The Leadership Pipeline
How to Build the Leadership-Powered Company

by Ram Charan, Stephen Drotter and James Noel
THE SUMMARY IN BRIEF

Today’s businesses compete as much on the strength of their intellectual capital as on that of their financial capital. This intellectual capital resides in employees at all levels of the firm, but it takes strong leadership to fully develop and enable it.

In *The Leadership Pipeline*, three experts show companies how to build their own leaders by understanding the critical passages a leader must navigate, by providing the appropriate development for navigating those passages and by building the right system for ensuring a full pipeline of leaders now and in the future. They provide readers with a proven method for building a leadership pipeline by defining six critical leadership passages, assessing
competence and performance at each passage, and planning leadership development in a way that addresses the unique challenges of each passage.

The authors’ practical advice gives managers and human resource professionals the framework, tools and language they need to help leaders at every level reach their full potential. It also gives individuals a framework for managing their own development and planning their own careers.

In This Summary You Will Learn

• How to use a proven model for identifying future leaders, assessing their competence, planning their development and measuring the results.

• How to integrate your company’s leadership development process with a succession planning process to constantly renew leaders at all levels.

• How to use diagnostics to identify problems and possibilities in your leadership pipeline.

• Ways to improve performance by clarifying roles and creating performance standards.
• How to challenge traditional notions of leadership to use the Leadership Pipeline approach effectively.

• How young people and the Internet are transforming democracy.

INTRODUCTION
This is an era in which the demand for leadership greatly exceeds the supply. Signs of this imbalance are everywhere. Executive search firms are flourishing because of the demand for leadership talent. Just about every major organization is attempting to hire “stars,” offering enormous compensation to entice the best and the brightest.

These overly aggressive, sometimes desperate attempts to recruit outsiders suggest that the leadership pipeline is inadequate. Internal training, mentoring and other developmental programs aren’t keeping the pipeline full, making it necessary to look outside. Everyone is fighting over a relatively small group of stars who, even when successfully recruited, tend to willingly move from company to company.

What’s needed is an approach that will allow organizations to keep their own leadership pipelines
full and flowing. This is easier said than done because the requirements of leadership have changed so dramatically, and most development models are ill-suited for these changing requirements. However, the following approach that takes into account the different requirements at distinct leadership levels is viable. 

**SIX LEADERSHIP**

The six turns in the leadership pipeline discussed here are major events in the life of a leader. They represent significant passages that can’t be mastered in a day or by taking a course. The goal is to help you become familiar with the skills, time applications and work values demanded by each passage. Once you grasp what these passages entail and the challenges involved in making each leadership transition, you’ll be in a better position to use this information to unclog your organization’s leadership pipeline and facilitate your own growth as a leader.

*Passages Through the Pipeline*

By establishing appropriate requirements for the six leadership levels, companies could greatly facilitate the succession planning, development and selection processes in their organizations. Individual managers could clearly see the gap between their current level
of performance and the desired level; they could also see gaps in their training and experience and where they may have skipped a passage (or parts of a passage) and how that’s hurting their performance.

Having a leadership pipeline in place can reduce emotional stress for individual employees. The Pipeline model makes skipping passages unlikely. This model also helps people move through leadership passages at the right speed. The Pipeline model provides a measurement system to identify when someone is ready to move to the next leadership level. In addition, the Pipeline model reduces the typical time frame needed to prepare an individual for the top leadership position in a large corporation.

From a pure talent perspective, however, the most significant benefit of the Pipeline methodology is that you don’t need to bring in stars to prime the leadership pump and unclog the pipeline. ~

FROM MANAGING SELF TO MANAGING OTHERS (PASSAGE ONE)
To be successful as a first-time manager requires a major transition for which many people are not adequately prepared. Perhaps the most difficult
aspect of this transition is that first-time managers are responsible for getting work done through others rather than on their own. While new managers may recognize this transition intellectually, they reject it psychologically, as evidenced by their behaviors. Typically, they overpower their direct reports with their expertise. Giving up the tasks and responsibilities that earned them a manager title in the first place is a tremendously difficult aspect of this leadership passage.

