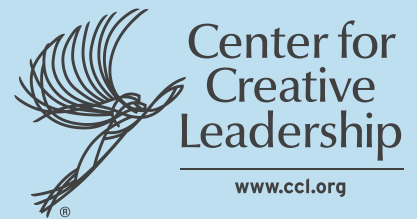


The Leadership GAP



What you need, and don't have,
when it comes to leadership talent

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Many managers and executives are voicing their fears that the talent they have is not the talent they need.

In recent years, CCL has heard from clients, executives, and human resources professionals that their organizations are experiencing talent deficiencies within their employee base. The rumblings began nearly a decade ago and have grown louder and stronger. Companies have waged intense recruiting wars for talent, while debating the best systems for identifying, selecting and developing key talent—and, still, aren't sure they are building the capacity they need for the future. The pressure is felt by CEOs, too. Many are spending time on talent issues and are increasingly being held accountable by their Boards and investors for the strength of their talent pools.

Although economic and operational decisions may be taking priority over talent development in the short-term, today's challenging times also underscore the importance of effective leadership. Layoffs, early retirements, and dramatically changing market realities are adding another layer of complexity to companies' understanding of what they need in terms of talent.

This paper shares findings from a Center for Creative Leadership study conducted between 2006 and 2008, designed to explore the concern that leadership skills are lacking. We surveyed 2,200 leaders from 15 organizations in three countries. The study showed that crucial leadership skills in today's organizations are, in fact, insufficient for meeting current and future needs. This special report also provides recommendations for organizations seeking to assess and bridge the gap between where they are and where they need to be as they adjust and re-invent themselves in the coming months and years.

Introduction

Businesses, government agencies, non-profits, and educational organizations need leaders who can effectively navigate complex, changing situations and get the job done. The questions that need to be asked at the organizational level are: who do we have, what do they need to do, and are they equipped to do it?

CCL conducted a research study to determine if the current level of and type of leadership skills are sufficient to meet organizational needs.

The project was designed to address the following questions:

- What leadership skills and perspectives are critical for success now and in the future?
- How strong are current leaders in these critical skills and perspectives?
- How aligned is today's leadership strength with what will be the most important skills and perspectives in the future?

A leadership gap or deficit may have one of two causes: when leaders are focused on the right competencies, but haven't sufficiently mastered them, or when leaders are not focused on the right skill areas. The first is a matter of degree; the second is a matter of substance. Either can be a problem in both the short- and long-term.

Organizations (and individual leaders) want to avoid a discrepancy between areas of strength and areas of need; however, the data from the CCL study indicate that organizations today are experiencing a current leadership deficit and can expect a leadership gap in the future.

Key findings of the CCL study:

- 1** Seven leadership skills are consistently viewed as most important now and in the future. They are: leading employees, strategic planning, inspiring commitment, managing change, resourcefulness, being a quick learner, and doing whatever it takes.
- 2** Leaders lack the skills they need to be effective today. Of the "top five" needs – inspiring commitment, strategic planning, leading people, resourcefulness, and employee development – only resourcefulness is considered be a "top ten" skill. This is what CCL calls "the current leadership deficit."
- 3** Leaders are not adequately prepared for the future. Today's leadership capacity is insufficient to meet future leadership requirements. The four most important future skills – leading people, strategic planning, inspiring commitment, and managing change – are among the weakest competencies for today's leaders. The leadership gap, then, appears notably in high-priority, high-stakes areas. Other areas where there is a significant gap between the needed and existing skill levels are: employee development, balancing personal life and work, and decisiveness.

How can the research be used?

When important competencies are found to be weak spots, targeted development initiatives can be put into place. The 15 companies that participated in the CCL study were able to use their specific data to better understand their particular strengths, challenges, current leadership deficit, and anticipated future leadership gaps.

The research has raised the alarm about the limitations of current leadership skills, identified high-priority competencies, and flagged areas of particular concern. This information can help senior management facilitate conversations about the identification, development, and retention of key leadership talent. Research findings can also help organizations address the need for leadership development in a way that is current and realistic.

This research protocol has also been adapted by CCL into a new, online tool for organizations to assess their specific leadership gap. The Leadership Gap Indicator is available beginning June 2009 and can be accessed at **www.ccl.org**.

