

# Vertical Leadership Development—Part 1

## Developing Leaders for a Complex World

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# Overview

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This paper is part of a new series of white papers focused on the future of leadership development. The aim is to move beyond traditional approaches and look at where the field is going. Papers in the series include:

**1. Future Trends in Leadership Development.**

Explore four key trends that appear to be shaping the future of leadership development, based on research involving 30 leadership experts.

**2. Wake Up! The Surprising Truth About What Drives Stress and How Leaders Build Resilience.**

Learn about a new, proven approach for dealing with stress in the modern workplace.

**3. Vertical Leadership Development—Part I.**

Determine how to take “Future Trends” and build them into a leadership program—focusing specifically on “Vertical Development” and why it matters in a complex world.

**UPCOMING PAPERS:**

**4. Vertical Leadership Development—Part II.**

Take a more in-depth look at the tools and steps needed to create leadership programs that accelerate vertical growth.

**5. Culture Change: How to Move an Organization.**

Learn how to work from both the top down and the bottom up to change how your organization does business and overcome the conflict between culture and strategy.

When read together, these five papers should help you think about a new approach to developing leaders and give you a set of tools that are better suited to developing the leaders of the 21st century .



# The Beginning

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Every so often, an event occurs that changes who you are and how you think. Three years ago, I arrived at the Center for Creative Leadership. I had traveled from New Zealand, graduated from Harvard, gotten my dream job, and now was working with some of the most interesting people and companies in the world. But having finally gotten everything I thought I wanted, I felt tired, empty, and exhausted.

As part of my onboarding process, I went to a week-long coaching skills program. At lunch on the final day, I spoke to one of the senior coaches about my state of mental “stuckness.” I explained I had always been driven to achieve and succeed, but this drive was now exhausting me. The only solution I knew was to take my foot off the accelerator, but doing so was causing me to achieve less and get mediocre results. I couldn’t tolerate either the mediocrity or the exhaustion, so I was trapped whichever way I went. It felt, I told him, like I was in handcuffs. The coach looked across the table at me, raised his eyebrows, and said, “Well, who put the handcuffs on you?”

He had nailed the problem. The metaphorical handcuffs existed only in my head, and it wasn’t his job to take them off; it was mine. But how?

As I thought back, I realized my relentless drive began a decade earlier after I was diagnosed with cancer. I had an operation to take out the tumors, and 12 months later

they returned. The surgeons cut them out again, but my doctor told me there was no cure for this rare type of cancer if it returned again.


I was 25 years old. For the first time in my life, it hit me that I was mortal and that I didn’t know how much longer I would live. It could be 30 years, but it could be three. And in that moment of recognition, I made a decision. I committed to maximizing every day of my life, to achieve and experience as much as I could.

At first I tried hedonism. For 12 months I traveled the world, had fun, and partied. And at the end of those 12 months, I realized the whole year had been a complete waste of time. It felt pointless and selfish. There was no purpose to it. So I asked myself, “What really matters?” The answer for me, I finally realized, was living a life that made the maximum contribution to the maximum number of people, and the best vehicle I had for doing this was through my work.

It turned out to be a great decision. I started doing work I was passionate about that contributed to the well-being of others. I traveled the world, worked with great clients, and felt like I was continuously contributing, achieving, and growing. But then slowly, quietly, almost imperceptibly, something changed.

The drive inside of me was still obsessive, but I had forgotten the point of all that energy. I was passionate but exhausted, successful but empty.





As I sat in a room explaining all this to my coach, it suddenly came together. That great decision I made 10 years ago about who I needed to be and what success was for me had grown old and no longer fit my circumstances. It wasn't just a set of beliefs anymore; it was a set of handcuffs.

My coach looked elated at my breakthrough and proposed I create a new story that was a better fit for who I wanted to be in the next stage of my life. But the more I thought about it, the less I could see the point of swapping one "story of Nick" with another. I decided to let go of that old story and rather than replace it with a new one, I was just going to live and work and be.

Over the next six months something strange happened. I noticed a shift. I felt unburdened, unshackled. Somehow my mind felt less constrained and my old energy came back again. As I took my foot off the accelerator, not only did my performance stabilize, it even improved. Old problems started to look different, my exhaustion gradually dissipated, and my progress resumed. Then all at once, I felt *unstuck*.