First-line managers must become cognizant of the first-level leadership characteristics that will help them meet the needs and maximize the performance of their people.

Managers must cease thinking only about themselves and start thinking about others.

**Pipeline-Unclogging Tactics**

Measures need to be put in place so that first-time managers make a smooth transition from their individual contributor roles. These measures need to prepare people for this transition, monitor whether they’re making it successfully and intervene when there are problems. Although there is some overlap between all three of these measures, let’s look at
them separately so you can understand how to implement them effectively:

- **Preparation.** Clearly communicate the skills, time applications and work values required at this passage and provide training that helps people make necessary changes. Individual contributors need to understand what’s required of them as they move through this first leadership level, and they need to understand it in specific rather than general terms.

- **Monitoring.** Determine whether and where someone is having difficulty with this first-level transition. There are numerous ways you can keep tabs on whether a given manager is making a successful transition, including observation, sampling and gap analysis.

- **Intervention.** Provide regular feedback and coaching to help people make this transition; take action if they’re experiencing significant difficulty in doing so. Intervention can take many forms: coaching-feedback; peer learning and partnering; meetings, readings and travel; and a new work assignment.
The direct responsibility for preparing first-time managers rests with managers of managers. This latter group needs to learn how to coach their direct reports to make this transition.

FROM MANAGING OTHERS TO MANAGING MANAGERS (PASSAGE TWO)
Though most organizations have training programs for first-line managers, relatively few have any programs in place for managers of managers. Whereas being appointed as a first-line manager is a cause for celebration, the move to a manager of managers is usually greeted with more muted enthusiasm.

Yet this leadership level differs significantly from the previous one in terms of skills, time applications and work values. If this transition isn’t addressed, many managers skip this passage, much to the detriment of their organizations.

Managers of managers are responsible for the greatest number of people in the company who do the most hands-on work; they’re in charge of getting the work done that is directly related to the company’s products and services. As you can imagine, quality and productivity suffer when managers of managers
aren’t performing their roles effectively. In fact, errors here harm the company’s ability to execute and may even create a competitive disadvantage.

**What Managers of Managers Should Do**
The following four skills are absolutely essential at this leadership passage: selecting and training first-line managers, holding first-line managers accountable for managerial work, deploying and redeploying resources among units, and managing the boundaries that separate units which report directly and with other parts of the business.

Goals and measurements must be put in place that create accountability for new managerial behaviors. Appropriate measures include amount of improvement in efficiency; degree of improvement in quality, frequency and impact of coaching sessions; number of first-line managers promoted to bigger jobs or moved laterally for broadening experiences; success rate of new first-line managers; and teamwork within the assigned area and other areas.

Of all these measures, perhaps the most important revolves around preparing first-line managers for their roles.
It is especially important during these times of rapid change and uncertainty to involve managers of managers at a strategic level. They can play a major role in interpreting and communicating the company’s evolving objectives to the work force, either directly or through first-line managers.

FROM MANAGING MANAGERS TO FUNCTIONAL MANAGER (PASSAGE THREE)
Maturity is a result of learning from success and from mistakes — in other words, learning from experience. Given that many relatively young, high-performing people are being promoted to functional manager positions, the odds are that this maturity isn’t always developed. To help these managers grow, place them on task forces, teams and committees of managers from different functions or subfunctions with different backgrounds, skills and experience. Having to work effectively with people who are different is a growth experience.

Developing strategic competencies can be a more formal process. After three to six months on the job, training in these skills can be done through university classes, consultants or in-house resources. The best method of training, however, involves hands-on learning activities in which the manager uses the
function’s own data, challenges and resources in a strategy-related assignment. After completing the assignment, the manager should be evaluated and receive feedback.

**Development Progress**

Development progress can be measured with a calendar check. Functional managers have to make significant shifts in how they spend their time if they’re going to transition to this new leadership level successfully. Time has to be blocked out for strategy sessions, communication meetings with a variety of sub-functional representatives and so on.