Part One: Identifying the Need

For organizations to build leadership strength, they first need to know what elements of leadership are needed and valued in the organization and for what roles. This may be an obvious point, but it is one that has organizations spending enormous sums of money and time trying to define needed competencies.

For this research and for the framework included in the Leadership Gap Survey, CCL relies on the competencies measured by Benchmarks, a CCL tool that assesses the characteristics of successful executives. Fine-tuning or customizing an organization's competency model may be a needed and valuable task as organizations build a leadership strategy and create development initiatives; however, the following 20 skills and perspectives have been identified and refined through research and work with leaders and organizations:

1. **Balancing personal life and work** - balancing work priorities with personal life so that neither is neglected.
2. **Being a quick learner** - quickly learning new technical or business knowledge.
3. **Building and mending relationships** - responding to co-workers and external parties diplomatically.
4. **Compassion and sensitivity** - showing understanding of human needs.
5. **Composure** - remaining calm during difficult times.
6. **Confronting people** - acting resolutely when dealing with problems.
7. **Culturally adaptable** - adjusting to ethnic/regional expectations regarding Human Resource practices and effective team process.
8. **Decisiveness** - preferring doing or acting over thinking about the situation.
9. **Doing whatever it takes** - persevering under adverse conditions.
10. **Employee development** - coaching and encouraging employees to develop in their career.
11. **Inspiring commitment** - recognizing and rewarding employees' achievements.
12. **Leading people** - directing and motivating people.
13. **Managing change** - using effective strategies to facilitate organizational change.
14. **Managing one's career** - using professional relationships (such as networking, coaching, and mentoring) to promote one's career.
15. **Participative management** - involving others (such as listening, communicating, informing) in critical initiatives.
16. **Putting people at ease** - displaying warmth and using humor appropriately.
17. **Resourcefulness** - working effectively with top management.
18. **Respecting individuals' differences** - effectively working with and treating people of varying backgrounds (culture, gender, age, educational background) and perspectives fairly.
19. **Self-awareness** - recognizing personal limits and strengths.
20. **Strategic planning** - translating vision into realistic business strategies, including long-term objectives.

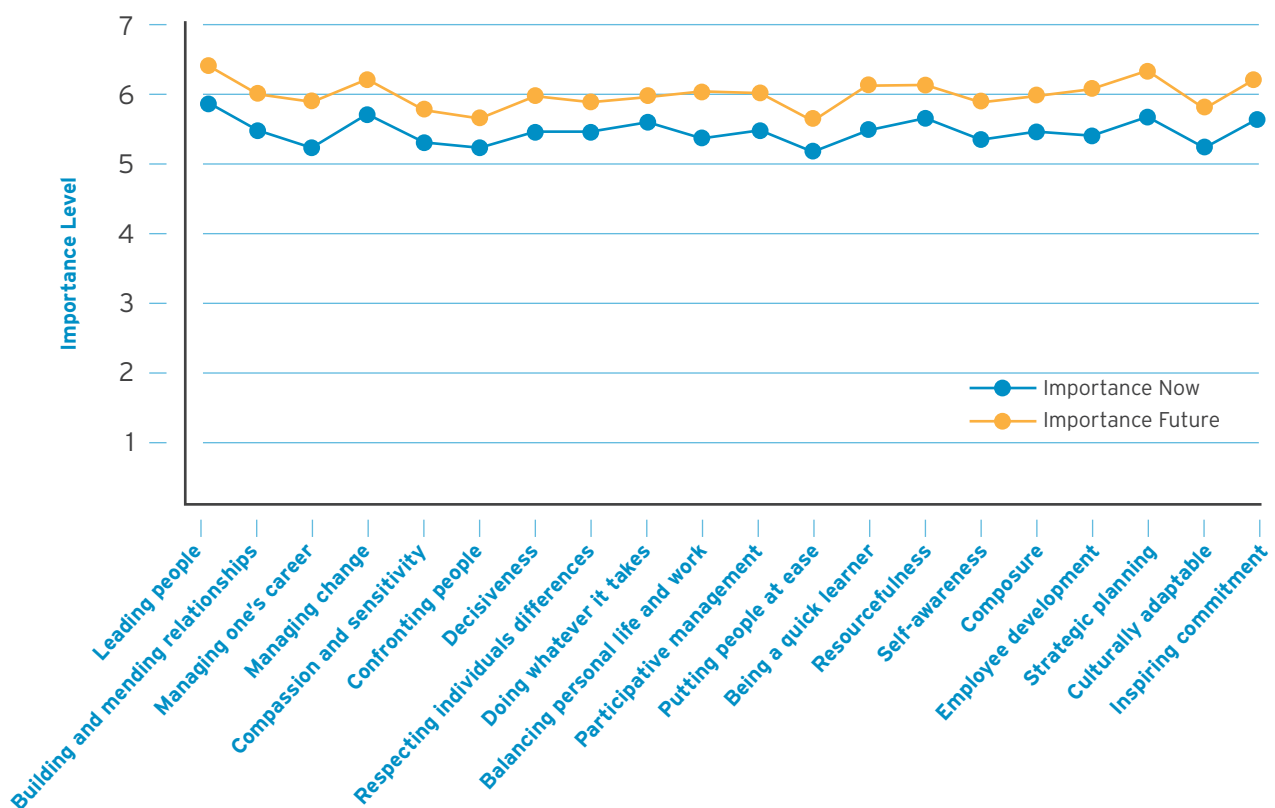
The leaders surveyed by CCL were asked to rate the importance of the 20 leadership competencies according to how important each is for success in their organization right now and how important each skill will become for success over the next 5 years.

