

# Leaders are made not born

## Essentials steps in leadership development

### Assessing potential and developing performance

The world's top corporations share a key element in their success: a keen understanding of the value of top-notch leadership. Until recently the concept of leadership was shrouded in a great deal of mystique, leading to the common perception that somehow, certain individuals were just singled out for leadership. In other words, leaders were born to lead and the trick of effective management was to discover one of these "born leaders" and hire him (for leaders were usually assumed to be men) before the competition did. Fortunately today an enhanced understanding of educational and developmental psychology has helped to unravel many myths and suppositions about leadership. One of these was the spurious idea that while management techniques could be learned through experience and education, leadership could not be taught.

However, the value of potential cannot be overlooked. Together, potential and training are a powerful combination in developing the inspirational leadership necessary to meet the challenges of a rapidly changing corporate world. So, how can candidates with the potential for real leadership be recognized? A solid educational background is usually considered essential, although some corporate stars have come from surprising backgrounds. An example is Thomas Watson Jr of IBM who struggled to complete a high school education but nevertheless has achieved corporate stardom. It also may be difficult to pick out students with the qualities for top leadership from test results alone. Factors such as participation in extramural activities such as sports, journalism, drama and music may provide clues about student' achievements in non-academic areas. Such activities provide opportunities for learning about negotiation, teamwork and motivation.

A recent study done on West Point cadets (Bartone *et al.*) relates psychosocial development during the college or university years to potential for leadership. Using Kegan's theory of human development, researchers interviewed students at the United States Military Academy (USMA) in stages during the four years of their military training. The results indicated that psychosocial development occurred during the four years of academic and military instruction and that students who showed the greatest psychosocial growth also demonstrated specific leadership behavior in their interactions with colleagues. While the authors concede that more work is required to assess whether these results are congruent with leadership behavior during the cadets' future careers, the findings are interesting and suggest that the study merits replication in a business school environment. Other methods of assessing leadership potential include GE's tactic of looking for such potential as soon as new employees start with the firm. John Rice, the CEO at GE claims that a lot can be learned from the way new recruits interact with each other when they have no authority to influence



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others. The employees who can gain the cooperation of their peers in such circumstances may merit selection for leadership training.

### **International corporations invest heavily in leadership training**

Today successful firms acknowledge that leadership training and supportive mentorship can be used to develop the corporate leaders of the future. Firms such as: Capital One, Hewlett Packard (HP), General Electric (GE) and American Express (AMEX) are all investing serious capital as well as senior managers’ time in leadership training and mentorship programs. In addition they are starting leadership training at much earlier stages in employees’ careers. A case in point is GE’s Crotonville Center, famed for its innovative leadership training courses. As Crotonville is an expensive commodity, GE used to wait until managers achieved suitably senior positions before inviting them to Crotonville. Today potential leaders are offered training at Crotonville much earlier in their careers. The modern ethos demands an earlier step up onto the leadership ladder with much of this requirement arising from prospective employees themselves rather than from corporate CEOs. In the current business world, money is easily acquired, while excellent leadership remains a rare commodity. Business School graduates, aware of their potential value, are attracted to firms promising fast track development into leadership roles. In a recent survey, graduates identified personal development as one of the top three factors they look for when considering a new job. The other two were flexibility and opportunities for community involvement.

### **Giving back to the community while gaining leadership experience**

It is interesting that community involvement is seen as important to aspiring leaders because it is also something valued by many corporations as part of their leadership training. Involvement in voluntary organizations enables trainee managers to share their knowledge while at the same time developing community links and practicing some of the essential leadership skills they will need as their careers progress. Serving on the board of directors of a voluntary organization can provide particularly valuable experience, both in learning how to lead and in developing essential teamwork skills.

### **The importance of teamwork and feedback**

Functioning as a team player, whether in a leadership role or simply as a contributing member of the team, is another important skill for leaders to learn. Modern leadership styles require the ability to motivate and inspire rather than to command and discipline. Some firms have developed a very strong teamwork culture. Nokia is notable for this with a corporate culture that believes leadership is a function of the team; therefore the team should be developed as an entity rather than picking out individuals. A high value on teamwork is also a feature of elite military special forces such as the Navy SEALs. In special operations each member of a team has a role to play and the success or failure of the operation depends on the training and cohesiveness of the team. These are lessons that can be learned from the military and applied to corporate teamwork.

This philosophy is congruent with transformational leadership that has been shown to be more effective than the traditional transactional leadership style that relies on power rather than persuasion. Transformational leaders value open and honest assessment, as they do not assume that they alone have all the answers. This type of feedback, given regularly, is also an important facet of leadership development. Leadership trainees need to know how



other employees at all levels of seniority evaluate their actions and decisions. Being praised by a senior manager is not a true reflection of effectiveness if colleagues lower down the corporate ladder feel that they are struggling to meet impossible demands. However, senior managers who act as mentors continue to play an essential and valued role in leadership development. Many corporate leaders admit that without the assistance of a mentor who took a special interest in their development, they would not have reached their current positions. Many firms now recognize the value of effective mentorship and have made it a formal component of their leadership training programs.

### Leadership development in family firms

Family-run firms have unique problems in terms of assessing leadership potential and developing leadership skills. It is often assumed that leadership will pass down the family line and indeed this is the pattern in many corporations. However, just because Grandfather was a business genius, it does not necessarily mean that Son or Grandson has inherited his financial acumen or people skills. In some senses it can be argued that successors to family businesses have a harder time than other employees because of the expectations riding on their shoulders. Stakeholders may take a critical view of automatic ascension to corporate management and may subject budding executives to intense scrutiny.

An author writing in the *Harvard Business Review* (Lansberg, 2007) has labeled this “iterative testing” and suggests that this provides a series of hoops which family members must jump through to gain credibility. A good education is the first of these, but even the best business education does not guarantee success. Many firms require family members to serve an apprenticeship outside of the family business. They believe that this demonstrates that the young graduate has the ability to achieve success on their own merits rather than through family influence. Another test might consist of an especially difficult assignment within the family firm. The manager who can motivate an unruly workforce, turn around sales figures in a failing retail outlet or handle a crisis coolly and efficiently can be said to have earned the right to lead. Although it can be difficult to remove ineffective leaders who come from within the family in a family run firm, stakeholders are becoming less hesitant about demanding such changes in leadership. In a recent example a son inheriting the leadership of a family firm insisted on high-risk expansion during a period of financial insecurity. Adopting a transactional leadership style, the young man refused to listen to the advice of more experienced members of his team. Eventually the stakeholders removed this dangerous high-flyer and replaced him with his younger sister. The young woman proved to be a transformational leader who listened to her team, motivated her staff and set the family firm on a course of slower but steadier growth.

### Conclusion

In today's competitive business environment inadequate leaders cannot be tolerated. Creative, innovative and inspirational leadership is too precious a commodity and one that is increasingly recognized as the key to corporate success. The secret of developing such leadership is recognizing potential, providing excellent leadership training and facilitating effective mentorship programs.

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Leadership,  
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## Comment

The three articles cited in the reference list all provide interesting insights into aspects of leadership development. Lansberg focuses on the problems faced by hereditary leaders of family firms. Suggesting that family members are subject to special scrutiny by stakeholders, Lansberg coins the term “iterative testing” to describe the process of judging family members’ leadership potential. Bartone *et al.* describe a study done at West Point relating psychosocial development to leadership potential, while Colvin demonstrates the importance of leadership training in today’s competitive corporate environment.

## References

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