Bridging Learning and Assessment:

A New Direction in Leadership Development

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Talent management professionals are faced with a myriad of challenges that test their capacity to deliver talent required to successfully assume critical roles. Internally, companies are often faced with limited talent pools, and they need a more accurate, in-depth perspective of that talent's critical capabilities. Externally, organizations face a highly competitive talent market. Regardless of where the talent is acquired, there is a need for more focused, relevant and actionable development in order to bring the talent to an acceptable level and reduce the risks inherent in the talent identification processes.

A critical, role-specific challenge for many organizations is the effective, timely development of high potential general management talent. Leadership Development is a critical challenge because of the significant impact general managers (GMs) have on the success of an organization. GMs run multi-function organizations with ultimate responsibility for the profit and loss of their respective business unit.

The Challenges of Identifying High Potential Employees

The significance of the GM development challenge is exacerbated by the fact that the selection of high potential GM talent is often predicated on a less-than-robust identification process. Those identified seldom have a track record for running multiple functions or achieving comprehensive P&L targets because their roles typically have been those of functional leaders. Therefore, the identification process is weighted heavily on the evaluation of competencies. In addition, the selection process often rests on the perspective of one or two executive-level nominees, who may not be calibrated on how to observe and evaluate the criteria defined for the GM role.

Selection, assessment of current capability level, and development of GM talent is based on the same criteria i.e., some set of factors or competencies that describe the skills, knowledge and attributes required for success as a GM.

Most competency models focus heavily on people leadership and/or leadership characteristics, such as the ability to engage and inspire, a willingness to collaborate, overall influence, capability in stakeholder relations and developing talent, and adaptability. Some degree of attention is focused on factors such as strategic thinking, analysis and decision-making. Minimal attention is given to business acumen, which is typically represented by one poorly defined competency.

Traditional Assessments Provide an Incomplete Picture of Business Capabilities

Assessment of the current capabilities is often the first step in the development process for a newly identified, high potential cadre. The nature and focus of the competencies described above dictate the type of assessment instruments to be used. Role-play as well as leaderless and leader-led simulations provide highly effective opportunities for participants to demonstrate their people leadership capabilities. Significant components of in-baskets and day-in-the-life-of-a-general-manager simulations add to the people leadership assessment. Assessment simulations, such as business analysis and fact-finding exercises, allow for the demonstration of strategic thinking and decision-making behavior.

However, one of the problems with these types of assessments is that they are relatively static and don't require the participant to respond to market and organization dynamics generated by a computer-based industry-specific simulation. In addition, the assessment is out of balance. It is heavily weighted to people leadership, which is important, but not the only capability required of a successful GM. Strategic thinking and decision-making competencies begin to provide some balance, but the fact that they are assessed out of the industry and organizational context in which they need to be demonstrated diminishes their impact.

Simulation-Based Discovery Learning: A More Complete Picture of GM Capability

Although business acumen is not well defined in competency models, and seldom evaluated as part of an assessment process, many of the world's most prestigious and successful companies, including AT&T, Genentech, and Prudential, engage training and talent management organizations to help strengthen business acumen and raise it to an acceptable level for the entire high potential GM cadre. Simulation-based discovery learning has been proven highly effective in the development of business acumen.

The process for developing and delivering an industry-specific computer simulation begins with gaining an understanding of the industry, market and organizational challenges inherent in running the target company, as well as the drivers of financial success. In tandem with the business context, the factors that a successful GM must demonstrate in order to meet the business challenges and achieve success are also identified. Based on this myriad of market- and business-specific information, a simulation-based workshop is developed that allows participants to work in competitive teams to analyze industry-specific financial, operational and market data, set their company strategy and goals, and make all of the operational and financial decisions of a GM, including people and resource decisions.

Assessing Participants Within a True Market Context

The discovery learning engendered in this methodology occurs when each of five teams makes its decisions within the context of a company-specific business forecasting model. Here, the team can test its decisions and see the financial and operational implications of those decisions. Its forecasted decisions then are run against a competitive market model that incorporates all five teams' decisions. Through in-depth debriefs of market results, each team discovers how its respective strategies and decisions impacted the market and, ultimately, its success as an organization. Its results in the marketplace are often markedly different from its forecasted decisions. Fortunately, each team has the opportunity to run its respective businesses over the course of two to four cycles or years, and learn from the good decisions as well as the mistakes. The insight that observers/assessors and the participants themselves garner from participating in these simulations is dramatically different from what is experienced in other assessments. For instance, in leaderless group discussions, participants don't have the opportunity to make decisions within a true market context. The feedback provided in discovery-learning simulations introduces participants to concepts and provides them with tools they can apply in subsequent rounds of the simulation and in the workplace.