We learned that all of the 20 competencies are expected to be more important for effective leadership in the future than they are currently. All the competences are increasingly important for leaders and organizations to develop and maintain. This holds true across countries, industries, and organizational levels.



Leaders think about effective leadership similarly regardless of their country, industry or organizational level.

Comparison of the Mean Differences in Skills Rated Most Important for Success Now and in the Future



If executives and HR professionals take nothing more from this study, they can develop all 20 competencies and know they are on the right track. However, a more detailed look at the study findings is more useful.

Seven competencies were identified as most critical for success, now and in the future:

1. Leading people.
2. Strategic planning.
3. Managing change.
4. Inspiring commitment.
5. Resourcefulness.
6. Doing whatever it takes.
7. Being a quick learner.

In the future, participative management is added to the top list as well, indicating that leaders will increasingly rely on collaboration to get the job done.

Leaders who are effective in each of these areas, then, have strengths that are needed and will continue to be needed by organizations in the years to come. Those whose strengths lie primarily in the other areas will have significant learning to do to remain as relevant and effective as their peers who have demonstrated the most-desired competencies.

Comparison of Leadership Skill Importance: Now versus Future (5 years from now)

Now		Future	
1	73% - Leading people	89%	- Leading people
2	64% - Strategic planning	86%	- Strategic planning
3	63% - Managing change	86%	- Inspiring commitment
4	64% - Resourcefulness	82%	- Managing change
5	64% - Doing whatever it takes	82%	- Resourcefulness
6	62% - Inspiring commitment	81%	- Participative management
7	60% - Being a quick learner	79%	- Being a quick learner
8	60% - Decisiveness	79%	- Employee development
9	57% - Building and mending relationships	77%	- Doing whatever it takes
10	57% - Composure	76%	- Balancing personal life and work

* The percentage figures denote the percentage of managers who rated skill using the top 2 points on the provided rating scale.

Part Two: The Current Leadership Deficit

Before we could determine the extent to which today's leaders are equipped for tomorrow's challenges, we needed to gauge the current strength of leadership. We wanted to see if people were demonstrating the leadership skills that are most needed by organizations here and now.

Leaders participating in the survey were asked to rate the 20 leadership competencies according to the overall amount of skill managers at their level are currently demonstrating and what they need to demonstrate to be maximally effective.

