

Invisible Fire

Responding to the Leadership Gap in Canada

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Executive Summary

Most senior leaders in organizations today agree that building leadership capacity is their number one business challenge. However, despite the widespread agreement the leadership gap persists and despite significant investments in leadership development - the problem remains. Everyone sees that the platform is burning, but they do not seem to be feeling enough heat or smelling enough smoke to really take it seriously. So the fires keep burning, the problem keeps getting worse.

On September 26, 2007, The Canadian Society for Training and Development, in partnership with Knightsbridge Human Capital Solutions and the Canadian Business Hall of Fame, held an Executive Think Tank to explore the Leadership Gap in Canada.

Six priority recommendations as a call to action to act on the challenge of the leadership gap were identified:

- 1) Make leadership capacity a national issue to draw the attention of the government, Boards, Bay Street, and individual citizens. Leadership capacity needs to become a business issue comparable in scale to the Y2K issue in the late 1990s.
- 2) Set up a Canadian Centre for Leadership – to be a repository of leading practices and ideas in building leadership capacity with applications to all sizes of organizations from small to large enterprises.
- 3) Embed leadership in organizations so it becomes integral to an organization's business strategy in ways that make it more tangible and demonstrate bottom-line impact.
- 4) Hold CEOs and Boards accountable for building leadership capacity and ensure it is embedded within an organization's business strategy.
- 5) Redefine leadership for the next generation of leaders and that we will motivate the next generation to embrace their leadership potential to benefit the organizations in which they work.
- 6) Align the educational system to grow a pipeline of future leaders and at an individual student level, develop the character required for leadership.

The intent of the report, *Invisible Fire* is to be a rallying cry to mobilize C-Suite leaders and their organizations to work together across the country to close the leadership gap in Canada.

Invisible Fire – Responding to the Leadership Gap in Canada

We all know the importance of the need for a burning platform to respond to critical business issues. A burning platform gets people's attention. It solicits a reaction that demands action.

However, organizations across Canada have a significant burning platform which is not getting the real reaction it requires. Even worse, as the fire continues to burn, the problem gets even more severe.

The Burning Platform Is the Leadership Gap In Canada

We have all read the headlines describing the crisis in leadership taking place in organizations around the world. It is being created by a set of interrelated dynamics such as the increasing complexity of business, mounting global competitive pressures, changing demographics, and shifting values among employees in the workplace. Within this climate, organizations are also recognizing that leadership is becoming a source of competitive advantage.

Unfortunately, just when organizations need strong leadership to grow and prosper, they are finding the supply of leaders dwindling. When we stand back and more closely examine the issue, it takes on even greater importance from a national perspective. It stands to reason that if organizations across Canada are being affected by the leadership gap, then as a country, we have a leadership gap.

What is also clear is that despite the widespread agreement that this is a critical business issue the leadership gap persists. What is especially alarming is that despite significant investments in leadership development, talent strategies, tools and technology to build and manage leadership capacity, the problem remains.

In essence we seem to have an "Invisible Fire", where everyone sees and agrees that the platform is burning, but they do not seem to be feeling enough heat to really take it seriously. So the fires keep burning, the problem keeps getting worse.

Responding to the Burning Platform

On September 26, 2007, The Canadian Society for Training and Development, in partnership with Knightsbridge Human Capital Solutions and the Canadian Business Hall of Fame, held an Executive Think Tank. Over thirty top leaders from a cross section of organizations and sectors came together to explore the Invisible Fire that is burning in Canadian organizations.

This report summarizes the findings from the Executive Think Tank session, beginning with insights as to why the leadership gap persists in organizations and ending with a “call to action” to how organizations and our Country can bridge the leadership gap.

Why Does the Invisible Fire Keep Burning?

In the few years approaching the dawn of a new millennium, a critical business issue surfaced which galvanized worldwide attention and action. It was the Y2K challenge. The years leading up to the arrival of the year 2000 saw organizations and governments spend considerable financial and human capital resources ensuring that they would not be affected by Y2K. In the end, Y2K arrived with little fanfare. Some suggest the problem was not as significant as the hype that was generated. Others believe the problem was diverted because organizations paid attention to it and made the necessary investments to protect their businesses.

What does the Y2K challenge have to do with the leadership gap facing organizations today? Essentially, both are significant business issues, yet Y2K was able to generate real action. There was an actual date that created a sense of urgency. The risks were clear. Leaders and their companies took action.