A closer look at the behavior generated during two or three days of running a hypothetical company can provide insight into the success factors underlying business acumen. These typically include strategy development, data analysis, industry and market savvy, operational focus, profit optimization, and critical thinking/ balanced judgment. In lieu of continuing to use the term "business acumen," which tends to be passive and knowledge-based, many companies chose the phrase "business leadership" as they recognize that they are developing this capability in their GMs. For example, AT&T used discovery learning to help its high potential employees deepen their ability to execute on the 14 key initiatives that drive achievement of the company's strategic imperatives.

Leveraging Learning Through Relevant, Targeted Feedback

How can we leverage the discovery-learning simulation experience to provide feedback relative to business leadership success factors? How can we use it as a basis for a more balanced perspective of leadership capability? How can we apply it to more focused, actionable development planning and coaching? The answer is to incorporate a variety of feedback mechanisms into the simulation experience, the most significant of which is observation and feedback by trained observers/ assessors.

Figure 1 illustrates the components of Diagnostic Developmental Feedback [Assessment Process Supplement], a simulation-based, discovery learning workshop. The observers/assessors should have the opportunity to observe a team of four to six participants in a two-hour strategy and goals development session as well as during each of two to four decision-making rounds (years), each of which is 2.5 hours. This represents seven to 12 hours of observation in a very dynamic, action-filled, competitive environment.

Figure 1

Adding Credibility with Senior Leaders

The observers/assessors are typically pairs of internal senior managers. One should be a line manager above the target audience, typically an incumbent GM. The other internal observer/assessor can be a senior HR or L&D leader. When a sufficient number of internal resources are not available, experienced external observers/assessors are utilized to supplement the internal resources. Under some circumstances, such as the desire to provide on-going executive coaching, all observers/assessors can be external.

The benefits of internal senior leaders as observers/assessors are significant both for the participants and the observers/assessors. First, the presence of senior leaders adds credibility and importance to the program. Secondly, senior leaders understand the business context, the industry, the market and the metrics created in the simulation. They also know what success looks like in terms of running a business. Finally, they can provide relevant feedback that can easily be converted into realistic development activities. The benefits for the observers/assessors include gaining a perspective of talent across the organization, contributing to the development of high potential employees, and strengthening their abilities to observe behavior and give focused, actionable feedback. This is a great example of leaders developing leaders, a concept that is growing in importance and impact in many organizations.

Prior to beginning the feedback process, observers/assessors typically undergo one day of training, which is critical to the success of the process. The session should be highly interactive and experiential, providing context that gives observers/assessors an in-depth perspective of the information the participants will receive and the decisions they will have to make. To accomplish the context component of observer/assessor preparation, the trainees must be immersed in the simulation, experiencing the program as a participant, and going through the strategy session, one round of the simulation and review.

The second half of the observer/assessor session should focus on calibration and development of the skills required to be an effective observer. This includes the practice of observing, categorizing and evaluating behavior relative to the success factors that define business leadership in their organization. This can be accomplished via a number of exercises, including observation of a team going through parts of the simulation. In addition, a number of instruments that enable observers/assessors to summarize their observations of behavior relative to the business leadership success factors can be employed to ensure the consistency and reliability of their observations. Guidelines and practice providing feedback and aiding in development planning also must be provided.

In addition to providing comprehensive feedback on the business leadership success factors, observers/assessors can also provide feedback on observed behavior relative to people leadership factors, such as collaboration and influence. Of course the drawback is that training to become an observer/assessor, and then performing these duties, requires a significant time commitment.

Since team dynamics are as critical to success in the simulation as they are in the workplace, each team has the opportunity to evaluate its effectiveness on factors critical for success. After each round, each team member should take some time to complete a Team Effectiveness Inventory. They can then discuss those areas in which they performed well as a team, and those in which they want to perform more effectively. The observers/assessors can complete the Team Effectiveness Inventory and provide it to the team as an additional perspective to consider.

Finally, the opportunity for peer feedback during an intensive two- or three-day simulation is significant. The participants should be notified at the beginning of the workshop that they will be asked to provide feedback on their most significant contribution to the team's success, as well as feedback on missed opportunities. Participants must be given some coaching and instruments on how to provide peer feedback. This has proven to be a valuable experience for participants as both givers and receivers of the feedback.

As a result of participating in the simulation-based workshop, the high potential cadre of GM hopefuls benefits from the discovery learning on which the workshop is based. Plus, they receive actionable feedback relative to business leadership and people leadership success factors. They leave the program knowing what's required to run a business—their business—and how success is measured and achieved. They also have a much better perspective of their strengths and the opportunities for development in areas that may have not been well-defined for them. They leave with a balanced perspective of the multifaceted leadership requirements of the GM role, which includes both business and people leadership.

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