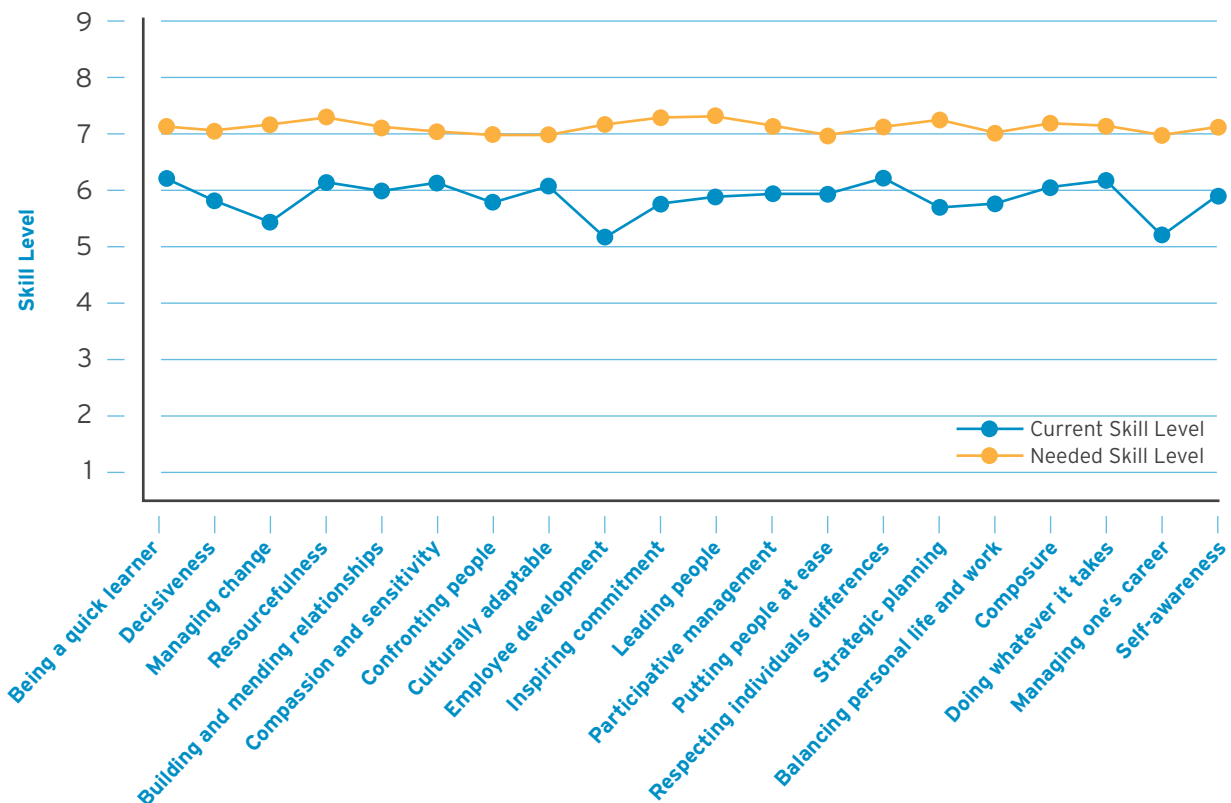
The results showed that leaders lack the skills they need to be effective today.

The study found that for all 20 competencies, the current strength is not sufficient for effectiveness in leadership roles today. This holds true across countries, industries, and organizational levels.



For all 20 competencies, needed strength is significantly higher than current strength.

Leadership Strength - Skill Gap



Among the top five needs – inspiring commitment, strategic planning, leading people, resourcefulness, and employee development – only resourcefulness is a “top ten” skill. In other words, the majority of the competencies rated important for organizational success are not the leadership skills at which their managers perform the best.

This is what CCL calls, “the current leadership deficit.”

So, even if nothing were to change in the future, today’s leaders are not as skilled as they should be to effectively manage current challenges. Bear in mind that in 2009, leaders may feel even less capable in these key areas. The CCL research was conducted prior to the dramatic economic downturn in 2008; so recent events likely have required even more of leaders. It might be particularly interesting to return to the financial sector for further research. Perhaps our study results would be different if managers were surveyed today. We can only speculate whether leadership skill has improved as people have been forced to deal with new, difficult experiences—or if the leadership deficit has become larger.

