

THE CHANGE CHALLENGE.....A Newsletter About Leadership

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Issue: 59



Welcome to the July 2013 issue of *The Change Challenge*. Even in an economy with persistently high unemployment, many organizations struggle to fill strategically vital openings. That's the subject of this month's feature article titled "**The Battle for Talent.**"

The *Leading Change* article titled "**The Unique Challenge of Leading High Potentials**" asserts that your go-to people may need more assistance than they're receiving in order to grow and sustain their performance. The *Personal Change* article titled "**Developing Potential**" suggests that after a promotion extra focus is required to adjust the five attributes that change significantly.

As always, your feedback and recommendations to improve this newsletter would be appreciated via return email or through *The Change Blog* at www.dickstieglitz.com.

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and Keynote Speaker

This Month's Articles

[The Battle for Talent](#)

[Unique Challenge of Leading High Potentials](#)

[Developing Potential](#)

[Leadership Conversations](#)

[Buying & Selling a Company](#)

Feature Article THE BATTLE FOR TALENT

"The only thing worse than training employees and losing them is not training them and keeping them." - Zig Ziglar

A CEO lamented that his company's revenue was flat and profits were down. The company had won new customers but was having difficulty filling key positions even with help from a top recruiter. Furthermore, no move-up candidates were available internally and several mid-level employees had left to take positions elsewhere. His company was losing the battle for talent because its growth strategy did not include a leadership development and retention program.

A Risky Approach. Organizations that lack effective training programs are forced to offer lucrative compensation to buy superstars in the open market - a time-consuming, expensive, and risky approach. The problem is that everyone pursues the same talent. Organizations that consistently grow leaders produce better results. The issue isn't just that organizations don't develop the leadership, management, and technical skills they need to succeed. It is even more troubling: the organization underperforms when the business grows faster than the staff's capabilities.

Sink-or-Swim. Another symptom of a weak developmental program is promoting employees into key positions hoping they already know or will learn what they need to know. After congratulations, a salary bump and a new title, sink-or-swim promotees receive little help in understanding - let alone conquering - the challenges of a new position. Conversations to set expectations, establish metrics, and mentor frequently do not occur. The sink-or-swim approach to promotions produces one of three results:

- They will succeed on their own (which may be how you did it)
- When results fall short, you will step in to fix the problem, or
- Eventually they will leave, be demoted, or be fired.

It's more effective and easier on everyone to avoid fix-it-later by having developmental conversations early and often with your high potentials.

The Responsibility to Develop Others. Next to setting the strategic direction, a leader's most important responsibility is to develop people. Effective development programs yield a steady stream of great candidates that flows from the bottom to the top. Yet few organizations make coaching, training, and developmental assignments a cornerstone in their growth strategy. The problem starts at the top when CEOs neither mentor their CXOs nor insist that CXOs mentor their direct reports.

Hiring Choices. Hiring only exceptional employees is a given, of course, when new skills or more heads and hands are needed - but it is not sustainable as the primary way to find leaders. Hiring leaders costs too much and is more prone to error than promoting an employee who has institutional knowledge and established relationships. Furthermore, many business stars change organizations so frequently that they fail to master the skills required at one level before moving up to the next. You may just be hiring someone else's flash-in-the-pan who won't be able to reproduce their prior successes in your organization.

Promotions. When evaluating candidates for promotion, remember that effective leaders are defined as much by how they think as by the skills they possess. Specifically, they:

- Have a passion for what they do, and pursue goals with diligence and intensity
- Collaborate with others, share information, and volunteer to help
- Feel personally responsible for what happens. When things go right, they share credit; when things go wrong, they fix what's wrong rather than blaming someone or something else.

Organizational Change

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ALAN S. BERSON
RICHARD G. STIEGLITZ

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Whether you are newly-promoted, a veteran of the C-suite, or somewhere in between, your most powerful tool is the ability to touch people's hearts and minds through effective conversations. Rich with real-world examples and useful ideas, *Leadership Conversations* is a must-read for high-achieving managers looking to reach the next level and leaders striving to develop others.

Buying or selling a business can be a lucrative but risky transaction

IF YOU'RE BUYING OR SELLING A BUSINESS, THERE'S MUCH YOU NEED TO KNOW TO GET THE MOST OUT OF THE TRANSACTION

EXPENSIVE MISTAKES

WHEN BUYING & SELLING COMPANIES

...AND HOW TO AVOID THEM IN YOUR DEAL



Richard G. Stieglitz, PhD
Stuart H. Sorkin, JD, LL.M., CPA

- Are resource learners who take risks, learn from results, and adapt easily to change
- Do what they say they will do because their word is their bond.

These criteria sometimes seem soft to executives accustomed to making promotion and hiring decisions based on the superior skill in the previous position or as a reward for performance. When you consider that you're not just filling an open position but are building the organization's leadership inventory, hiring and promotion decisions takes on great importance.

Mentoring Is Essential. Executives who view a job as a set of goals to be achieved miss the importance of developing people. Each rung on the ladder involves new priorities, more complex skills, and a different blend of leadership and management tasks than the previous one. The conversion of success at one level to success at higher levels requires you to mentor people rather than assume they'll be able to do the new job. The need to mentor is even more vital when a key position is filled with a new hire. People who move up a level when they join an organization are particularly at risk. In addition to tackling new responsibilities, they must build new relationships, learn new processes and tools, and adapt to a new culture. They require more mentoring than a person who is promoted from within.