Perhaps the best way to measure development progress, however, is to watch for signs of maturity. Maturity can be measured in development of traits such as humility. A clear sign of maturity is letting go of old silo behaviors. When silos were the rule, functions and sub-functions worked apart rather than together. Although management has attempted to tear down these silos, the old attitudes persist. Mature leaders will turn away from a narrow dedication to their function and embrace a more integrated, total business philosophy. ~
Helping business managers learn to value all functions and assemble and rely on strong teams of direct reports requires a number of actions. Ideally, all the functional heads will have the experience and expertise necessary to facilitate appropriate treatment and total trust on the part of the business manager. In reality, this isn’t often the case. Therefore, the business manager’s boss should consider doing the following:

- Encourage the business manager to spend time with each of the functional heads and to ask questions, listen to answers and reflect on what he or she has heard.

- Set specific goals for the business manager for each of the functions, linking these goals to the support functions so they serve as an early warning system for problems.

- Suggest that the business manager make it a habit to take an appropriate functional head along on trips; this will help the manager become more attuned to the value of each function in “real-life” situations.
Though changing the way a business manager thinks isn’t easy for any boss, it can be made easier if this issue is addressed on the first day of the job.

FIVE SIGNS OF A MISPLACED MANAGER OF MANAGERS

People who are struggling with this leadership passage usually are having problems with core leadership skills, as the following signs suggest:

• **Difficulty Delegating.** Some managers delegate improperly; they lack a control system that ensures accountability for what is delegated.

• **Poor Performance Management.** Look for someone who provides poor or little feedback to his managers, isn’t a good coach, doesn’t offer clear direction and whose people are unsure about their goals.

• **Failure to Build a Strong Team.** This is someone who works with her direct reports as individuals but doesn’t organize them into a productive team.

• **A Single-Minded Focus on Getting the Work Done.** This individual frequently doesn’t exhibit any interest in strategic or cultural issues.

• **Choosing Clones Over Contributors.** This not only causes diversity problems, but also pollutes the leadership pipeline with people who lack necessary leadership qualifications.
FROM BUSINESS MANAGER TO GROUP MANAGER (PASSAGE FIVE)

At this level, the best companies consider development a corporate responsibility and take this task seriously. At General Electric Co. and Citibank, succession planning focused on group executive candidates and provided them with a series of assignments designed to develop their ability to run multiple businesses.

Perhaps the most important developmental experience for group managers, therefore, is managing more than one business. Ideally, they will have the opportunity to manage very diverse businesses. This will help them make the shift from knowing one business model to experiencing different business models and will enable them to move beyond the belief that the known model is the only model.

Experience and Coaching

Through experience and coaching, group executives can also learn the art of critiquing strategy. Essentially, the skill they really need to master is helping their business managers produce a better strategy by asking the right questions and by
examining the underlying data. This means knowing what questions to ask these managers, evaluating the strategic options they have presented, assessing the risks and telling these managers to go forward or go back to the drawing board.

Selecting functional managers for business manager positions is another group executive skill that can be developed. ~

FROM GROUP MANAGER TO ENTERPRISE MANAGER (PASSAGE SIX)
Enterprise leadership demands a system of beliefs substantially different from what is required at other leadership levels. For managers who have built their careers achieving results faster and more effectively than their peers, valuing slow, evolutionary results can be a struggle. Giving up on long-cycle programs (such as quality-based ones) before they’re fully implemented and able to produce measurable results is a common CEO failing.

Similarly, many CEOs experience difficulty valuing only three or four key objectives. Business managers and even group executives frequently have long lists of goals. They derive satisfaction by checking off one item after the next. The enterprise manager, however,
should derive satisfaction from a short list of long-cycle initiatives.

**CEO Development: No Skipping Levels Allowed**

Though there are many paths to the chief executive spot, all of them should allow managers to make leadership transitions at each level. People who become enterprise managers and have skipped levels are burdened by a gap in their leadership experience.

To help develop group managers into enterprise managers, one of the keys is to have them run a group that is different in market position, product or customers from what they’re used to. They need to learn how to deal with a new business model. This is good preparation for a CEO position, where running the company is much more challenging than grasping a new business model.