Comparison of the Leadership Strength: Current Skill versus Needed Skill

Current Skill Level		Current Skill Needed	
1	28% - Doing whatever it takes	60%	Inspiring commitment
2	30% - Respecting individual differences	59%	Strategic planning
3	23% - Culturally adaptable	58%	Leading people
4	22% - Being a quick learner	58%	Resourcefulness
5	22% - Resourcefulness	55%	Employee development
6	23% - Composure	55%	Managing change
7	23% - Compassion and sensitivity	53%	Participative management
8	17% - Building and mending relationships	54%	Composure
9	15% - Self-awareness	54%	Doing whatever it takes
10	16% - Participative management	51%	Building and mending relationships

* The percentage figures denote the percentage of managers who rated skill using the top 2 points on the provided rating scale.

Part Three: The Future Leadership Gap

The final element of the CCL research was to determine how aligned current leadership is with what is thought to be important for effectiveness in the future.

Specifically, we compared how important each skill will become for success over the next five years with the level of skill managers are currently demonstrating in their jobs. What we found was worrisome.

Leaders are not adequately prepared for the future. Today's leadership capacity is insufficient to meet future leadership requirements. This finding is consistent across countries, organizations, and level in the organization.

The four most important future skills – leading people, strategic planning, inspiring commitment, and managing change – are among the weakest competencies for today's leaders. The leadership gap, then, appears notably in high-priority, high-stakes areas. Other areas where there is a significant gap between the needed and existing skill levels are: employee development, balancing personal life and work, and decisiveness. These areas are flagged below as “key gaps”– competencies that are not strengths but are considered important.

Conversely, these data show that many leaders' strengths are not in areas that are most important for success. Organizations report greater bench strength in areas of building and mending relationships, compassion and sensitivity, cultural adaptability, respecting individual differences, composure, and self-awareness. In organizations where this is the case, sufficient skill-level has been established in these areas and further large-scale efforts to boost these areas are unnecessary. These are mapped in the charts below as “over-investments.”

Only four areas were considered to be “on-track,” with the current level of strength matching the level of importance: being a quick learner, resourcefulness, participative management, and doing whatever it takes.



Over-investments: Competencies that are strengths but not considered important.

Reserves: Competencies that are not strengths and not considered important.

On Track: Competencies that are strengths and important.

Key Gaps: Competencies that are not strengths but are important.

The Future Leadership Gap

Over-investment

- Building and mending relationships
- Compassion and sensitivity
- Culturally adaptable
- Respecting individual differences
- Composure
- Self-awareness

Reserves

- Confronting people
- Putting people at ease
- Managing one's career

On Track

- Being a quick learner
- Resourcefulness
- Participative management
- Doing whatever it takes

Key Gap

- Leading people
- Strategic planning
- Inspiring commitment
- Managing change
- Employee development
- Balancing personal life and work
- Decisiveness

Part Four: Bridging the Gap

A current deficit of needed leadership skills is a problem; a gap between current leadership bench strength and future leadership demands is a serious liability. The sooner organizations can understand the reality of their leadership situation, the quicker they can move to adapt by re-focusing leadership development efforts and re-thinking recruitment priorities.

To increase leadership capacity, organizations will want to take both a strategic and a tactical approach.

On the individual and tactical level, managers will want to align the development experiences of managers with organizational objectives. Here are ideas for developing the seven competencies found to have the largest future leadership gap:

Leading people. Leaders who have good skills in directing and motivating people know how to interact with staff in ways that motivate them. They delegate to employees effectively, broaden employee opportunities, act with fairness toward direct reports, and hire talented people for their teams. **To develop this skill in your organization you will want to:**

- Communicate the specific behaviors and skills that are related to managing others well. Be sure managers know them and understand them in context of their roles.
- Assess leaders on the key behaviors and skills. Use consistent assessment practices; 360-degree leadership development assessment tools are often most detailed and helpful.
- Create training programs and developmental assignments. Arrange for training and facilitation by reputable leadership development organizations.
- Develop internal groups to share experiences. Use forums and discussion groups to share lessons learned and best practices related to handling teams.
- Foster a feedback-rich environment. Develop mentoring programs and train management in ways to give feedback effectively.

