

# In search of tomorrow's leaders

*Steven Sonsino*

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**Companies depend on a regular flow of leadership talent. But where are they to find it and how can they develop it? A research programme at London Business School aims to help.**

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Who are the business leaders of tomorrow? And where are they? The answer to both questions is a resounding “no one really knows”. This is a surprise because it has become something of a cliché to say that the future sustainable advantage of firms around the world depends on the identification of tomorrow's leaders. The reality, however, is that existing management research doesn't tell us much about the characteristics of high-potential managers. Nor does it tell us how organisations should look for and identify them.

This leaves organisations in the dark to develop their own *ad hoc* systems and practices. This probably isn't an effective strategy for developing the leaders on which firms will rely in the future. All of which explains why in Spring 2002 London Business School launched the Tomorrow's Leaders Research Group (TLRG), an informal consortium of 20 organisations actively involved in the identification and development of high-potential managers.

Early notable results include the finding that members of the research group believe that managers must play an increasingly involved role in on-the-job leadership development despite the insistence of many managers that developing people is not their job. The group offers evidence that the freeze on corporate spending

will increase the impact that line managers can potentially have on the identification and development of tomorrow's leaders. In conclusion, the research suggests, human resources (HR) and organisation development executives should see line managers as liberators of talent. This, though, will take some doing. Behind closed doors some line managers are seen as hurdles in the race to develop people.

## **In search of learning intelligence**

A second significant finding from the research to date is the suggestion that a key indicator of future high performance could be the learning ability of high-potential managers. But – before we go further – we need to ask the questions: who are high-potential managers and where are they in our organisations? The answer – after a year of searching – is that we still don't know.

The reality is that existing management research doesn't tell us much about the characteristics of high-potential managers. Nor does it tell us how organisations should look for and identify them. This has left the way open for the group to establish its own ideas rooted in day-to-day practice. For example, the group has concluded that possibly the single most important characteristic of high-potential managers, and one that cuts across all industries and functions, is that high-potential managers recognise the value of taking on new projects and are willing and able to apply their new experiences immediately.

“High-potential managers are risk takers, exposing themselves to a variety of new experiences, and they are driven to learn,” says Helen Duguid, head of great

leaders, Microsoft EMEA. “There’s a passion and a curiosity about them that you just can’t ignore.”

In other words, learning ability – or what the group has come to call learning intelligence – is possibly the most significant indicator of future high performance because we can assess that ability today. It’s a tangible measure of intangible future potential.

**How do we recognise high-potentials?**

A second issue the group has grappled with is how we actually recognise high-potential managers. What processes and systems do we use? The straightforward role for HR departments is to engage in formal and systematic assessment centre and competency profiling work. But how much does this tell us that we didn’t already know? And how different does this make each organisation?

Comparing the competency profiles of many major organisations rather suggests that everyone is looking for much the same kinds of individual. And yet, in recruiting we tend to set to one side the competency profile and take on the person we best get on with, the person in our own image.

The group concludes that there may need to be a shift towards more informal methods of identifying high-potential managers. We need to be actively engaged in the politicking that takes place but also

able to engage in informal conversations as they occur in the organisation over lunch, at the water cooler and so on. This work supports the idea of small talk and gossip as major components of organisational communication.

Perhaps even more important than the apparent identification of high-potential managers, largely through the learning intelligence concept, is the practical recognition of just how significant line managers are in the process of leadership development. While lip service is paid to the importance of people development, even at board level, many managers simply don’t treat it seriously. This is especially true in the current climate and in today’s flat organisations where, as well as managing, managers are expected to perform the function that made them managers in the first place. “There is simply no time to manage” is becoming something of a modern-day management myth. That being so, how will today’s line managers find the time to develop the leaders of tomorrow?