Another development step is to have them take on a staff position with companywide responsibilities. Research, deep analysis, long-term planning and measurement are necessary for CEO success, and staff positions can provide opportunities to develop these skills. It will also give them an appreciation of staff
work and help them value and use staff more effectively when they’re managing the enterprise.

Perhaps the best development method for CEOs is having a coach or some other “peer” who can give them feedback. In an ideal situation, boards will fulfill this role. ~

**DEALING WITH THE SPOTLIGHT**

Dealing with the high visibility that this leadership level necessitates is an ongoing process. In some cases, managers will have developed a degree of maturity at the previous level that will help them handle the spotlight. Some managers’ natural reaction to being closely and widely scrutinized is defensiveness and rigidity. To encourage openness and flexibility instead, business managers should try the following tactics:

- Pretest ideas, decisions and proposals with a trusted associate.
- Resolve to say “I don’t know” when uncertain about answers or decisions, and then make a commitment to find the answers by a certain date.
- Collect many opinions — both for and against — before making decisions; look for external inputs as well.
Use The Wall Street Journal test: Ask how you would feel about an idea or transaction if it were on the front page of the paper tomorrow.

DIAGNOSTICS: IDENTIFYING PIPELINE PROBLEMS AND POSSIBILITIES
Just about every organization has people working at the wrong leadership levels. The problem can occur at any of the six levels, but it’s most common among first-line managers who are spending most of their time doing individual contributor work, business managers who are doing functional work and group executives who are focusing on business manager work.

Diagnostic Steps
The following steps will help you assess an individual quickly and accurately:
1. Identify the individual’s behaviors and work production through observing and talking to him. Look at his calendar to determine how he’s spending his time. Find out what work he’s producing and the major focus of his efforts.

2. Discover his impact on others — direct reports, both past and present, as well as people in other
units. Has he developed direct reports effectively for their current leadership levels?

3. Overlay this information on the Pipeline model. Analyze how an individual’s actions and attitudes align or misalign with a given level’s skills, time applications and values.

4. Determine the level at which someone is actually working versus the level at which he should be working. When you do so, be specific in identifying the gaps between his operating level and his assigned level.

5. Create a development plan that is value-focused. Keep in mind that if people learn the right values, the right time applications and skills usually follow.

**Group Perspective**
Many times, the Pipeline diagnostic is used for different groups within an organization. Business teams can use it to figure out whether they’re working at the proper level, given their assignment and goals. The following steps will help groups use the Pipeline diagnostic effectively:
1. Conduct individual assessments of leaders who are part of the group being assessed.

2. Look at the individual assessments cumulatively and determine whether the skills, time applications and work values match what is appropriate for the level across the group.

3. If they’re not appropriate, what are the specific gaps? Spell out what the misalignment consists of.

4. If you’re looking at the entire pipeline, analyze each level’s strengths and weaknesses. Where is the pipeline clogged? Can you pinpoint a particular level or levels where appropriate leadership is lacking? ~

PERFORMANCE IMPROVEMENT: CLARIFYING ROLES AND CREATING PERFORMANCE STANDARDS
The Leadership Pipeline provides a fast and effective way to establish role clarity. By comparing what a leader does versus what is required at a given leadership level, as well as what his boss and subordinates do versus the model, you can sharpen role clarity. Because most development occurs on the job, it’s important to
establish the right role requirements so a leader understands them and develops in the right direction.

Role clarity can be achieved by using the Pipeline model to identify the leadership level at which a given job is located; communicating to managers what this level is and the skills, time applications and work values demanded by this level; and making everyone up and down the pipeline aware of the potential gaps and overlaps between “adjacent” levels and taking action to correct the gaps and overlaps.

**Strategies for Getting to Full Performance**
Certain leadership development strategies have proven to be very effective for companies attempting to improve the flow in their leadership pipeline. Here are four:

**Strategy 1: Start with the boss and not the subordinate.** Bosses must ask themselves what they’re doing (or not doing) that’s impeding leadership development and performance of their subordinates.