Strategic planning. This skill involves translating vision into realistic business strategies. Managers who are highly competent in this area typically articulate long-term objectives and strategies, develop plans that balance long-term goals with immediate needs, update plans to reflect changing circumstances, and develop plans that contain contingencies for future changes. **To improve this skill, organizations might:**

- Share the strategy. Top management should communicate the strategy, as well as factors influencing the strategy, with management groups and others.
- Teach strategic skills. Arrange training in strategy development, change management, and risk management.
- Cast a wide net. Involve bright, young managers in strategy development.
- Expose managers to needed skills. Rotate managers at regular intervals so that more managers are prepared for senior management positions.
- Support learning. Provide necessary mentoring support and coaching.

Inspiring commitment. Managers who recognize and reward employees' achievements are able to inspire commitment from their subordinates. Such managers publicly praise others for their performance, understand what motivates other people to perform at their best, and provide tangible rewards for significant organizational achievements. **Organizations can strengthen this skill by:**

- Clarifying the vision. Describe how it connects with employees' roles and talk about the responsibility each person has for realizing the organization's vision.
- Passing it on. Help managers effectively and consistently communicate a clear vision and direction.
- Raising standards. Encourage managers to expect high standards of performance and interpersonal competence.
- Reinforcing success. Develop recognition opportunities for managers to publicly acknowledge their employees.

Managing change. Skilled leaders have developed effective strategies for facilitating organizational change. Such a manager views change positively, adapts plans as necessary, manages others' resistance to change, adapts to the changing external pressures facing the organization, and involves others in the design and implementation of change. **To develop this skill organizations may:**

- Offer change management classes, discussions, or courses.
- Encourage managers to involve others in decision making during organizational change.
- Create a "space" for managers to exchange creative ideas and solutions.
- Accept employees' resistance to change and help managers develop strategies to deal with it.

Employee development. A manager skilled in the area of employee development usually coaches employees to improve performance, provides guidance, encourages career development, and ensures employees understand their roles. **To develop this skill:**

- Encourage managers to have career goal discussions with employees regularly.
- Develop a succession planning process that incorporates developmental events.

Balancing personal life and work. Managers with adequate work life balance are able to balance work priorities with personal life so that neither is neglected. Such managers behave in ways that suggest there is more to life than having a career. They participate in activities outside of work, don't take work so seriously that their family and personal lives suffer, and are not workaholics. **To strengthen this skill:**

- Build awareness of personal style and behaviors.
- Hold discussions on when, where, and how to say no.
- Teach organizational skills (reviewing goals, plans, and priorities) and delegation skills.
- Offer stress reduction, yoga or exercise programs.
- Consider offering on-site services such as day care, a gym, or financial management programs.
- Examine the time-off policies and other strategies, such as telecommuting or flex time, for helping employees manage their time.

Decisiveness. A decisive manager prefers doing or acting over thinking about the situation. Such a manager does not hesitate when making decisions, does not become overwhelmed when action is needed, and is action oriented. **To improve this skill:**

- Help managers determine priorities.
- Create processes for helping managers gather and obtain relevant information needed for decision making.
- Help managers take calculated risks to demonstrate their orientation to action.
- Offer classes on creating and sustaining a more efficient workspace.
- Develop criteria and a process for decision making in the organization; clarify responsibilities.

Of course, for organizations to prevent a system-wide leadership gap, they need to create a cohesive approach to leadership development. Unfortunately, many organizations lack a coherent sense of what needs to be developed and how to go about it. **Below are five steps organizations can take to help bridge the gap between current leadership talent and future leadership needs:**

- **Perform a needs assessment.** Identify the capabilities managers need now and in the future to execute and sustain the organization's strategy. CCL's Leadership Gap Indicator is one way to determine organizational needs and leadership gaps. Visit www.ccl.org/leadershipgapindicator to learn more.
- **Create a leadership strategy.** A clear understanding of the leadership behaviors and skills that are required to implement the organization's business strategy allows executives to develop a leadership strategy. In turn, development initiatives can be aligned with operational needs.
- **Develop clear, specific goals and strategies for individual leadership development.** Assess managers' strengths and weaknesses as leaders against the core competencies identified in the needs assessment. Other assessments, including 360-degree feedback tools, can be helpful in evaluating individuals' areas of strength and development needs. Be sure to factor in feedback, coaching, and assessment toward goal attainment.
- **Create systems.** Excel at recruiting, identifying, and developing talent as well as performance management and retention.
- **Evaluate.** Build in systems for measuring how these efforts are paying off across the organization. What additional resources are needed? What metrics are in place to assess impact?