It is easy to see this as a personal story, but it is also a universal story of development that we all experience throughout our lives. At different times we make progress, start to plateau, get stuck, and then have a breakthrough. My guess is that right now you are somewhere on this cycle in your own work or personal life; the only question is where?

My experience working with leaders is that many are trapped in the "stuck" phase and spend more time there than is either healthy or necessary. A friend of mine from a large organization once told me, "The problem for most of the people in this building is that they have stopped growing. They aren't developing, they aren't changing, they are still stuck in the same mind-set they had 20 years ago."

The good news is there is a way to move forward and up and that organizations who focus on something called Vertical Development are helping their people do just that.



# Four Reasons Many Leadership Programs Don't Work

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Before we look at Vertical Development, it helps first to understand the current state of leadership development. We know that change and development can be hard for people. For example, when cardiac patients are told by their doctors they will die if they don't change their lifestyle, eat less, and exercise more, only one in seven make changes. One in seven, seriously? If the threat of death isn't enough to make someone change, what is?

We see the same pattern repeat itself with smart, ambitious managers who go to leadership development programs. The managers gather in a room, and a trainer teaches them new tools, techniques, and models for how to become a more effective leader. At the end of the program, everyone commits to making big changes back at work. The managers then return to the job and fall into the same old habits they had before the program. What's going on?

Having studied and researched this problem for the last seven years, it has become clear to me that there are four common issues built into the design of many leadership development programs:

**1. Wrong focus:** Too much time is spent delivering information and content and not enough on the hard work of developing the leaders themselves. Most leaders already know what they *should be doing*; what they lack is the personal *development* to do it.

**2. Lack of connectivity:** While the content of programs may be very interesting, it is too often disconnected from the leader's work. When the leader returns to the "real" world and is overwhelmed by tasks, it is too hard to convert what was learned in a program into actions that address real problems.

**3. Leader in isolation:** Most programs fail to engage the leader's key stakeholders back at work in the change process. As a result, leaders not only miss out on the support, advice, and accountability of colleagues, but are also more likely to experience resistance from stakeholders who are surprised and disrupted by changes leaders make in their behavior.

**4. Too short:** The programs are designed as events rather than as processes over time. Programs give leaders a short-term boost but not the ongoing follow-up to solidify new thinking and behaviors into new habits.





The solution is to start designing programs in a way that solves all four of these issues at once. In other words:

- Focus more on **development**, less on content.
- Make the development and the work **inseparable**.
- Create strong **developmental networks** at work.
- Make leadership development a **process**, not an event.

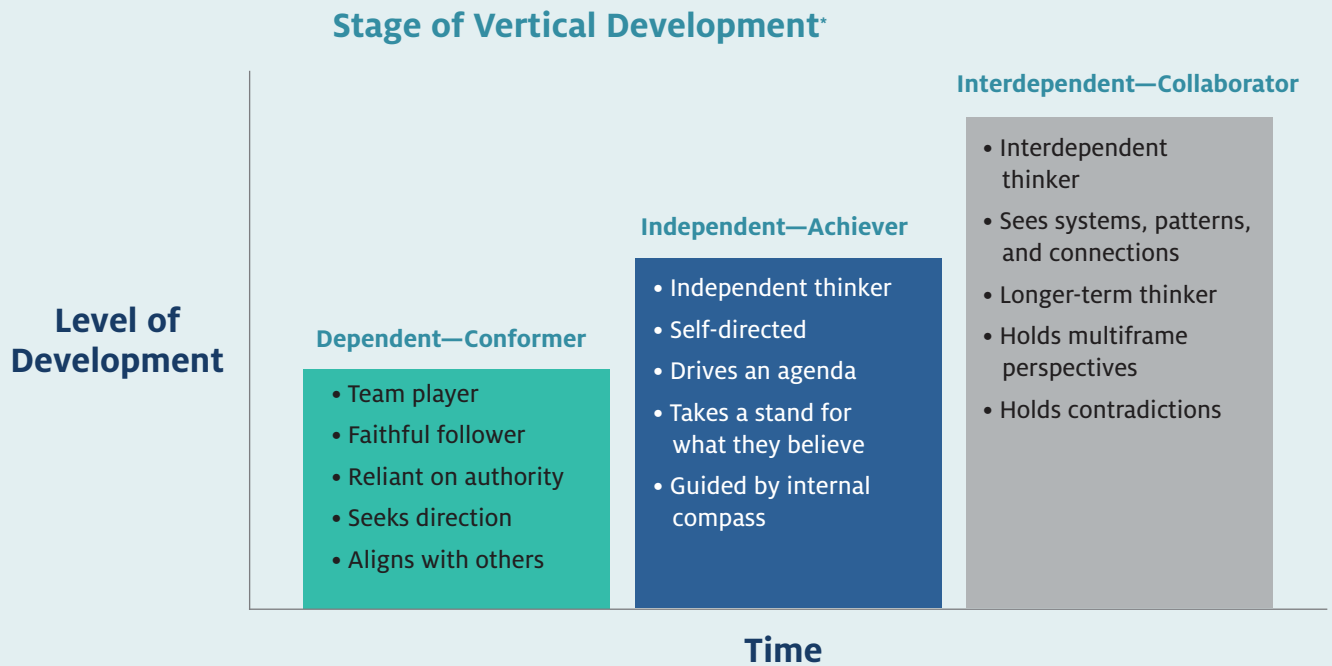
In this paper and the follow-up, we will provide you with both the frameworks and the tools to do all four. Let's begin by taking a deep dive into development.