Equally significantly, it isn’t clear from the research whether line managers even want to engage in people issues. One manager in one of the banks represented on the research group said there was no time to spare to send his best people on fancy development courses. Pushed harder he opened up further. “Why should I send my best people away to get even better and have them poached by another department or – worse yet–

Figure 1  
**The characteristics of high-potential managers**

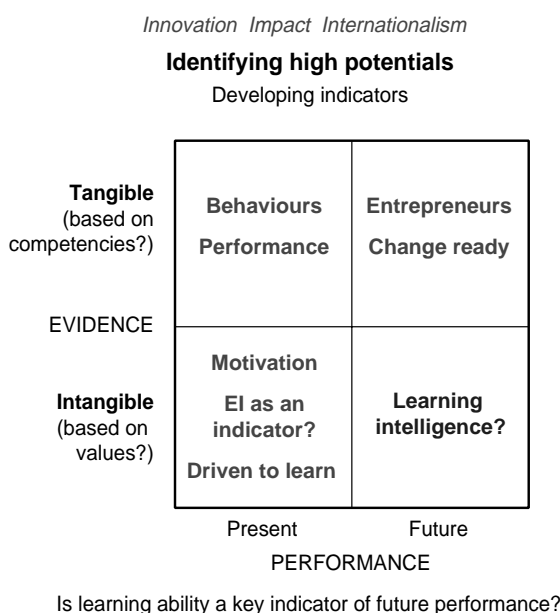
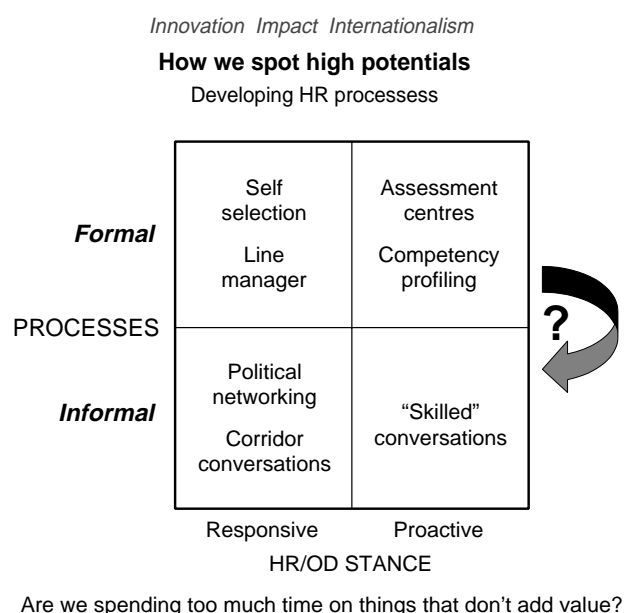


Figure 2  
**How we identify high-potential managers**



by another firm?" he said. "Now, I might be prepared to put my high-potentials into some form of development programme, to help create a talent pool, but if my colleagues don't – what then?"

### **Creating attraction centres**

This fear of losing high-flyers runs deep in the organisations that make up the TLRG and yet the group is beginning to conclude that the task of management is not necessarily about employee retention but about creating attraction centres.

"We must help managers to realise that if they are known as managers who develop their people, then high-potential managers will constantly beat a path to their door," says Sylvia Verheijden, human resources adviser for Rabobank International, the Netherlands-based co-operative bank. "We're already seeing it happen."

A second major realisation made by the HR and development specialists in the group is the concept that their task also involves accelerating the ability of managers at *all* levels to learn from experience. "How good am I and how can I get even better?" is the question that constantly needs posing, suggests the group. Too often managers rest on their laurels or on the acclaim from the last deal.

Also, the current climate puts pressure on us not to take risks and not to innovate. It's understandable. Maybe addressing self-development more widely at the individual level – by engaging with line managers about their role in the frontline of leadership development – will begin the crucial process of creating systematic organisation-wide learning processes. And that drive towards personal development needs linking in to organisation development issues. Firms need to see an impact of their investment in development.

We have chosen to explore on-the-job and off-the-job development because, interestingly, it's clear from the limited research that exists in this area that people learn most about their jobs from working on the job. In theory, therefore, executive development may not be as necessary as we sometimes believe. Sending cohorts of managers away for training and development may not have the impact on the organisation that we hope for. However, this depends entirely on how effectively the organisation is able to provide and support learning opportunities for high-potential managers. And this raises a paradox for many organisations.

