Center for Creative Leadership®

The Leadership Gap
What You Need, And *Still* Don't Have, When It Comes To Leadership Talent

By Jean Brittain Leslie

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Overview

Over a decade has passed since we were first introduced to concerns regarding a shortage of leaders. Who can forget the countless surveys that indicated a significant decline in the confidence in leadership bench strength. Or the reports that leadership skills gaps were a top concern among talent management professionals and CEOs alike.

Common causes leading up to leadership shortage concerns included recruiting wars for talent, the retirement of large numbers of baby boomers, changes in the nature of work, and poor organizational practices identifying, selecting, and developing talent.

Sadly, new surveys report the leadership skills gap still exists. The concern seems to have spread further around the globe. The World Economic Forum on the global outlook for 2015 identified the lack of leadership as the No. 3 challenge over the next 12–18 months. Out of 1,767 respondents to the Survey on the Global Agenda, 86% agree there is a leadership crisis in the world today.

This paper shares findings from two research studies designed to explore the leadership gap. In the first study conducted by the Center for Creative Leadership (CCL®), 2,239 leaders from 24 organizations in three countries were surveyed. The study showed that crucial leadership skills in organizations are, in fact, insufficient for meeting current and future needs. The second study was conducted by APQC, a member-based nonprofit and one of the world's leading proponents of business benchmarking, best practices, and knowledge management research. This study explored the potential drivers behind the continued leadership shortage and showed certain leadership and business trends are contributing factors to the leadership deficit. This special report also provides recommendations for organizations seeking to assess and bridge the gap between where they are and where they need to be as they adjust and reinvent themselves in the coming months and years.

Businesses, government agencies, nonprofits, and educational organizations need leaders who can effectively navigate complex, changing situations and get the job done. The questions that need to be asked at the organizational level are "Who do we have?," "What do they need to do?," and "Are they equipped to do it?"

CCL conducted a research study to determine if the current level and type of leadership skills are sufficient to meet organizational needs.

The project was designed to address the following questions:

- What leadership skills and perspectives are critical for success now and in the future?

- How strong are current leaders in these critical skills and perspectives?

- How aligned is today's leadership strength with what will be the most important skills and perspectives in the future?

A leadership gap or deficit may have one of two causes: lack of mastery of the required competencies or lack of focus on necessary skills. The first is a matter of degree; the second is a matter of substance. Either can be a problem in both the short and long term.

Organizations (and individual leaders) want to avoid a discrepancy between areas of strength and areas of need; however, the data from the CCL study indicate that organizations today are experiencing a current leadership deficit and can expect a leadership gap in the future.

Key findings
of the CCL study:

1 Nine leadership skills are consistently viewed as most important now and in the future. They are change management, inspiring commitment, taking initiative, building collaborative relationships, leading employees, strategic perspective, strategic planning, participative management, and being a quick learner.

2 Leaders lack the skills they need to be effective today. Of the "top five" needs—inspiring commitment, building collaborative relationships, change management, taking initiative, and leading employees—none are considered to be a "top ten" skill. This is what CCL calls "the current leadership deficit."

3 Leaders are not adequately prepared for the future. Today's leadership capacity is insufficient to meet future leadership requirements. The four most important future skills—inspiring commitment, leading employees, strategic planning, and change management—are among the weakest competencies for today's leaders. The leadership gap appears notably in high-priority, high-stakes areas. Other areas where there is a significant gap between the needed and existing skill levels are employee development and self-awareness.

How can the research be used?

When important competencies are found to be weak spots, targeted development initiatives can be put into place. The 24 companies that used CCL's Leadership Gap Indicator™ were able to use their specific data to better understand particular strengths, challenges, current leadership deficit, and anticipated future leadership gaps.