# In a VUCA World, Think Vertical

To understand why some leaders are so effective, you first have to understand the way in which they think. We all know that leaders think differently from each other, but most of us aren't aware that they also think from different developmental stages. If you can't see those stages, you are missing half the developmental picture. The first researcher to notice this was a Swiss psychologist, Jean Piaget, who showed in a series of experiments that as children grow, the way they think advances through predictable stages. Piaget noticed that at each higher stage, children could think in more complex and sophisticated ways, meaning they were able to deal with increasingly difficult problems.

Where Piaget left off in childhood, researchers like Robert Kegan and Bill Torbert picked up in adulthood. For a long time it was assumed that once you reach adulthood, these stages of development would stop—after all you are a grown-up, right? But Kegan and others discovered that developmental stages do in fact continue into adulthood, though something about the way adults develop through them changes. Whereas children move rapidly through the stages, an adult's pace of development slows dramatically, almost to the point of plateauing. In addition, while a child's development appears to happen automatically, adults cannot simply sit back and wait; now they need to work to keep growing. The diagram below shows the three most common stages that adults progress through and the type of thinking common at each.



\*This model combines the thinking of Harvard's Kegan and Lahey<sup>1</sup> with CCL's McGuire and Rhodes.<sup>2</sup>





In terms of leadership, the stage from which you are thinking and acting matters a lot. To be effective, the leader's thinking must be equal or superior to the complexity of the environment. For example, in a simple and orderly world, the dependent-conformer mind-set might be more than adequate. However, for most of us and for most of our industries, simple and orderly sounds very 1980s. We now live and work in a world that is interdependent. What happens in Cyprus, Brussels, or China today impacts what happens in New York, Singapore, or Sydney tomorrow. To borrow a word from the military, the world we are living in is increasingly VUCA—volatile, uncertain, complex, and ambiguous.

In a VUCA world, everything is interconnected and no one can predict what big changes are coming next. Leaders who are equal to the task are those who can deal with constant ambiguity, notice the key patterns amongst the noise, and look at the world through multiple stakeholder perspectives. These are both the types of capabilities that flourish at more advanced stages of development and those that produce outstanding leadership in complex times.<sup>3</sup>

Consider the example of Nelson Mandela. When he was released after 30 years in a South African prison, he inherited the presidency of a country on the verge of civil war. The mind-set and expectation of many was that this was his chance to seek retribution on the whites and to take back the country for his black constituents. In short, it was payback time. But Mandela saw the world differently. Rather than take the simple path of revenge, he invited all South Africans to follow him to a higher plane and build a “rainbow nation” that shone not because of its uniformity, but because of its diversity.

Mandela's ability to lead the country through a healing process of reconciliation and hope had less to do with his content knowledge, having never been to leadership training, and more to do with his ability to take an extremely volatile and complex situation and create a higher *meaning* out of it for his countrymen and women.

This is the path of a highly developed mind. Mandela perfectly embodies Einstein's quote that we cannot solve our current problems from the same level of consciousness used to create them. The problem of apartheid had been created from one level of development, and its resolution required a leader who could think and act from a level above it.