**Strategy 2. Search for evidence of an appropriate values shift.** The evidence of a values shift includes people willing to see their roles differently. They must be willing to reallocate their time, change the way they
attack problems or change which aspect of the problem they tackle personally, and accept new skill-building requirements.

**Strategy 3. Use Action Learning as a primary vehicle for development.** Action Learning involves setting up teams of leaders who are all on the same leadership level and assigning them a highly challenging task related to a significant business objective. These are stretch assignments that demand that participants develop new skills, time applications and values in order to complete the assignments successfully.

**Strategy 4. Address inappropriate performance immediately.** Leadership pipelines clog when performance gaps are allowed to exist for lengthy periods.

**SUCCESSION PLANNING**
The following five-step plan will greatly facilitate your succession planning with Leadership Pipeline goals in mind:

1. Tailor the Leadership Pipeline model to fit your organization’s succession needs. Add leadership
levels if that better reflects how your company is set up.

2. Translate standards for performance and potential into your own language. Clear, detailed, unambiguous standards will greatly enhance both your succession and development planning.

3. Document and communicate these standards throughout the organization. When everyone is aware of the standards for judging potential and performance, they know what they have to do to move up a level and be qualified for a given leadership position.

4. Evaluate succession candidates through a combined potential-performance matrix. This is a useful tool for gaining snapshots of a leadership layer.

5. Review the plans and progress of the entire pipeline frequently and seriously. Ideally, your organization will have at least one annual succession meeting that will focus on this performance-potential evaluation, and you’ll also schedule quarterly reviews and monthly action reporting. In addition, the CEO and his or her direct reports should be privy to the performance ratings for the entire leadership pipeline.
Each leadership level should be looking at the ratings for at least two levels beneath them.

Creating this two-level-down accountability and using the definitions and standards will greatly increase the odds of selecting the right people for key leadership positions and developing them properly. What is more important, it will help organizations achieve their ultimate goal of getting the right people in the right jobs with the right preparation while producing targeted results now and in the future. ~

**IDENTIFYING POTENTIAL PIPELINE FAILURES**

In company after company, people who were counted on to assume key leadership positions don’t live up to expectations. Some fail in first-time manager positions and some as CEOs.

Although there are many reasons for failure and some can’t be completely avoided (such as abrupt changes in consumer preference), a significant percentage of them can be prevented or dealt with effectively.

Failure is something that needs to be addressed as part of this process. Here are the four most common causes of individual failure: selecting the wrong person, leaving poor performers in the job too long,
not listening to or seeking feedback and defining jobs poorly.

**How to Prevent Institutional Failure**

Three key ingredients can prevent institutional failure:

- **A framework for leadership.** The Leadership Pipeline model provides companies with a leadership framework. At the very least, it defines requirements by levels and makes clear distinctions between what is required from one level to the next.

- **Language for discussing problems.** Without appropriate language, organizations lack precision for diagnostics and solutions. With the language of the Pipeline, people can talk about their leadership requirements by using the same categories (skills, time applications and work values) but define them according to their particular leadership positions.

- **Standards for judging performance.** Performance standards help leaders set goals and create true measures on which their performance is judged.

**THE FUNCTIONAL CAREER PASSAGE**

The Leadership Pipeline branches out in a second direction at the passage from functional manager to
business manager. Instead of moving from functional manager to business manager to group manager to enterprise manager, some managers move upward on a functional path. For the majority of people who work in large companies, this is the relevant upward path since very few are selected to be business managers. This functional offshoot is the one most people will follow.

This functional branch of the Pipeline becomes clogged as easily as the business leadership portion, and it’s important to use this model to understand requirements and prevent the clogs. In fact, most organizations have a significant number of critical functional positions above Passage 4, and it’s crucial that a process be in place to help them go through their leadership passages successfully.

