsibilities. The majority of operational leaders play either general leadership roles or roles requiring a high-level of functional expertise, such as R&D, finance, or marketing. Additionally, organizations must address both transitional development needs for newer midlevel leaders, as well as requirements for longer-term mastery among established leaders with potential for strategic roles.

After development experiences, coaching and support to reinforce skill qualification becomes critical. And, as managers move up the ladder more and more development will take place beyond the walls of a physical classroom.

The bottom line is that a “one-size-fits-all” approach to development at this level is unlikely to work. Reliable assessment data from the methods described above helps pinpoint specific development needs for each manager, allowing a more efficient approach to learning and development. And, multiple learning approaches and a wide variety of content exist to meet the development needs at this level.

- > **Formal learning experiences.** DDI’s Business Impact LeadershipSM: Mid-Level Series addresses the four critical challenges today’s midlevel leaders must master: Driving performance in a

changing world, managing horizontal integration in a complex organization, leading and developing talent, and making the tough decisions. The curriculum offers a suite of high-impact courses specifically designed for operational leaders.

Relevant, engaging, and extraordinarily focused on business application, these learning experiences enable midlevel leaders to meet their mandate and ultimately drive the success of their organization. Topics include: Translating Strategy into Results, Making Change Happen, Cultivating Networks and Partnerships, Operating with a Global Perspective, Influencing for Organizational Impact, Developing Organizational Talent, Coaching for High Performance, Mastering Emotional Intelligence (EQ), and Handling Challenging Situations with Courage.

Some courses from our Interaction Management[®] system (which includes courses for individual contributors and frontline leaders) can be used at this level when specific skills need to be addressed. Specifically, courses such as “Working as a High-Performing Team” and “Valuing Differences” address needs that Business Impact Leadership courses do not.

- > **Internal coaching support from their managers and action learning assignments.** Coaching and action learning needs to be offered with an operational leader’s specific needs in mind. Coaching helps operational leaders address challenges, while action learning fosters the acquisition of new skills.

- > **External focus coaching.** For high potentials in the process of assuming an operational-level position, external coaches are valuable allies who can help them assimilate and get their footing during a stressful transition. For incumbent leaders, coaches facilitate focus on specific development needs or tackle unique problems.
- > **Online performance support tools.** DDI offers Development Accelerator, a web-based resource that provides operational leaders, along with their mentors and coaches, access to the most current and cutting-edge insights on developing critical leadership skills.

COMMON CLIENT SCENARIOS

Our clients often ask us to provide content or deliver solutions in these situations:

- > Many organizations are in the process of transformation or shifting their business strategy to remain competitive and relevant in the marketplace. They want to build their ability to execute on strategies, and know that operational leaders are key to their success.
- > Other companies have a strong history of frontline leader development and/or executive development, but have overlooked the development of middle managers who are critical to executing business strategy. They may believe that their operational leaders need to sharpen basic leadership skills. In many cases,

we find individual managers or entire groups have never mastered these skills or are in dire need of a refresher.

- > Still other organizations want to create an integrated development experience for high potentials that incorporates an assessment experience, targeted development activities, and ongoing coaching. Or perhaps they have already invested in assessment and/or development, and want to answer the question “what’s next” for their leaders to ensure that their hard work pays off and sustains over time.
- > Finally, many companies have an eye to the future and want to develop a stronger Leadership Pipeline. This includes identifying potential among frontline leaders, transitioning leaders into midlevel positions, and developing the gaps in groups’ and individuals’ skills and capabilities.

Operational leaders are both the linchpin between strategy and tactical execution and the next generation of strategic leaders. To keep their Leadership Pipeline flowing, organizations must re-focus on developing managerial mastery and cultivating the special subset of midlevel leaders who have the potential to lead at the next level.

For additional thought leadership and other white papers in the “Optimizing Your Leadership Pipeline” series, go to www.ddiworld.com/leadershippipeline.

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