The leaders in your organization face the same challenge. Their environments are growing increasingly complex, and for many, that complexity is overwhelming their capacity to cope. Much of the stress I now see in leaders has less to do with workload and more to do with the strain of trying to make sense of an environment that has become too complex for their current stage of development. The waters are rapidly rising and many leaders are finding they are in over their heads.

If you recognize the conditions above in your own organization and know your leaders need more than conventional training, the question becomes how to ensure our leaders are equipped to deal with an increasingly VUCA world.

**The answer:** We develop them—but not the way we used to.



# Vertical Development for a VUCA World

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The first step in helping leaders develop for a complex world is to acknowledge that there are really two types of leadership development: **horizontal** and **vertical**.

**Horizontal Development** refers to the *adding* of more knowledge, skills, and competencies. It is about what you know, which we can measure through 360-degree feedback.

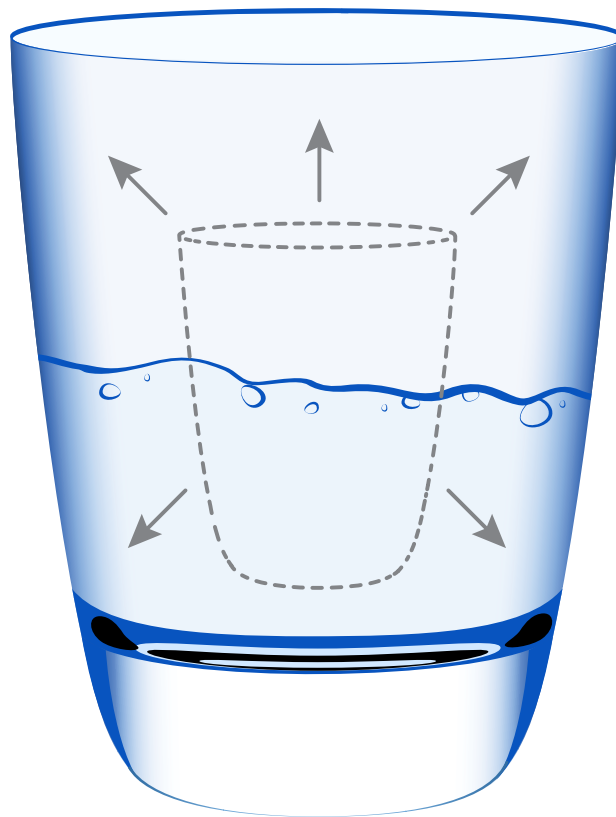
**Vertical Development** refers to advancement in a person's thinking capability. The outcome of vertical stage development is the ability to *think* in more complex, systemic, strategic, and interdependent ways. It is about *how* you think, which we can measure through stage development interviews and surveys.

Traditionally, leadership programs have focused mainly on horizontal development. What is it that leaders need to learn, and how do we give them that? At first this sounds sensible. But if your leaders already know what great leaders do and still can't do it, what value is there in telling them again? What if the problem isn't what the leader knows, but who the leader is? Imagine that the leader's mind is the cup below.<sup>4</sup>



A traditional, horizontally focused program aims to pour new content into the leader, such as how to develop staff and how to communicate effectively. The trainer passes along new tools, skills, and models. The problem for most leaders, however, is that the cup of leadership knowledge is already full. They have heard this all before. They already *know* it; they just can't be it. The limiting factor is no longer the content (the leader's knowledge); it is the cup (the leader's mind).

What made Nelson Mandela great was not what he knew but how he knew. Mandela had the same information as everyone else, but he made sense of the world from a more advanced stage. In a VUCA world, it is the developmental stage of the thinker that matters. For this reason, a vertically focused program places less emphasis on the content to be poured into the leader and more on the cup itself (the mind-set, identity, and mental models of the leader). The aim of Vertical Development is not to add more to the cup but to grow the size of the cup itself.



If horizontal development is about transferring *information* to the leader, Vertical Development is about *transformation* of the leader.



# Vertical + Horizontal = The Future

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Let me be clear—traditional, horizontal competencies still matter. No executive is going to be effective without being able to think strategically or lead change. But the real opportunity lies in looking at competencies through the horizontal AND vertical lenses at the same time. As leaders advance vertically, the way they think about and enact those competencies expands. The question your organization might ask changes from “Do our leaders possess these competencies?” to “From what level of development can they apply them?”

