

The Future of Executive Development

A Global Business Network/Monitor Group Meeting

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In a business environment defined by fierce competition, increased shareholder scrutiny, and proliferating corporate scandals, companies in every industry need able executives who can steer them through the shoals and toward a better future. But with the current pool of senior executives shrinking, and a perceived shortage of junior talent in the pipeline, such executives seem increasingly difficult to find. Even when they have been identified, how best to develop and prepare them for the rigors of an executive-level job is an open—and often perplexing—question.

The field of executive development stands at a critical crossroads: The “one size fits all” programs and approaches that once characterized the field have all but disappeared, and are slowly being replaced by more nimble and customized alternatives that reflect the new needs of today's executives. But this new version of executive development is only just beginning to take shape, and big questions about its future still loom. It was in order to explore these questions and identify emerging necessities and opportunities for executive growth and development that GBN convened this WorldView meeting. Participating in the meeting were a select group of senior professionals responsible for executive development, training, and education within their organizations, as well as GBN and Monitor Group practitioners and facilitators and three GBN Network members: organization psychologist and MIT professor emeritus Ed Schein, educator and writer Betty Sue Flowers, and entrepreneur and futurist Nancy Ramsey.

Opening Hypotheses

Eamonn Kelly, president and CEO of GBN, opened the meeting by presenting four hypotheses about the future of executive development:

- This is a difficult time for executive development. Turbulent markets and tightening budgets are forcing companies to focus on the immediate present, leaving them little time to consider the broader issue of what kind of executives they need to develop over the longer term. There is also increased pressure to prove the bottom-line impact of executive development activities. Meanwhile, there is a widespread reluctance to be a “first mover” in the field of executive development—everyone is looking to everyone else for new ideas and approaches.
- The field is poised for dramatic change in the coming decade. New technologies through which programs can be guided and delivered, as well as new research about cognitive processes and how people learn, are creating new pathways for executive development. Increased gender and cultural diversity in the workforce is also changing the nature of the executive pool and offers new opportunities to create value.
- The needs of executive development will also shift significantly. We’re already moving into a business environment that is volatile and turbulent, where the skills, competencies, and requirements of executives are different than they used to be. Executive positions are

markedly more complex and require more risk-taking than in the past; executives are also operating under more intense time pressure than ever before. These shifts will certainly lead to changes in both the content and the delivery of executive development.

- These first three hypotheses make the fourth: Now is the time to raise the profile of executive development and prepare for the future. Developing compelling stories is of particular importance—it will enable us to take better advantage of the opportunities that emerge when we do decide to reinvest. These stories can help increase the importance and visibility of executive development and ensure that, in the future, it is absolutely central to the business agenda.

Key Issues

The conversations covered a wide range of topics, including broad changes in the global business environment, leadership, the nature of organizations, learning and pedagogy, demography, and spirituality. Much of the session focused on the specific issues and challenges that the corporate participants faced in their own organizations; by previous agreement these discussions remain proprietary. However, several of the broader issues discussed are important to all organizations concerned with developing leadership talent.

Character, Not Content

Throughout the meeting discussions, it became clear that participants were not defining executive development as a set of programs designed purely to help executives better manage the bottom line. Rather, they were thinking about executive development as a way to cultivate a set of much broader and harder-to-instill traits that they felt would be key qualities of executives of the future: adaptability, flexibility, perspective, judgment. Executives of tomorrow must be capable of “strategic improvisation,” able to improvise moment-by-moment while maintaining systems thinking, said GBN Network member Ed Schein. They must also have the skills to manage and make decisions in the face of profound complexity, the confidence to take appropriate risks, and the courage to imagine alternatives to what has been done before. These are the new requirements of leaders in the twenty-first century, participants agreed, and therefore the ones that executive development must now address. “A decade ago, the common denominator of this meeting would have been content,” noted one participant. “Now it’s character and sensibility.”

But how does an executive acquire these traits? High IQ alone will not produce them. Nor will traditional approaches to executive development or standard case studies, which, one participant noted, have gone from being open-learning opportunities to mere illustrations in which decision-making is done with full information, making them completely disconnected from the complexity and ambiguity of today's world. The best way to help develop these characteristics in executives, to create the traits that will help them make tough decisions under pressure and take smart risks, is through experience—not experience in terms of hours logged on the job, but experience in terms of exposure to new situations and different contexts that expand the groundwork of what and how they know.

Creating opportunities for executives to develop and deepen their ranges of experience should be a key component of executive development programs going forward, participants concluded. Global Learning Journeys, “rotational” experiences in which executives spend time working in different

departments and/or global offices, and purposeful “ride-along” or day-in-the-life experiences are a just few of the experiential learning methods that participants discussed.