Visit www.ccl.org or call one of our Client Advisors at +1 336 545 2810 to discuss how CCL can help you execute on any or all of these steps.

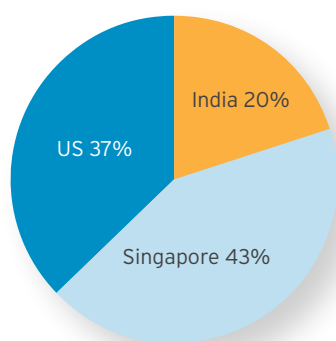
In the absence of new investments in developing critical skills and perspectives, the leadership gap in organizations will continue to widen. Some organizations will heed the call and be poised to recruit and develop high-caliber leaders whose strengths match organizational needs, rather than the skill sets needed five or ten years ago.

About the Research

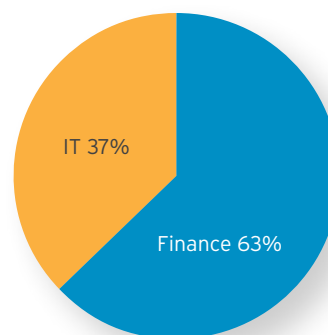
Data reported in this article were collected between January 2006 and December 2007. Surveys were given to 2,200 managers in 15 organizations in three countries. Forty-three percent were based in Singapore, 37 percent in the United States, and 20 percent in India. Most (63 percent) were managers in the finance sector; 37 percent were IT managers.

The sample is largely male (71 percent) and the average age is 42. The managers' organizational levels include 5 percent top executive; 13 percent senior executive; 30 percent upper-middle manager; and 52 percent middle.

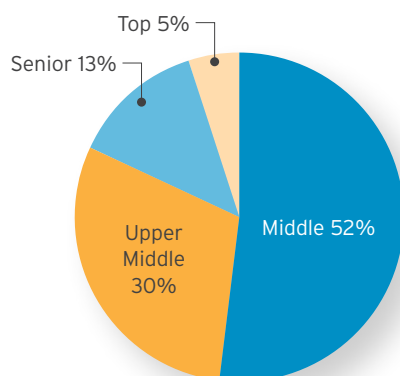
Data were collected using a modified version of Benchmarks® (Lombardo, McCauley, McDonald-Mann & Leslie, 1999), a tool that assesses the characteristics of successful executives.



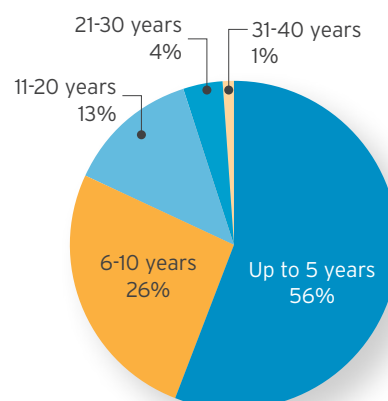
Country Profile



Industry Profile



Responsibility Profile



Experience Profile
(years of experience in the current organization)

Resources

- Leslie, J.B. & Chandrasekar, A. (2009). Managerial Strengths and Organizational Needs: A Crucial Leadership Gap. In Robert B. Kaiser (Editor), *The Perils of Accentuating the Positive*, (pp. 27-38), Oklahoma City: Hogan Publishing.



Organizations that need help with talent management and training needs will benefit greatly from the Leadership Gap Indicator.



The assessment is:

- Customizable: Targeting only the competencies you need
- Research based: Ensuring valid and reliable results
- Web enabled: Reducing administration time and cost

Visit www.ccl.org/leadershipgapindicator to download a brochure.

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This research project would not have been possible without collaborative assistance from a number of people including Jean Leslie, Anand Chandrasekar, Kelly Hannum, Rola Wei, Yi Zhang, and Damien Joseph. This research project would not have been possible without partial funding from the Singapore Economic Development Board, Merrill-Lynch, and TATA Management Training Center .

* An additional one time setup fee will apply to organizations that choose to customize the Leadership Gap Indicator model based on selections from CCL's library of 56 competencies.