The table on the next page gives some examples. On the left side are four common leadership competencies and across the page is how those competencies look different at each of the developmental stages.<sup>5</sup>



## Vertical Stages

Competencies	Dependent - Conformer	Independent - Achiever	Interdependent - Collaborator
<b>Strategic Thinking</b>	<ul style="list-style-type: none"> <li>• Short-term view</li> <li>• Tactical tasks</li> <li>• Black and white</li> <li>• Either/or</li> <li>• High need for certainty</li> </ul>	<ul style="list-style-type: none"> <li>• Medium-term view</li> <li>• Sees parts of the system</li> <li>• Sees some patterns and connections</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term view</li> <li>• Sees many shades of gray</li> <li>• Sees many patterns and connections</li> <li>• Accepts uncertainty as the norm</li> </ul>
<b>Leading Change</b>	<ul style="list-style-type: none"> <li>• Expects change to come from above</li> <li>• Needs and trusts authority to give direction</li> <li>• High need for certainty</li> </ul>	<ul style="list-style-type: none"> <li>• Has own views about best change</li> <li>• Sees the mechanics of change needed</li> <li>• Success is achievement of individuals and teams</li> </ul>	<ul style="list-style-type: none"> <li>• Change is a collaborative process</li> <li>• Comfortable with ambiguity</li> <li>• Success means realization of a shared vision</li> </ul>
<b>Conflict</b>	<ul style="list-style-type: none"> <li>• To be avoided</li> <li>• Authority is in charge</li> <li>• Feels torn by conflict</li> </ul>	<ul style="list-style-type: none"> <li>• Worked out behind closed doors</li> <li>• Produces winners and losers</li> </ul>	<ul style="list-style-type: none"> <li>• Healthy way to gather more views</li> <li>• Something to be encouraged</li> <li>• Increases learning and performance</li> </ul>
<b>Leading across Boundaries</b>	<ul style="list-style-type: none"> <li>• Trust allies and people you know</li> <li>• Them versus us</li> <li>• Distrust of outsider</li> </ul>	<ul style="list-style-type: none"> <li>• Able to think from others' perspectives</li> <li>• Horse trades for favors</li> <li>• Focused on success of own silo</li> </ul>	<ul style="list-style-type: none"> <li>• Sees the world through others' perspectives to understand more</li> <li>• Share knowledge across boundaries</li> <li>• Works in partnership with other functions</li> </ul>



For your organization to truly excel in a messy VUCA world, you will need to develop leaders who combine the wise mind needed to choose the right strategies (Vertical Development) with the skills and experience to execute them (horizontal development). The looming challenge for most organizations is that their leadership development efforts are focused exclusively on horizontal development. Rather than not enough Vertical Development, the problem for most is that there is none.

The Holy Grail is to find methods that develop leaders both vertically and horizontally at the same time. And the good news is that it can and is being done. In *Vertical Development—Part II*, the next in a series of white papers from the Center for Creative Leadership on trends in leadership development, you will see how organizations are combining three key levers to develop their leaders:

- 1. Intense stretch experiences (the what)**
- 2. New ways of thinking (the how)**
- 3. Strong developmental networks (the who)**

It is at the intersection of these three circles that leadership programs are moving out of the space of content and information and into the space of development and transformation. In Part II we will show you how your organization can do the same.



# Bibliography

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<sup>1</sup> Kegan, R., & Lahey, L. (2009). *Immunity to change: How to overcome it and unlock potential in yourself and your organization*. Harvard Business School Press. Boston.

<sup>2</sup> Ibid

<sup>3</sup> See McGuire and Rhodes, (2009). *Transforming your leadership culture*. San Francisco: Jossey-Bass.

<sup>4</sup> Eigel, K. M., & Kuhnert, K. W. Authentic development level and executive effectiveness, Keith M. Eigel and Karl W. Kuhnert, Retrieved from <http://www.leaderslyceum.com/wp-content/uploads/2012/09/Authentic-Leadership.pdf>

<sup>5</sup> Personal communication with John McGuire (senior fellow) and Chuck Palus (senior faculty) of Center for Creative Leadership, January 9, 2013.

## About the Author

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