If, as we said earlier, high-potential managers tend to be self-sufficient, autonomous and to take responsibility for their own development, why do we need to support them at all? Their reputation as high-flying hot-shots may lead their immediate managers to think that high-potential managers don't need active supporting.

But high-potentials tell us they do need to feel supported. They need to feel that the climate for autonomy is right. Like seeds or plants they will grow and develop but only in a supportive atmosphere. And that's the role for line managers – to create the right atmosphere for participation in the department to the fullest of the high-potential's abilities and beyond.

### **On-the-job versus off-the-job development**

Now there are many mechanisms and systems for encouraging learning in organisations. The research group has addressed both on-the-job or on-line learning and off-the-job or off-line learning. We also looked at the many mechanisms that exist to support learning, both before and after, from executive development programmes.

Perhaps the most significant starting point for articulating a learning environment is high involvement in the performance-management process. With openness and honesty on what is required and involving the high-potential manager in setting his or her targets, a much more effective and reflective learning relationship with the line manager is likely.

Some organisations, such as UBS bank, regularly use "informally formal" learning logs to help people capture their learning. These are not reviewed by managers or by HR professionals but are solely for a manager's personal use. Tied to the development of personal development plans these can be very effective. One fear, however, may be that without a clear description and experience of the value of the reflection process as part of the day-to-day managerial lifestyle these tools will be left to one side as soon as no one is looking.

Our experience has tended to suggest that, as development tools, these work most effectively tied to or following some executive development programme. Even then, their use tends to tail off very sharply once managers return to the workplace unless they are supported with additional measures such as coaching or mentoring.

Another mechanism to help high-potential managers get an accurate grip on their relations with others is involvement in a 360-degree feedback process. Again, though, without adequate preparation and then adequate debriefing little may actually be achieved. The common cry from executives undertaking these and similar psychometric surveys is that they are all very helpful “but what do I do now?” Without an articulation of reflection as a valuable precursor to action, managers will almost always ask “what is the point?”

Perhaps the most underrated learning opportunity according to the group is the everyday coaching and learning available through focusing on and reviewing the technical and operational issues that arise for high-potential managers on a daily basis. The members of the group felt that line managers were pretty well equipped and skilled at coaching in these technical and operational skills as very often line managers are still extremely operationally focused.

On the other hand, the group felt, managers are not always effective at coaching or feedback on the soft skills of management. Some group members believe that some managers tend not to see this as part of their role. And some reported that managers often feel uncomfortable in this situation. Occasionally, some managers are felt to be less effective at constructive feedback because they “tell it like it is”, perhaps a little too bluntly, though ostensibly this is intended to be honest and direct feedback. Most high-potentials, however, report that feedback on how they are doing takes place only rarely outside the appraisal system.

### **Supporting organisational coaches**

Generally the group felt that organisations need to support line managers with more attention given to their abilities to offer on-the-job coaching and feedback. This has ramifications for the recruitment and selection procedure. Maybe when choosing who to move into critical line-management positions those with good coaching skills, who want to do it, might have these skills taken into consideration as well as their content knowledge or financial performance.

The group recognised that if the role of managers was formalised to include the coaching and development of their staff then it would tend to be done – through the appraisal system and the setting of objectives and if suitable rewards or recognition were used to support these learning objectives. There has been some discussion around whether supporting and developing staff is an intrinsic part of a line manager’s role in the present climate but the group has yet to reach a solid conclusion on this.

Overall, though, the group feels that it is extremely important for line managers to provide learning opportunities for their high-potential managers. There must be some allowance for risk taking, creativity and time to think or reflect but this is probably appropriate for managing any individuals not just high-potentials. Nevertheless, the group feels that the role of the line manager definitely needs to encompass real-time coaching and the development of a culture of learning.

This should definitely include moving people around the organisation, exposing them to different issues and different management styles. This will, of course, very likely result in the high-potentials moving on in the organisation to other roles with stretch. Here they can better continue their learning for the benefit of the wider organisation.