Supply-side Changes

The new requirements of executive development pose tremendous challenges for those on the supply side. First, the new requirements are emergent and not necessarily obvious, either to the executives themselves or to those charged with preparing and developing them. Moreover, there is more pressure than ever before on executive development’s bottom line. Not only must the programs and initiatives set up by suppliers be immediately applicable—they must also be justifiable to the number-crunchers in the finance department.

“This changing context is evident in the major shifts that are taking place on executive development’s supply side,” said Monitor Group’s Bernie Jaworski, who is helping to spearhead Monitor’s executive development initiatives. Among these are a shift from “open enrollment” to custom programs, from week-long programs to sessions that run a day or less, and from classroom programs to “action learning” that resonates with the strategy of the company. Other notable shifts discussed in this meeting include an emphasis on tracking and measuring the ROI of learning interventions; a shift in the desired outcome of executive development from knowledge and learning to behavioral change, especially as measured against a company’s strategy agenda; and a movement that executive development must now address. “A decade ago, the common denominator of this meeting would have been content,” noted one participant. “Now it’s character and sensibility.”

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Jaworski also pointed out several likely future supply-side changes:

- Business schools will be fundamentally challenged in the next few years; only 10 to 15 percent are equipped to provide the type of executive development that is increasingly demanded, which could lead to the forging of new partnerships between business schools and advisory firms.
- We will witness a rise in “boutique” executive development firms—including privatized hybrid business school players.
- We will see many, many new experimental partnerships and offerings.

Recognizing Talent and Embracing Diversity

A common complaint of those charged with the task of scouting future executives is the lack of good candidates. Several meeting participants challenged this supposition, proposing instead that the problem might lie with those who are doing the scouting. “We feel the pipeline is thin because more of the people in there do not look like us,” said Betty Sue Flowers. “We don't know how to recognize leadership when it comes in a different package.” But acknowledging that the next generation of executives won't look the same as today's, just as the current generation does not look like yesterday's, Flowers said, will help companies recognize their future executives.

But diversity is not just something that should penetrate the corner offices—it also needs to become a cornerstone of company culture. And where better to start that shift than in the very programs and initiatives that are largely responsible for teaching and reinforcing company culture? To understand a customer base, said one participant, we must look like them. Moreover, we need to really understand them, which means really understanding different cultures. In other words, if a big part of executive work is to manage the space between the organization and the world, you must truly understand the world.

In addition to introducing more diversity at the executive level, companies also need to develop better models for sorting individuals into jobs. This means teaching people about their personal learning style early, and building reward systems for agile learners. And again, it also means recognizing talent in places you might not normally look. “In developing a career, there is an inherent tension between becoming a specialist vs. a generalist,” advised Ed Schein. “As developers of executive talent pools, pay attention to the ‘generalist’ portion of the pool.”

E-Learning and Personal Development

Technology is clearly opening up new methods for executive development to be absorbed and delivered, participants concluded. Executives could use interactive software games to learn and develop new skills, for example, or participate in customized global strategy and execution simulations and “virtual teaming” exercises that would build their collaboration skills and help them develop a broader, global mindset.

E-learning, of course, has received its share of critique. But Nancy Ramsey, for one, urged the group not to dismiss it. “We have an opportunity in e-learning now to allow people to access databases in

specifically packaged ways,” she said. E-learning programs allow executives to educate themselves at their own pace, and do it anonymously, without having to admit to holes in their knowledge.

“The old conceptualization is that we can produce/develop people to be executives,” said Ramsey. “But the social contract is moving to a more personal responsibility for their own development, which means more information and transparency and individual-level decision-making.” If you give people education, feedback, data, information, then they will do a pretty good job of steering their own development. Technology can help make that happen.

Takeaways

By the end of the session, it was clear that we are in the midst of shifts in the character and personality of leadership; shifts in our notions of what it takes to be a leader, in terms of both skills and knowledge; and shifts in how we, as executive developers, create those capabilities. Over the years, many tools and approaches have been developed that have never been fully deployed, yet we are now in a better position to optimize the existing pedagogies and methodologies. At the same time, we can draw upon new ideas, relationships, experiences, technologies, and approaches to identify, develop, and sustain new generations of leaders. As one participant noted, “I need new partners; the traditional ones are not right for thinking about the future of executive development.” And that is precisely what we need to do.

This report was prepared for members of Global Business Network and invited guests at the meeting. The full report, including video-clips of the presenters, is available only to members. For more information on Global Business Network, please see our website www.gbn.com