The research has raised the alarm about the limitations of current leadership skills, identified high-priority competencies, and flagged areas of particular concern. This information can help senior management facilitate conversations about the identification, development, and retention of key leadership talent. Research findings can also help organizations address the need for leadership development in a way that is current and realistic.
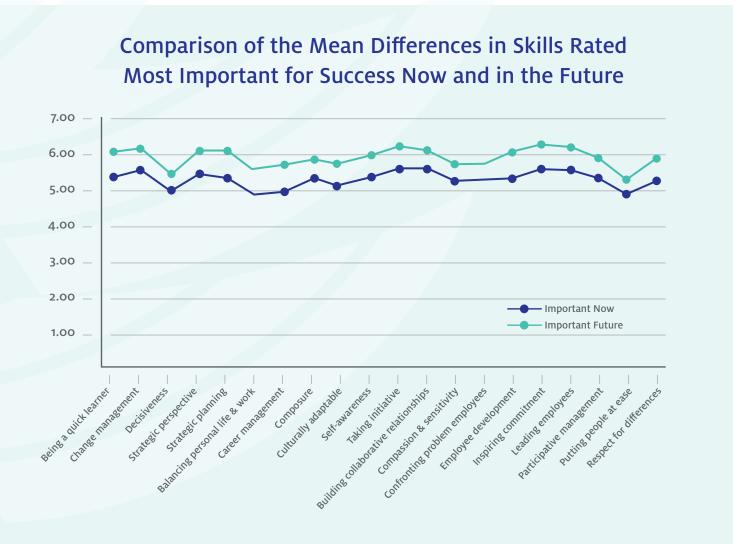
Part One:
Identifying the Need

For organizations to build leadership strength, they first need to know what elements of leadership are needed and valued in the organization and for what roles. This may be an obvious point, but it is one that has organizations spending enormous sums of money and time trying to define needed competencies.

For this research and for the framework included in the Leadership Gap Indicator, CCL relies on the competencies measured by Benchmarks®, a CCL tool that assesses the characteristics of successful executives. Fine-tuning or customizing an organization's competency model may be a needed and valuable task as organizations build a leadership strategy and create development initiatives; however, the following 20 skills and perspectives have been identified and refined though research and work with leaders and organizations:

1. **Leading employees** – attracts, motivates, and develops employees
2. **Building collaborative relationships** – builds productive working relationships with coworkers and external parties
3. **Career management** – uses effective career management tactics, including mentoring, professional relationships, and feedback channels
4. **Change management** – uses effective strategies to facilitate organizational change initiatives and overcome resistance to change
5. **Compassion & sensitivity** – shows genuine interest in others and sensitivity to employees' needs
6. **Confronting problem employees** – acts decisively and with fairness when dealing with problem employees
7. **Decisiveness** – prefers doing or acting over thinking about the situation
8. **Respect for differences** – effectively works with and treats people of varying backgrounds (culture, gender, age, educational background) and perspectives fairly
9. **Taking initiative** – takes charge and capitalizes on opportunities
10. **Balancing personal life & work** – balances work priorities with personal life
11. **Participative management** – involves others, listens, and builds commitment
12. **Putting people at ease** – displays warmth and a good sense of humor
13. **Being a quick learner** – quickly masters new technical and business knowledge
14. **Strategic perspective** – understands the viewpoint of higher management and effectively analyzes complex problems
15. **Self-awareness** – has an accurate picture of strengths and weaknesses and is willing to improve
16. **Composure** – demonstrates self-control in difficult situations
17. **Employee development** – coaches and encourages employees to develop in their careers
18. **Strategic planning** – develops long-term objectives and strategies and translates vision into realistic business strategies
19. **Culturally adaptable** – adjusts to ethnic/regional expectations regarding human resource practices and effective team process
20. **Inspiring commitment** – motivates others to perform at their best

The leaders surveyed by CCL were asked to rate the importance of the 20 leadership competencies according to how important each is for success in their organization right now and how important each skill will become for success over the next five years.

We learned that all of the 20 competencies are expected to be more important for effective leadership in the future than they are currently. All the competencies are increasingly important for leaders and organizations to develop and maintain. This holds true across countries, industries, and organizational levels.

Leaders think about effective leadership similarly regardless of their country, industry or organizational level.

Comparison of the Mean Differences in Skills Rated Most Important for Success Now and in the Future

Legend:
- Important Now
- Important Future

X-axis categories: Being a quick learner, Change management, Decisiveness, Strategic perspective, Strategic planning, Balancing personal life & work, Career management, Composure, Culturally adaptable, Self-awareness, Taking initiative, Building collaborative relationships, Compassion & sensitivity, Confronting problem employees, Employee development, Inspiring commitment, Leading employees, Participative management, Putting people at ease, Respect for differences

If executives and HR professionals take nothing more from this study, they can develop all 20 competencies and know they are on the right track. However, a more detailed look at the study findings is more useful.

Nine competencies were identified as most critical for success, now and in the future:

1. Change management
2. Inspiring commitment
3. Leading employees
4. Taking initiative
5. Building collaborative relationships
6. Strategic perspective
7. Strategic planning
8. Participative management
9. Being a quick learner

Leaders who are effective in each of these areas have strengths that are needed and will continue to be needed by organizations in the years to come. Those whose strengths lie primarily in the other areas will have significant learning to do to remain as relevant and effective as their peers who have demonstrated the most desired competencies.