To achieve this the group believes there probably needs to be a top-down demonstration of commitment for this style of management, with very senior executives leading by example. But how will we know this is succeeding?

The group suggests that this will become obvious through the appearance of more management by walking about (MBWA) as people build their networks and strive for more informal conversations. Organisations will experience more open and explicit persuasive appreciation that these learning issues are important because we will be better able to see and to have demonstrated for us the value of the coaching and support of line managers.

The forms of off-the-job learning the group has explored, in comparison, appear to fall into related but subtly different groupings. First, either social, informal or highly formal. Then related to technical operational issues or to managerial and leadership issues. Almost all the opportunities for learning are what we defined as opportunities for storytelling and by implication opportunities for listening.

In box A1 in Figure 3 consider on-the-job team meetings. There is always the opportunity for the astute high-potential to learn from others. Perhaps by asking questions as to why this or that is a preferred way of working. Also, in A2, this is extended to learning from other technical specialists around the organisation. It can be managed informally but is often part of a formal job rotation system.

The managerial-formal box (B2) contains executive development and the formal managerial learning opportunities such as mentoring and out-of-unit coaching. But in our experience this is often not linked as closely to real-world learning as it could be. In addition, box B2 is often where the axe falls in times of corporate hardship. In those circumstances the informal managerial learning opportunities, as we've touched on before, become even more essential. Sadly there appears to be least in this box. So, particularly in times of hardship when organisations need their high-potentials to continue learning, the least learning may take place.

**Mentoring versus coaching**

The group had some additional thoughts on mentoring. For preference, the group regards mentors outside the immediate business unit as best but certainly seems to prefer mentors from within the corporation. There is a role for mentors outside the organisation, members suggest, but how much such individuals can coach or counsel individuals about the way the informal organisation works is hard to imagine. There was a feeling that somehow the mentor needed to be good at mentoring, perhaps even professionally trained or certified.

Figure 3  
**On-the-job versus off-the-job support for high-potential managers**

	1. Informal	2. Formal
A. Technical/operational	Team meetings Line manager coaching Variations of "on-job" learning	Project reviews Job rotation Action learning Assignments Cross-functional teams
B. Managerial	Socialising Networking	Executive development Career management Mentoring/coaching

Coaching was regarded as subtly different from mentoring and could be conducted by out-of-organisation people, said the group. But the what and the how of the coaching, the coach's style, all had to be borne in mind. There really had to be a clarity of purpose for coaching, said the group. Was it for organisational impact? Was it purely for the individual's benefit? If in-company coaches were to be used then would guidelines be provided? Would the coaches provide constructive feedback or should this remain the domain of managers? If so, would a coach's feedback remain private, keeping coaching out of the assessment centre?

Regardless of the purpose, the group's members are unanimous in believing that some form of coaching or mentoring is imperative for all high-potential managers. They urged organisations to make time for it. In part this is because the fundamental purpose of all off-line learning must be to ensure that dialogue continues. Dialogue around technical operational issues but, more importantly, dialogue around managerial and leadership issues.

The purpose is to encourage high-potentials and ensure they keep raising the bar and raising their standards. Without this, the tendency would be to slip towards a focus on the operational and technical issues well within their remit, reducing the opportunities of the high-potentials to flex their muscles and learn in readiness for new roles in the organisation.

There has been much discussion in the group about what could be done with high-potentials before and after formal off-line development opportunities. In essence, these were things that have already been discussed as mechanisms, such as projects, self-help support groups and networks. But the critical thing to note is – once again – how significant the role of the line manager has been in the discussions.

The line manager first of all must sponsor, and almost always must fund, external development. Best practice defines that there should always be a briefing or objectives-setting discussion as well as a debriefing after or during the programme. The usual experience, though, has been that this rarely if ever takes place.

One organisation described the creation of learning contracts between line managers and participants on programmes and another described a kind of learning

balance sheet devised to assess and measure the impact of off-line development. All these sound like innovative ways to foster a dialogue between high-potentials and their managers.