**Developing Enterprise Functional Managers**

At this level, self-help is the norm. The CEO usually provides direction but it rarely suffices. The following suggestions are geared toward self-help because it’s the most realistic course of development action:

• **Obtain an early, expert assessment of the function.** Valuing expert opinion other than your own is a basic requirement.
• Validate your game plan and goals with the CEO and with a cross-section of key leaders at every level. Since everyone in the company relies on the services your function provides, obtain input and confirmation from all levels. Being aware of perceived versus actual value of your function is crucial.

• Make time on your calendar for touching the enterprise at every level personally. You require firsthand information from your internal customers and they need to hear your message directly. Schedule visits at least once per month on an ongoing basis.

• Separate the important from the urgent. Quick response to urgent problems is mandatory for functional leaders. Successful managers at this high functional level aren’t seduced by short-term, highly satisfying victories. They learn to value real progress toward sustainable long-term goals. ~

COACHING
The Pipeline is motivational from both a carrot and a stick perspective. In terms of the latter, it shocks managers into realizing they’re not operating at the right leadership level (given their position). In terms of the former, it’s very specific in delineating the
behaviors and attitudes they need to demonstrate to achieve specific career goals.

**The Leadership Continuum**
The Pipeline also helps managers locate themselves on the leadership continuum.

In many ways, these leadership passages correspond to psychological developmental stages — the developmental stages of children, for instance. They represent the progressive growth stages of a leader, and when they’re presented in that manner, people become much more coachable.

Finally, the Pipeline is a great coaching tool because of its clarity and simplicity. People “get it” right away. They realize that if they want to be successful at the manager of managers level, they need to let go of certain values and skills that made them successful at the first-time manager level. ~

**HOW COACHES AVOID A ‘FIX-IT’ MENTALITY**
Coaching with the Pipeline model rather than the problem in the spotlight is not always an easy task. Managers often are tempted to “fix it” and deal with the problem rather than with the individual’s leadership capability.
To avoid a pure fix-it mentality, concentrate on attempting to achieve the following through coaching:

• Help people achieve their full potential. Discuss what managers need to do in order to fulfill that potential on their current leadership level.
• Provide an honest assessment. This means communicating to managers where they are on the Pipeline in terms of their skills, time applications and values, even if where they are personally is nowhere near where they are assigned.
• Communicate the benefit for both the individual and the organization.

BENEFITS UP AND DOWN THE LINE
There’s a war for talent going on now, and it’s only going to become more intense in the future. The Leadership Pipeline model provides a way to win that war.

No matter what your position within an organization might be, you can use it to think, talk about and decide on actions to build your group’s talent. In doing so, you may need to convince yourself and others that it’s worth adopting this Pipeline model. Some people will prefer buying stars; others will be reluctant to move from a traditional leadership development model.
A Flexible Pipeline for Changing Organizations
The six leadership passages and the attendant skills, time applications and values aren’t set in stone. Some requirements might need to be tweaked to conform to specific environmental realities.

Ultimately, the Leadership Pipeline’s greatest value may be that it provides a framework upon which new organizations can be built and old ones can reconfigure themselves.

In the future, the six passages may change. As e-commerce affects almost every company and as other major trends force companies to rethink what they are and what they must do, leadership passages will evolve. Nonetheless, the Pipeline model will remain viable because its essential message is timeless: Leadership entails a series of passages that come with very specific values, skills and time requirements; leaders must not skip passages as they take on more responsibility and influence in an organization or they will end up working at the wrong level and will clog the pipeline.
With these principles in mind, any organization can develop its own talent to maximum leadership capacity now and in the future. ~

**Recommended Reading List**

*If you liked The Leadership Pipeline you’ll also like:*

1. **Leading at a Higher Level** *by Ken Blanchard.* Ken Blanchard has spent more than 25 years helping leaders and organizations become great and remain great. This is a distillation of all that knowledge.

2. **The Leader of the Future 2** *by Marshall Goldsmith and Frances Hesselbein, editors.* 27 practical essays from some of the world’s most recognized leaders. Leaders must adapt to the latest trends and marketplace opportunities.

3. **Judgment** *by Noel M. Tichy and Warren G. Bennis.* Leaders are remembered for their best and worst judgment calls. It’s a leader’s judgment that can determine the fate of the entire organization.

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