

Leadership Pipeline Mistakes of Privately-Owned Companies and SMEs

Successful company leaders know it is equally important to be strategic about their leadership pipeline as they are about their company's physical assets, finances, business models, and marketing strategies.



Caliente Leadership

Turning Good Leaders into Great Leaders



Leadership Pipeline Mistakes of SMEs

Talent is essential to performance.

But leaders are busy producing results. Hence too many leaders, particularly in SMEs and privately-owned companies, lack sufficient time to develop and hone their people leadership and coaching skills.

There is no doubt that leading for results is important. But so is knowing how to lead people effectively and motivationally to obtain your desired results. This is not an either/or proposition. Caliente Leadership understands the need to turn good managers into great leaders.

That's why we created our proven three-pillar approach for Leadership Development:

- Leadership Mindset
- Leading People
- Leading for Results

Part of this Leadership Mindset means inculcating these words of wisdom from famed GE CEO Jack Welch into one's personal leadership philosophy, "Before you become a leader, success is all about growing yourself. When you become a leader success is all about growing others."



But training your senior leadership team in these best-practice skills is only half the solution. The other half is ensuring you have developed the right leadership pipeline to ensure the future growth of your company.

Building Your Leadership Pipeline

Successful company leaders know that it is equally important to be strategic about their leadership pipeline as they are about their company's physical assets, finances, business models, and marketing strategies.

After all, as Ralph Nader pointed out, "the function of leadership is to produce more leaders, not more followers."

In the U.S. the average annual turnover rate of management positions is roughly 25%. Many of these organizations, including most fast-growing and privately-owned companies, are forced to fill their new

leadership positions through external recruitment, simply because they have not developed the bench strength of leaders with requisite skills to enable internal succession planning. This is a costly strategy, one which also



demotivates the current leadership team as they witness new hires taking the roles and responsibilities they desire.

Astute leaders understand the importance of ensuring their leadership pipeline strategy incorporates both their organization's environment and corporate culture, as well as the leadership capabilities needed to deliver on current and future business strategies, growth plans, and financial success.

Your leadership pipeline strategy should be a priority across the entire organization, requiring all leaders and managers to be accountable for the continuous talent development of their respective team members.

It also means leaders at all levels of your organization should be competent in modeling, coaching, teaching, and reinforcing leadership behaviors and competencies.

Shortfalls in your internal leadership pipeline will grow and accumulate over time, eventually evolving into leadership gaps that prevent the full achievement of future business objectives.

Organizations, particularly privately owned companies and SMEs, experiencing rapid growth are typically too busy chasing new opportunities,

markets, and strategic partnerships to focus on leadership development. This is a mistake.

As Zur Shapiro, William Berkeley Professor of Entrepreneurship at NYU's Stern School of Management has noted, "In chasing growth, it's easy to overlook the people issues." Do not let this error be the root cause of unsatisfactory future performance.

Without a strategic focus on employee engagement, talent development, and succession planning, you will not have the resources in place to sustain today's rapid growth.

And, unfortunately, by the time slower growth provides the time for senior executives to focus on leadership development, too many highly performing and burnt out employees will have moved on to other opportunities that provide them with the professional development growth they desire (this is particularly true for the millennial generation).

Speaking of which, Millennials want to grow. They want to be developed, through both formal training programs and from coaching by their managers and leaders.





Training and coaching are critical to keeping your millennial generation workers motivated and engaged. Plus, this reduces the cost of employee turnover as team members who are being trained, developed, and groomed for promotion are less likely to leave.

Ensuring Future Growth

Periods of high revenue growth often mask shortcomings in talent development. Gaps in existing leadership skills and competencies tend to go unnoticed when revenue is rapidly increasing year after year. It is only when growth suddenly declines that company owners and leaders become acutely aware of the significant shortfalls in leadership talent at all levels of the organization creating a bottleneck to continued growth. Don't let this happen to you.

Long-term, sustainable growth results more from having the right leadership talent in place than from market conditions or having the right product and pricing strategy. After all, people enable organizations to achieve business objectives and desired results. And agile leaders, who understand how to motivate, engage, and empower their team

members in both good and challenging times can drive success in all market conditions.

As Publilius Syrus wrote hundreds of years ago, "Anyone can hold the helm when the sea is calm." The question you should be asking is, "who will steer our ship when the markets get rough and our pace of growth slows?"

Great Individual Contributors do not necessarily make great managers or leaders. When promoted into supervisory or managerial roles, they tend to focus on the managerial aspects of processes, reporting, and executing what they're told. They are totally unprepared for the critical leadership skills of coaching, providing feedback, increasing employee engagement, motivating team members, obtaining buy-in and commitment, fueling innovation and generating new ideas.

Transitioning from a successful individual contributor role into a supervisory or manager position is fraught with challenges, concerns, and worries. This is a profound change with high risks of failure, personal dissatisfaction, and team disenchantment or disengagement.

As noted in the book *The Leadership Pipeline*, organizations that find it





difficult to fill higher-level management positions internally can often trace their problems back to the mistakes made when moving individual contributors into their first leadership position without sufficient development or support.

Lastly, 70% of private company executives in a recent survey by Forbes Insights say talent development is either important (43%) or extremely important (26%) to the future growth of their organizations. Not surprisingly, 80% also said they would be implementing more formal training programs in the coming 18 months. Are your competitors in this group?

Talent retention is another tough challenge for privately owned companies and SMEs. In the Forbes Insights study, 47% of respondents viewed talent retention as significant (33%) or a very significant (13%) challenge. Training and continuous learning opportunities were seen as a key driver of talent retention by almost one-third of the executives surveyed.

Your future sustainable growth depends on the continuous development of your leaders across all levels of your organization. As Stephen Covey pointed out, "People are your most valuable asset.

Only people can be made to appreciate in value."

Adds Steven Howard, author and leadership development facilitator, "Continuous training of your employees, especially in the areas of teamwork, collaboration, and working across boundaries, is the key to scaling every part of your business."

Caliente Leadership

We believe leadership is an art. It is the art of achieving progress through the involvement and actions of others.



We also believe that the most successful leaders apply a wide range of leadership skills, including motivation, coaching, team building, change implementation, communications, decision-making, communications, and continuous professional and personal development for both the people they lead and themselves.

At Caliente Leadership, we understand that SMEs cannot afford the high fees and licensing costs from the major training providers. Which is why we don't charge per participant licensing fees. We can also cost-effectively train groups as small as eight.

With Caliente Leadership you can bring the best practices of Fortune 500 training programs into your organization without Fortune 500 costs. We will help you



create a leadership pipeline that will sustain your growth for years to come.

“Continuous training of your employees, especially in the areas of teamwork, collaboration, and working across boundaries, is the key to scaling every part of your business.”

Steven Howard
Leadership Author

We also place great emphasis on the importance of learning reinforcement. We know that leadership development is not a one-time training event or a two-part workshop. It's much more.

This is why we incorporate on-going learning reinforcement into all our programs.

The art of great leadership means leveraging the emotions of passion, enthusiasm, self-satisfaction, trust, and loyalty of team members to drive creativity, thinking, innovation, energy, and buy-in to your organization's strategies, tactics, and activities in pursuit of clearly stated goals and objectives.

Our focus at Caliente Leadership is turning good managers and good leaders into great leaders — at all levels of your organization. By revealing to them the best practices of great leadership so that everyone in your organization can become a great leader.

Call us today. We will create and implement a customized leadership development program for you with guaranteed results. Or your money back.