The group is wholly of the opinion that – whether with questionnaires or log-books, whether as distant observers or as programme facilitators – line managers must be involved in the whole process of development from start to finish. Individuals had the right, suggests the group, to claim the opportunity for feedback on their performance to date and on what the future may hold.

In bringing the group's thinking almost completely up to date, it has occurred to the research team that in many ways what the group has been talking about

for almost a year are elements of what already takes place in organisations. But – taken as a whole – what the organisations have been discussing comprises a sea change in the delivery of people management.

Because of the massive time and resource commitment involved in delivering *all* of this, however, no one individual or organisation is likely to switch to undertaking or implementing all of these ideas at once. As always, striving for one massive commitment in advance of any change programme is most unlikely.

### **Endorsement rather than commitment**

That being so, firms need to continue with their programmes of small wins and look instead for *endorsement* of what they are already doing rather than looking for *commitment* for what they might

### **The Tomorrow's Leaders Research Group**

The cross-sector group meets every other month to explore different themes associated with the identification and development of high-potential managers. The research objectives, established at the group's first workshop, include benchmarking and looking at the issue from different perspectives.

The group, led by Professor Rob Goffee, deputy dean of London Business School, has been established with terms of reference that encourage openness and the sharing of sensitive subjects. And the participants have never been afraid to raise what they themselves describe as tricky issues. Two of these that surfaced in one exchange were exactly how to encourage diversity in the management pool and exactly how the changing economy is changing the expectations of high-potential managers.

In other words, with the "jobs for life" mantra long dead and the new mantra of self-managed careers in its place, what are high-potential managers themselves looking for from organisations? Perhaps the group needs explicitly to research this and even to acknowledge high-potential managers formally as part of the research group. At present we have only conducted case study interviews with past participants and included their data in our discussions and reports.

From the early discussions it became obvious that the research group did not want to be seen simply

as a talking shop and soon the idea of short-term secondments and exchanges between organisations was mooted. Using new-found colleagues and the wider group generally, participants also expressed an interest in building new and practical concepts of management development.

While the wish-list of objectives is certainly challenging, participants felt it was necessary to

#### **Objectives of the Tomorrow's Leaders Research Group**

##### **Current practice**

Knowledge sharing on current practice (What can we learn from others?)

Benchmarking against each other (How are we doing compared with others?)

##### **Future practice**

Sounding board for new ideas (What can we develop together?)

Identifying live or tricky issues (Where might we come unstuck?)

##### **Making it happen**

Possible solutions for live and tricky issues (How can we solve issues we face?)

Implementation strategies (How can we implement possible solutions?)

##### **The network**

Perhaps developing the group into a broader HR/OD network when this project is over

want to do in the future. Endorsement is more likely because the success of a small project is already visible. There is the likelihood that senior managers will want to be associated with known or tangible success rather than being seen as a risk-taker on "soft" or "fluffy" people-management issues.

So it seems to the group that in asking for top-down sanctions or role modelling we could be better and more astutely focused on searching for endorsements for what is already under way on a small scale than for large-scale HR and development strategies. Better to ask for forgiveness than permission.

In a sense, by seeding small projects and gaining endorsement for what organisations are already doing they are not engaging in overt culture-change

strategies. They are attempting to gain endorsement for the way things already work around here. It's just that the way things happen around here subtly changed one day without anyone noticing.

Final questions that occur to the research team include the reminders that while on-the-job and off-the job learning do need to encompass new tools and know-how for doing our technical/operational job we should include tools and know-how for dealing with managerial and leadership issues too. That particularly means focusing on the interpersonal and personal development issues we have traditionally called soft issues but that we know are incredibly hard to manage.

This also includes that much-maligned word "influence". We must help our high-potentials better

set a stiff pace, given the importance of the issue of high-performers and talent management to all their organisations. They certainly feel the task is achievable given the experience of the individuals in the group. Experience of organisation and management development issues ranged from a few years to more than 20, with functional experience ranging from development and management of assessment centres to the implementation and use of psychometrics. Sectors covered by the group range from investment banking to retailing, public sector to high technology, engineering to the utilities. And importantly, members had a wide range of direct line management experience, both in the UK and globally.

