



TOMORROW'S  
CHALLENGES

## HOW TO MEASURE AND DEVELOP GREAT LEADERS

WHY ARE COMPANIES ASSESSING BUT NOT HELPING THEIR LEADERS  
IMPROVE?

By IMD Professor James Henderson

**IMD**

Chemin de Bellerive 23  
PO Box 915,  
CH-1001 Lausanne  
Switzerland

Tel: +41 21 618 01 11  
Fax: +41 21 618 07 07  
info@imd.org  
www.imd.org

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The leadership consulting business is booming. Every year, companies spend close to \$2 billion on hiring consulting firms to assess their top talent and to find out what type of leaders they are. But almost most none of the existing leadership assessment models suggest specific ways to develop leadership capabilities once the assessment is done, other than giving vague recommendations.

It's time for companies to rethink the way they identify and develop their best and brightest.

### **Competency assessment**

Many large companies measure their talent through a process known as leadership competency modeling. This exercise aims to identify the characteristics leaders need to perform well at a company, and how far a firm's current leaders embody them. It also examines how well a company's top executives measure up against each other over time.

This has become a big preoccupation for companies because of the perception that good leaders are hard to find. Firms want to know who will have good leadership potential and how to keep them. They also want to figure out how to attract the right type of leaders.

Rather than using the same assessment criteria as their peers, companies generally prefer a customized approach to measuring their leadership talent. Although tailoring leadership assessments to a company's particular culture can be valuable to focus people's attention on an organization's key priorities, there are problems with this approach.

All the effort, money and time put into customizing leadership evaluations make it difficult to benchmark executives against those at other firms. Many large companies think their leadership competence models are unique and therefore need specific leadership assessments. Yet, too much tailoring can prevent firms from truly comparing apples to apples. How will a company ever know whether it has an industry leading leadership pipeline (a source of competitive advantage) other than vaguely referring to its own unique leadership assessments?

Most leadership competence models typically focus on the behaviors of the leader rather than the overall aspects of the leader's role – including understanding business fundamentals, mobilizing stakeholders, focusing relentlessly on customers etc. After all, what good is a business leader who cannot make sense of finance and accounting?

Finally, and perhaps most importantly, almost none of the existing models truly link assessment with leadership development other than giving vague recommendations on what to do.

### **How do you move from assessment to development?**

Leadership assessment is big business, but it is also a distraction from leadership development. These assessments should be good starting points for thinking about future development, not ends in themselves. The real value lies in the future leadership development, not the assessment.

Companies should begin assessing their leaders by choosing a general leadership assessment model – perhaps one that is free like the [IMD Global Leader Index](#) – that allows for broad benchmarking across companies and industries, rather than focusing on company-specific leadership criteria.

The purpose of this outside-in assessment exercise would be to identify and focus on the key leadership competency gaps at the leader and organizational level. In turn, the translation from competency gaps to leadership development could then be made. For example, if a leadership competency gap were found in execution and understanding business fundamentals compared to the industry, clearly leadership development focused on finance, accounting and operations would be the right way to go.

Alternatively, if a leadership competency gap were found more in self-awareness, inter-personal or team based leadership (typical of leadership assessments), then leadership development focused on the leader would make much more sense.

Indeed, rather than customizing leadership assessment, companies should customize the development of their leaders. If companies spent less time on building sophisticated customized leadership competency models and more time on translating leadership competency gaps to creating a customized leadership development program, where customization really matters, they could get down to the real business of helping their leaders develop and improve.

[James E. Henderson](#) is Professor of Strategic Management at IMD and is teaching on the [Advanced Strategic Management program](#).

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