	Comparison of Leadership Skill Importance: Now versus Future (5 years from now)			
	Now	%	Future	%
1	Change management	58	Inspiring commitment	83
2	Inspiring commitment	59	Leading employees	84
3	Taking initiative	58	Taking initiative	82
4	Building collaborative relationships	59	Strategic planning	80
5	Leading employees	58	Change management	78
6	Strategic perspective	59	Building collaborative relationships	81
7	Strategic planning	55	Strategic perspective	80
8	Composure	50	Employee development	77
9	Participative management	49	Participative management	74
10	Being a quick learner	49	Being a quick learner	74

The percentage figures denote the percentage of managers who rated skill using the top 2 points on the provided rating scale.

50%

Part Two:
The Current Leadership Deficit

Before we could determine the extent to which today's leaders are equipped for tomorrow's challenges, we needed to gauge the current strength of leadership. We wanted to see if people were demonstrating the leadership skills that are most needed by organizations here and now.

Leaders participating in the survey were asked to rate the 20 leadership competencies according to the overall amount of skill managers at their level are currently demonstrating and what they need to demonstrate to be maximally effective.

The results showed that leaders lack the skills they need to be effective today.

The study found that for all 20 competencies, the current strength is not sufficient for effectiveness in leadership roles today. This holds true across countries, industries, and organizational levels.

For all 20 competencies, needed strength is significantly higher than current strength.

The Current Leadership Deficit

Chart axis values: 7.00, 6.00, 5.00, 4.00, 3.00, 2.00, 1.00

Legend:
- Current Skill Level
- Needed Skill Level

X-axis categories:
Being a quick learner, Change management, Decisiveness, Strategic perspective, Strategic planning, Balancing personal life & work, Career management, Composure, Culturally adaptable, Self-awareness, Taking Initiative, Building collaborative relationships, Compassion & sensitivity, Confronting problem employees, Employee development, Inspiring commitment, Leading employees, Participative management, Putting people at ease, Respect for differences

Among the top five needs—inspiring commitment, building collaborative relationships, change management, taking initiative, and leading employees—only building collaborative relationships and taking initiative are "top 10" skills. In other words, the majority of the competencies rated important for organizational success are not the leadership skills at which their managers perform the best.

This is what CCL calls "the current leadership deficit."

So, even if nothing were to change in the future, today's leaders are not as skilled as they should be to effectively manage current challenges.

Comparison of Skills Rated Most Important for Success Now and in the Future				
Current Skill Level	%	Current Skill Needed	%	
1 Respect for differences	41	Inspiring commitment	74	
2 Composure	33	Building collaborative relationships	74	
3 Culturally adaptable	55	Change management	69	
4 Being a quick learner	27	Taking initiative	73	
5 Compassion & sensitivity	32	Leading employees	70	
6 Putting people at ease	27	Strategic perspective	70	
7 Building collaborative relationships	31	Strategic planning	65	
8 Taking initiative	26	Self-awareness	68	
9 Participative management	23	Employee development	69	
10 Strategic perspective	25	Participative management	67	

The percentage figures denote the percentage of managers who rated skill using the top 2 points on the provided rating scale.

Part Three:
The Future Skills Gap

The final element of the CCL research was to determine how aligned current leadership is with what is thought to be important for effectiveness in the future.

Specifically, we compared how important each skill will become for success over the next five years with the level of skill managers are currently demonstrating in their jobs. What we found was worrisome.

Leaders are not adequately prepared for the future. Today's leadership capacity is insufficient to meet future leadership requirements. This finding is consistent across countries, organizations, and level in the organization.

The four most important future skills—inspiring commitment, leading employees, strategic planning, and change management—are among the weakest competencies for today's leaders. The leadership gap, then, appears notably in high-priority, high-stakes areas. Other areas where there is a significant gap between the needed and existing skill are employee development and self-awareness. These areas are flagged on page 11 as "key gaps"—competencies that are not strengths but are considered important.

Conversely, these data show that many leaders' strengths are not in areas that are most important for success. Organizations report greater bench strength in areas of respect for differences, composure, compassion and sensitivity, cultural adaptability, and putting people at ease.