Bottom Line. Most executives acknowledge their responsibility to develop people. Yet few know how to do so - and even fewer make it a priority on a daily basis. Yet with a bit of planning, you can meet short-term objectives and grow people concurrently. Start by asking about successes and failures: why a seemingly solid strategy produced mediocre results, how a key deal was won, and why a critical deadline was missed. As a successful executive, you have felt the pressure of working with limited resources, meeting tight deadlines, and achieving stretch goals. Share your stories with your people by explaining how you conquered some challenges and struggled with others. Encourage them to have the same conversations with their people. Develop your people in every conversation you have with them no matter what the topic.

Leading Change THE UNIQUE CHALLENGE OF LEADING HIGH POTENTIALS

Sylvia personified high potential. After being valedictorian at an elite all-women college, she earned an Ivy League MBA and was recruited by a prestigious consulting firm. Her track record on strategic engagements was nearly flawless. Clients were amazed by her insight and work ethic. Soon she was successfully directing her own projects. She received top performance ratings and big salary bumps, but her senior partner said there were other aspects of the company's operations she needed to learn before she could be considered for promotion to partner.

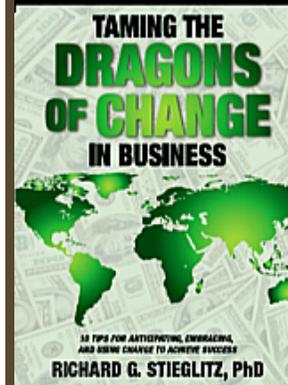
Impatient and frustrated, Sylvia resigned and got a branch head position in corporate development at a Fortune-500 company. From the start, she earned accolades because her team consistently produced quality analyses. After a year, she was promoted to manage a department with a dozen first-line managers, a hundred professionals, and a support staff. To shorten a long and painful story, the department's performance deteriorated from lack of

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change?

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QUICKLINKS

Dick Stieglitz's Website

leadership direction, and two years later she was fired.

If you are fortunate, you have several Sylvias on your staff who are exceptionally good at what they do. How are you developing them? Sylvia eventually failed because she was a brilliant individual contributor who didn't learn first-line management skills before moving up to a manager-of-managers position. Her high potential evaporated because neither the partner at the consulting firm nor either of her bosses at the Fortune-500 company developed her management and leadership skills.

Like Sylvia's, the resumes of high potentials frequently show a meteoric rise through the ranks. They get the benefit of doubt in promotion decisions because of superior performance. As a result, they may zoom up the leadership ladder so quickly that they don't acquire the leadership skills essential for success. Often the first indication of a problem is a shocking career meltdown like Sylvia's.

High potentials sometimes come across as ambitious and aggressive - they want it all and they want it now. You can make the difference between their ultimate success and failure (and yours too) by holding leadership conversations to guide them through the full cycle of: (1) analyzing a problem, (2) developing a solution, (3) gaining buy-in, (4) implementing the plan, (5) measuring in-process results, and (6) making adjustments to produce team success.

Developing leadership skills isn't an HR function. Rather, it is a strategic imperative that should be championed by leaders in all departments including HR. Make it part of your organization's culture and demonstrate its importance by modeling it yourself. Expect performance gaps initially whenever a person is promoted. No matter how skilled or successful he or she was previously, when a person moves up a level they enter a new world that has new challenges. Hold leadership conversations to close those gaps.

Personal Change **DEVELOPING POTENTIAL**

People have 'high potential' when others expect them to excel in the future on the basis of their ability to build relationships, grow technical and professional skills, implement and adapt to change, and tackle complex projects. Potential can and often does change over the course of a career because of acquired skills, emerging technologies, the evolving nature of jobs, and new relationships.

Evaluate your potential and the potential of your people in three categories:

- *Expert Potential* - the ability to complete more complex assignments in the same field
- *Growth Potential* - the ability to lead bigger projects in the same field
- *Promotion Potential* - the ability to deliver results at the next higher management level

These categories offer a common language for performance reviews, career counseling, and interviews. Making distinctions among the three categories of potential enables you to coach people effectively in new positions and to recommend appropriate training.

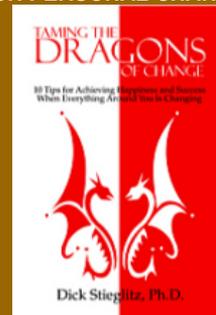
Each promotion requires a person to learn new ways and leave old ways behind - even though the old ways produced success in the past. Five attributes that change markedly after each promotion are:

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- *Skill Requirements* - the abilities required to achieve strategic goals
- *Priorities* - the things that are most important to do first
- *Measures of Success* - the criteria for 'doing a good job'
- *Time Frames* - the time horizons for planning and performance
- *Relationships* - internal/external people who are vital to success

Some high potentials persist in using attributes of their old position; or, even worse, may not have learned those attributes before being promoted. Similarly, if you didn't learn how to perform at a previous level, you'll have a hard time mentoring direct reports in how to perform at their level.

Understanding the leadership skills required at each level is essential in providing assistance to the high potentials who work for you. One-size-fits-all training generally is only effective as a foundation. Evaluate a person's readiness to move to the next level by considering his or her ability to fulfill the needs of the new position rather than by looking solely at results produced in the current one. The key benefit of developing high potentials is that you will win the battle for talent by growing your own stars instead of being compelled to offer astronomical compensation to hire them.

Friends & Colleagues,

If you are concerned about your organization's ability to win the battle for talent, read *Leadership Conversations* and contact me to discuss strategies. If you found this e-letter to be useful, please forward it to a friend. If not, let me know why at dick.stieglitz@MyLeadershipConversations.com.

Until the next month,

DICK