So far, the leadership gap has not yet generated the same level of urgency. Why is this the case? The Executive Think Tank began their discussions with this question. Below we summarize the key ideas emerging from the discussions with the C-Suite leaders.

1. Lack Of Understanding Of Leadership As A Business Issue

Leaders believe that the primary reason that the invisible fire continues to burn is because organizations do not fully appreciate how leadership is a critical business issue.

Lack of urgency for building leadership capacity

First, there is a sense that leadership is not appreciated as a business issue because it is an intangible. C-Suite leaders believe that as an intangible issue, hard-nosed executives do not see the direct impact it can have on a

company's bottom-line or its share value. Since the direct connection is difficult to make, organizations tend to not pay the desired attention on this issue.

Little genuine accountability for building leadership capacity

Second, many of the Think Tank participants believe that CEOs and Boards are not engaged in the issue nor held accountable for building leadership within their organizations. Boards seem to be only concerned with CEO succession planning, while CEOs often delegate the responsibility for building leadership to the HR function. Furthermore, in many organizations there is unclear accountability for leadership development. This disperses responsibility, and consequently, no coordinated efforts take hold. Leadership development needs to be managed, monitored, and enhanced as a core organizational capability by executives and, in some organizations, by the Board of Directors.

Shrinking tenure for CEOs

Think Tank participants agreed that to effectively address the leadership crisis, organizations need a long-term perspective. Yet, in many organizations, the tenure of CEOs is becoming shorter. This in turn, forces CEOs to pay attention to short-term business issues. CEOs will focus on priorities where they can get quick-wins. Inevitably this over-emphasis on the short-term can put organizations at risk especially since bridging the leadership gap is a long-term issue.

Increasing pressure to meet Bay Street expectations

The relentless pressure on companies to meet the earnings numbers keeps CEOs and their organizations focused on the short-term. The market does not support CEOs to make long-term strategic decisions about their businesses. The pressure to deliver quarterly results keeps CEOs focused on cutting costs, rather than investing for the future. Building leadership for the future takes a back seat for more immediate and tangible business priorities. If we are to effectively deal with the burning platform long term, Boards and CEOs will need to be firm in their commitment to building leadership capacity, despite the pressure. At the same time, Bay Street will need to acknowledge that sustainable business results will be generated by investments in tackling the leadership gap.

2. Greater Complexity of Demands on Leaders

Another primary reason the invisible fire keeps burning is that the challenge of building leadership has been and continues to be a moving target. As the business environment becomes more complex it has increased and changed the demands and expectations placed on leaders. Previously, a leader's primary responsibility was to improve business results; however, today, issues of ethics, stakeholder management, and sustainability are increasing

the demands on leaders. Therefore, even if an organization attempts to address its leadership issues, often it experiences significant struggles keeping pace with the changing demands, realities and expectations of today's and tomorrow's leadership roles.

Operating in a global marketplace

As the marketplace becomes more global, leadership is taking on new and complex meanings. Leaders need to display an understanding of political, economic, and social forces on a global scale and the skill to navigate those forces. Leaders must also display virtual leadership, the ability to effectively lead, supervise, and develop a team they may not frequently see face-to-face.

The de-layering of large organizations

As a result of downsizing, the levels that have typically contained the pool for emerging leaders have been removed. Flat and lean organizations with fewer intermediate leadership positions can lead to inadequate development opportunities for leaders through the traditional promotion route. Today, the leadership leaps that leaders need to make are significant and if not supported, there is a high probability they will fail or derail in their roles.

Changing values within the workplace

Generational differences in values affect how leadership is perceived and manifested. Being an effective leader of a multi-generational workforce requires an understanding of how generations differ in key elements such as work life balance, work expectations, and drivers of satisfaction. For example, for younger generations a greater focus on work-life balance means a more fluid career. Younger generations exercise greater choice about how they want to focus and use their time and energy; while older Boomer generations have very different expectations about work.

3. Narrow Definitions of Leadership

Think Tank participants acknowledged that existing views of leadership are primarily shaped by American publications. Leadership in Canada is different and needs to be acknowledged to be so.

An overemphasis on charisma in leadership

Charismatic leadership is often thought to be the ideal model of leadership. The main assumption for this kind of leadership is that people will follow leaders that they admire, therefore grace and charm are all that is needed to create followers. But charisma does not guarantee the leader will have the skills needed to lead the organization to success. Organizations need to shift their culture to focus on holistic leadership and leadership capabilities. Organizations need to move employees from looking to one specific leader for solutions, to recognizing that each of them has leadership abilities and often have the solution within themselves.