In organizations where this is the case, sufficient skill level has been established in these areas and further large-scale efforts to boost these areas are unnecessary. These are mapped in the charts on page 11 as "over-investments."

Only four areas were considered to be "on track"—where the current level of strength matches the level of importance. These are being a quick learner, building collaborative relationships, taking initiative, participative management, and strategic perspective.

Over-investments:
Competencies that are strengths but not considered important.

Reserves:
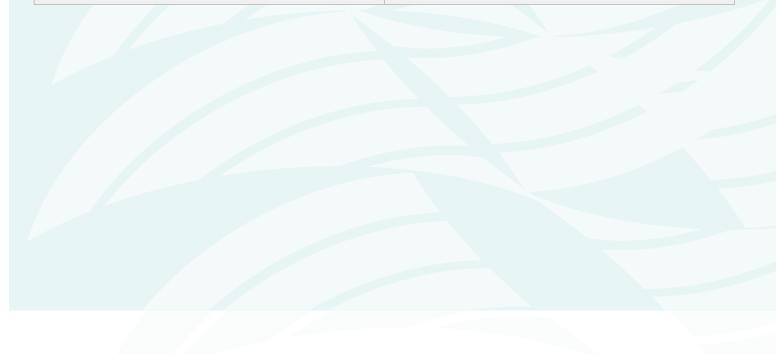Competencies that are not strengths and not considered important.

On Track:
Competencies that are strengths and important.

Key Gaps:
Competencies that are not strengths but are important.

The Future Leadership Gap

Over-investments	On Track
• Respect for differences • Composure • Culturally adaptable • Compassion & sensitivity • Putting people at ease	• Being a quick learner • Building collaborative relationships • Taking initiative • Participative management • Strategic perspective
Reserves	**Key Gaps**
• Confronting problem employees • Career management • Balancing personal life & work • Decisiveness	• Inspiring commitment • Leading employees • Strategic planning • Change management • Employee development • Self-awareness

Part Four:
Bridging the Gap

A current deficit of needed leadership skills is a problem; a gap between current leadership bench strength and future leadership demands is a serious liability. The sooner organizations understand the reality of their leadership situation, the quicker they can move to adapt by refocusing leadership development efforts and rethinking recruitment priorities.

To increase leadership capacity, organizations need to take both a strategic and a tactical approach.

On the individual and tactical level, managers need to align the development experiences of managers with organizational objectives. Ideas for developing the seven competencies found to have the largest future leadership gap include:

Leading employees

Leaders who have good skills in directing and motivating people know how to interact with staff in ways that motivate them. They delegate to employees effectively, broaden employee opportunities, act with fairness toward direct reports, and hire talented people for their teams.

To develop this skill in your organization, you need to

- communicate the specific behaviors and skills that are related to managing others well. Be sure managers know them and understand them in context of their roles.

- assess leaders on the key behaviors and skills. Use consistent assessment practices; 360-degree leadership development assessment tools are often most detailed and helpful.

- create training programs and developmental assignments. Arrange for training and facilitation by reputed leadership development organizations.

- develop internal groups to share experiences. Use forums and discussion groups to share lessons learned and best practices related to handling teams.

- foster a feedback-rich environment. Develop mentoring programs and train management in ways to effectively give feedback.

Strategic planning

This skill involves translating vision into realistic business strategies. Managers who are highly competent in this area typically articulate long-term objectives and strategies, develop plans that balance long-term goals with immediate needs, update plans to reflect changing circumstances, and develop plans that contain contingencies for future changes.

To improve this skill, organizations might

- share the strategy. Top management should communicate the strategy, as well as factors influencing the strategy, with management groups and others.

- teach strategic skills. Arrange training in strategy development, change management, and risk management.

- cast a wide net. Involve bright, young managers in strategy development.

- expose managers to needed skills. Rotate managers at regular intervals so that more managers are prepared for senior management positions.

- support learning. Provide necessary mentoring support and coaching.

Inspiring commitment

Managers who recognize and reward employees' achievements are able to inspire commitment from their subordinates. Such managers publicly praise others for their performance, understand what motivates other people to perform at their best, and provide tangible rewards for significant organizational achievements.

Organizations can strengthen this skill by

- clarifying the vision. Describe how it connects with employees' roles and talk about the responsibility each person has for realizing the organization's vision.
- passing it on. Help managers effectively and consistently communicate a clear vision and direction.
- raising standards. Encourage managers to expect high standards of performance and interpersonal competence.
- reinforcing success. Develop recognition opportunities for managers to publicly acknowledge their employees.