For London Business School the challenge of hosting the group is to ensure that the 20 or so diverse organisations participating get enough out of the research to continue supporting its work. And although the idea for the group developed from research into the school's open management programmes, such as the Young Professionals Programme and the Accelerated Development Programme, it will be important for the school to remain neutral on the subject of the provision of leadership development. Of course, there is real value for the school in hearing exactly what global organisations are looking for and to that end there is real coherence around the group's objectives among all its members.

Some helpful common-sense caveats have developed, too, to help guide the group's thinking. "We must distinguish between high-contributors and high-performers" was one. "Selecting high-potentials should not just be the task of the line manager" was another. Common sense maybe, but easily forgotten.

Perhaps more importantly, though, the group's discussions have quickly released a sense that what could be seen as flaws in the traditional process of nominating high-potentials for development need addressing.

"It's an ambiguous situation," reports Sylvia Verheijden, human resources adviser for Rabobank International, the Netherlands-based co-operative bank. She was discussing what might be thought of as the political actions of managers who propose and counter-propose their favourite candidates for development programmes as opposed to candidates who might be more appropriate from the organisation's point of view.

"At first you must accept these candidates but later, on reviewing the success and value of the programmes, you can change the acceptance criteria." It's all part of the lengthy process of building commitment from a firm's line managers, she explains. "It's a matter of time, but at first you have to be pragmatic."

understand how they may influence without formal authority. But the group believes it is the intrinsic fear managers have of not being good at these issues that means we tend to consign them to the fluffy unimportant box.

### **Focus on reflexivity and self-awareness**

Perhaps more importantly – bearing in mind the earlier sections of this article – we need to ensure that reflexivity and self-awareness are adequately catered for in all forms of learning opportunity. If learning ability is a key indicator of future high performance we need to give this full reign. We need to invest in the future by investing time in our high-potentials now. This does not mean forgetting or ignoring our other members of staff.

For example, the group of employees that is not necessarily high-potential but is high value are certainly worth thinking about. People with particular expertise or who are good at a certain skill such as selling will remain of high value for the organisation but may have no interest in or ability to progress much further. We ignore these at our peril.

Finally, there is a feeling in the group that because of the economic climate we do need to work with today's thinner and flatter organisational structures but that we must experiment with innovative forms of learning and development. Perhaps all firms need to become obsessive explorers in building personal and organisational strengths.

### **Grass roots pull not strategic models**

It seems that the group is beginning to appreciate the enormity of its role. In targeting high-potential managers for development, firms must actually address the development of managers further up and further down the organisation to make any part of this work.

For example, develop high-potentials alone and their line managers struggle to know how to support them and how to get the best out of them in the workplace. And when, eventually, the high-potentials do move on, there'll need to be new high-potential managers. Who are these – the potential high-potentials – and how do we recognise them?

In other words, we're seeing a grassroots pull for management development from at least three levels –

as opposed to the previous model of strategic HR development where the perception was often that HR was shoving management development down the organisation's throat.

It's this twin thrust of being pragmatic and of building theoretically sound solutions to the problems of identifying and developing the leaders of tomorrow that give participants in TLRG the belief that this research is worth supporting. It's a work-in-progress that appears to have immediate short-term as well as medium- to long-term value.

“This is a powerful network of people and organisations,” says Steve Bishop, group management development manager for consulting group Logica-CMG. “It's thought-provoking and challenging. And it would be interesting to see it still further develop as an ongoing professional network for specialists in human resource management and organisation development.”

And given the current financial stress facing most organisations, if HR and management development specialists begin intimately to understand and to influence the mundane day-to-day reality of leadership development, in a smart and tailored way, maybe more firms would regard the HR function as a significant weapon in the struggle for sustainable competitive advantage. Now *that* would be a real outcome.

### **Resources**

- Alvesson, Mats and Sköldböck, Kaj. (2000) *Reflexive methodology: new vistas for qualitative research*, Sage  
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