Leadership focus is exclusively at the top

Another challenge with prevailing views of leadership is that we tend to keep our eyes only focused on the top of the organization's hierarchy. We have a default lens which sees leadership only existing at the C-Suite level. If we are to be effective in responding to the leadership gap, we need to recognize that leadership permeates an organization at all levels. Leadership is not a mysterious gift given to only a few in an organization. Rather, it is something within all employees, and it will increasingly be incumbent upon organizations to unleash this hidden leadership potential and fuel sustainable growth.

Leadership differs by sector

What is also evident in the minds of our Think Tank participants is the recognition that leadership is not a homogenous concept. Rather, it is something that differs sector by sector. While there are some inherent similarities of leadership roles across sectors, the reality is being a CEO in a public sector organization is different than being a CEO in the healthcare sector, or a private sector company. We need to begin to acknowledge and appreciate the unique complexities and ambiguities that leaders face within their sectors. This has implications for how we identify and develop leaders to succeed in various sectors.

A Call to Action

Participants of the Executive Think Tank quickly recognized one important insight: Leaders across Canada need to acknowledge the invisible fire, and heed the call to action.

Six priority recommendations, implicating both Canada and Canadian organizations, were identified:

1. Make Leadership Capacity A National Issue

Promote leadership as a core value of Canadians. Leaders of the future will need to have leadership qualities that can be applied within their communities and in the broader society to address social challenges, in addition to leading their own organizations. As the number of these leaders grows, so does the chance of building and maintaining vibrant communities and a healthy society. This should be the rallying cry to draw the attention of the government, Boards, Bay Street, and individual citizens. Leadership capacity needs to become a business issue comparable in scale to the Y2K issue in the late 1990s.

2. Establish a Canadian Centre for Leadership

There is an opportunity to establish a “Canadian Centre for Leadership” whose sole purpose is to define leadership within a Canadian context that encompasses regional and sectoral differences. Organizations can learn a lot from one another. A Canadian Centre for Leadership could be a hub that brings together a coalition of leading C-suite leaders and holds a repository of leading practices and ideas in building leadership capacity with applications to all sizes of organizations from small to large enterprises.

3. Embed Leadership So It Becomes Integral In An Organization’s Business Strategy

Leadership is often perceived as an intangible issue in business. We need to find ways to make it more tangible and demonstrate bottom-line impact, so that it will get the attention of CEOs and Boards. Therefore, there is a need to effectively define leadership and learn how to measure it. To make the intangible - tangible; to make the invisible, visible. Once this occurs, then leadership will be recognized as a business issue and embedded into business strategy.

4. Hold CEOs and Boards Accountable For Building Leadership Capacity

If leadership is embedded within an organization’s business strategy, then both CEOs and Boards will be held accountable for driving results in this area. This will help them begin to see leadership as a source of competitive advantage. This will ensure that CEO and Board performance will be evaluated not just on financial performance, but also on building leadership capacity. A CEO’s compensation will also be tied to the ability to build leadership capacity to meet the ongoing business requirements. Over time, this will also ensure that a relentless focus on quarterly business is balanced by a longer-term perspective required to build leadership capacity. It will also be importance to enhance the Human Resources expertise on Boards, so that proper perspective is being provided on leadership issues.

5. Redefine Leadership For The Next Generation Of Leaders

As a new generation of potential leaders begins to enter the workforce, we need to understand that they bring a different set of values to their work. Increasingly we will need to define leadership in ways that are consistent with these emerging values. Since traditional leadership roles are increasingly losing appeal as a career choice for younger employees, focus on engaging them with leadership roles that are more inline with their own values will be paramount. This may mean redefining leadership in a way that is more socially responsible, and more respectful of individual differences and needs for work-life balance.

6. Align The Educational System To Grow A Pipeline Of Future Leaders

We need to expand the vista in which we begin to develop Canadian leaders for the future. In many cases, leadership skills are only taught once young people enter the workforce. In recent years, many business schools have begun to impart leadership skills within their undergraduate and graduate programs. Think Tank participants recommend expanding leadership development deeper into the educational system. There is an opportunity to work with elementary and secondary schools, community groups and social agencies to begin to communicate the importance of leadership careers, and develop young people into leaders.

Conclusion

Responding to the Leadership Gap in Canada

There is a growing sense of urgency to bridge the leadership gap in Canada. At this point, organizations are tackling this issue on their own. As this report has highlighted, despite the investments the gap persists.