Change management

Skilled leaders have developed effective strategies for facilitating organizational change. Such a manager views change positively, adapts plans as necessary, manages others' resistance to change, adapts to the changing external pressures facing the organization, and involves others in the design and implementation of change.

To develop this skill organizations may

- offer change management classes, discussions, or courses.
- encourage managers to involve others in decision making during organizational change.
- create a "space" for managers to exchange creative ideas and solutions.
- accept employees' resistance to change and help managers develop strategies to deal with it.

Employee development

A manager skilled in the area of employee development usually coaches employees to improve performance, provides employees with guidance, encourages employees to develop careers, and makes sure employees understand their roles.

To develop this skill

- encourage managers to have career goal discussions with employees regularly.
- develop a succession planning process that incorporates developmental events.

Self-awareness

This skill involves recognizing personal limits and strengths. Self-aware managers admit personal mistakes, learn from mistakes, seek ongoing feedback, and know themselves well (strengths and weaknesses).

To improve this skill

- implement a 360-degree assessment in the organization.
- offer a mentoring program that matches managers with higher-level managers.
- adopt best practices and lessons learned from within and outside the organization

Part Five: Drivers behind the Leadership Gap

CCL partnered with APQC on a survey of the leadership deficit today. This study included surveying 547 managers on the reasons why the leadership deficit continues and what organizations can do to mediate it.

Findings from the APQC study surfaced six key leadership trends that are statistically significant regarding the leadership skills gap:

1. Outdated leadership styles continue through current selection, development, and reward practices.

2. Leaders are resistant to changing their leadership style.

3. Leadership development is an underinvested component in organizations.

4. Current business challenges require a different style of leadership.

5. A democratic leadership style is needed for innovation.

6. Employees are not interested in developing leadership skills.

These results clearly suggest that organizations and leaders could benefit from investing in leadership development. Of course, for organizations to prevent a system-wide leadership gap, they need to create a cohesive approach to leadership development. Unfortunately, many organizations lack a coherent sense of what needs to be developed and how to go about it.

Below are five steps organizations can take to help bridge the gap between current leadership talent and future leadership needs:

- **Perform a needs assessment.**
  Identify the capabilities managers need now and in the future to execute and sustain the organization's strategy. CCL's Leadership Gap tool is one way to determine organizational needs and leadership gaps.

- **Create a leadership strategy.**
  A clear understanding of the leadership behaviors and business strategy allows executives to develop a leadership strategy. In turn, development initiatives can be aligned with the operational needs.

- **Develop clear, specific goals and strategies for individual leadership development.**
  Assess managers' strengths and weaknesses as leaders against the core competencies identified in the needs assessment. Other assessments, including 360-degree feedback tools, can be helpful in evaluating individuals' areas of strength and development needs. Be sure to factor in feedback, coaching, and assessment towards goal attainment.

- **Create systems.**
  Excel at recruiting, identifying, and developing talent, performance management, and retention.

- **Evaluate.**
  Build in systems for measuring how these efforts are paying off across the organization. What additional resources are needed? What metrics are in place to assess impact?

In the absence of new investments in developing critical skills and perspectives, the leadership gap in organizations will continue to widen. Some organizations will heed the call and will be poised to recruit and develop high-caliber leaders whose strengths match the organizational need—not the skill set needed five or ten years ago.

In addition to the leadership trends, there are business trends that are affecting the leadership skills deficit. Findings from the APQC study surfaced seven business trends that are statistically significant regarding the leadership skills gap. Unpredictable events, reduced employee tenure, aging workforce, generational differences in the workforce, the growing importance of knowledge management, flatter organizational structures, and sophisticated data-analytic capabilities top the business trends list.

Different types of leadership education and training can provide significant insight into the impact of these business trends.

Training can also help organizations learn how to take steps to minimize the impact and identify the kinds of skills needed to lead in these conditions. Organizations that fail to recognize and deal with the complexity brought about by these trends will continue to be caught in a leadership gap trap.

About the Research

Findings reported in this white paper from the Leadership Gap Indicator were collected between 2009 and 2015. Surveys from 2,339 managers in 24 organizations in three countries were analyzed. The sample is largely male (61%) and the average age is 42. The managers' organizational levels include 3% top executive, 22% senior executive, 31% upper-middle manager, and 25% middle.

Findings from the APQC study included data from 547 managers/directors working in 23 countries. The sample is largely male (70%), and the average age is 47.

Resources

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