What is needed is action. The Canadian Society for Training and Development, in partnership with the Canadian Business Hall of Fame and Knightsbridge Human Capital Solutions is seeking business leaders and organizations who share a common sense of purpose to build strong leadership capacity within Canada.

Over the coming months, the three organizations will be leading the charge to communicate these issues to business leaders and the media. The platform is burning, and action is needed now. ■

The Partnering Organizations



Canadian Society for Training and Development

CSTD (Canadian Society for Training and Development) is a not-for-profit membership association dedicated to the profession of training, workplace learning and human resources development.

Defined by a vision statement, CSTD is a strategic world leader, driving excellence in workplace learning and performance, impacting business success. Established in 1946, CSTD is Canada's only national association for workplace learning and performance professionals, with 18 chapters and 2,200 members from coast-to-coast, representing the public and private sectors,

CSTD exists to establish and maintain professional standards of competence in workplace learning and performance, which is accomplished through a skill-based certification program. CSTD chapters provide professional development to members of the workplace learning and performance profession through innovative programs and events. Finally, CSTD has established dialogue with government, institutions and industry to advocate for enhanced understanding of the workplace learning community.

The Canadian Business Hall of Fame



Established by Junior Achievement of Canada in 1979, The Canadian Business Hall of Fame (BHF) celebrates the lifetime accomplishments of Canada's most distinguished business leaders, past and present. Each year, Laureates are selected for induction into the BHF for their enduring contributions to the economic development and prosperity of Canada. Nominated by their peers, inductees are selected by an independent Selection Committee representing Canada's foremost business, academic and media institutions. As leading examples of achievement in business and in life, these individuals have demonstrated the qualities necessary to ensure the success and competitiveness of Canada in a global marketplace. As Canadian Business Hall of Fame Laureates, they become mentors and role models for Junior Achievement students and Canada's future business leaders. The BHF recognizes these outstanding Canadians for their significant contributions and the legacy they have created for tomorrow.

Junior Achievement of Canada



For over 50 years in Canada, Junior Achievement learning experiences have been showing youth the way to discover their leadership, entrepreneurial and workforce readiness skills so they can achieve their highest potential as citizens of our global community.

Across Canada, Junior Achievement reaches over 220,000 students annually with 10,000 dedicated business volunteers in over 400 communities delivering a suite of 9 curriculum matched programs. Since 1955, 2.5 million Canadian youth have participated in business and entrepreneurial education programs free of charge. More than 3 million students will experience Junior Achievement in Canada over the next 10 years.

Junior Achievement is the successful link between education and the world of work by giving youth the confidence and knowledge they need to define personal success, enhance their workforce readiness and pursue their dreams.

Knightsbridge Human Capital Solutions



Canada's fastest-growing Human Capital Solutions organization, Knightsbridge combines depth of expertise in each of its key disciplines to deliver innovative, integrated and sustainable solutions to complex human capital challenges.

Knightsbridge is a strategic partner who works with its customers to ensure they are always thinking moves ahead. Knightsbridge has 21 offices across Canada including the major cities of Halifax, Montreal, Ottawa, Toronto, Calgary and Vancouver and serves clients outside of the country through strategic alliances with Penna plc in the United Kingdom, Lee Hecht Harrison in the U.S and Amrop Hever Group, a global executive search alliance.

In July 2007, an exciting new strategic partnership between the Canadian Business Hall of Fame and Knightsbridge Human Capital Solutions was formed. This collaboration is based on the shared principles of understanding and building leadership capabilities within Canadian business and engaging our next generation of leaders in research, education and networking events.

Participating Organizations

C-Suite leaders of the following organizations took part in the September 26th, 2007 CSTD Learn@Work Week Executive Think Tank.



Atomic Energy of Canada Ltd.
Business Development Bank of Canada
Canadian Business Hall of Fame
Canadian Physiotherapy Association
Cineplex Entertainment LP
Crystallex International Corporation
Cyngal Technologies
Direct Energy
Dun & Bradstreet Canada
EduLinx
Genesis Capital Corporation
HR MacDonald
Knightsbridge Human Capital Solutions
Maritz Canada Inc.
Novopharm Inc.
Ontario Realty Corporation
Stelco Inc.
SunOpta Inc.
The Centre for Addiction and Mental Health
The Ontario Trillium Foundation
The Toronto Board of Trade
Vicwest Corporation
Western Inventory Service
Workopolis

The Writing Team

The Executive Think Tank Session was facilitated by a team of consultants from Knightsbridge Human Capital Solutions. This report was written by the team.

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