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**Josh Bersin**, Contributor

*I analyze corporate HR, talent management, and leadership.*

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## ***It's Not The CEO, It's The Leadership Strategy That Matters.***

***Let's face it. CEOs come and go. But leadership, if developed in a comprehensive way, endures.***

***In the last few years we've seen new CEO's at [Yahoo](#), [HP](#), [Apple](#), and other prominent companies, and in each case we watch to see if the CEO can "pull it off."***

***Well, while the CEO is a very important person, our research shows that enduring business performance is really driven at much deeper levels: a focus on leadership strategy. Long term business performance comes from leadership culture and careful and continuous development of leadership at all levels. It's not all about the CEO.***

***In this research we looked at hundreds of companies over the last few years and correlated their business performance to a variety of different people and talent practices.***

***After looking at many talent management practices (including the purchase of expensive software), we found that a company's level of maturity in their leadership development has a greater impact on their long term business performance than almost all else. And this impact transcends changes in the CEO.***

***Let me share some of these findings and best practices.***

***1. High-Performing organizations directly link leadership strategy to business strategy.***

***Regardless of who the CEO may be, operational execution takes***

**place at the mid-level and supervisory level. When these individuals are well aligned, coached, and trained, the business thrives.**

**High-performing companies understand this, and they build a leadership development program which uniquely trains, supports, and selects people who drive their business's strategy. By doing this, they build execution into the culture.**



**Fig 1: [Leadership](#) Linkage Model**

**A great example of this is UPS. UPS is a company which has outperformed other express companies for many years and it continues to transform itself from its origin as a horse and buggy delivery company. The company promotes from within and continues to promote a leadership culture of customer service, safety, and entrepreneurship. If the CEO were replaced, he or she would come into a company with a deep rooted leadership culture.**

**At times this culture needs to change. During my years at [IBM](#) the company went through a wrenching transformation as Lou Gerstner came in and changed the company from a “seller of solid technology” to a “deliverer of high value services.” This meant bringing in many new leaders, building a consulting mindset, and driving a different type of innovation and creativity into the management team. ([Xerox](#) is going through this process today.)**

**While I'm sure Sam Palmisano had much to do with driving this forward, now the company has deep roots of leadership from which to grow this base. And Ginny Rometti can build and evolve this leadership into the future.**

## **2. High-Performers develop leaders at all levels.**

**High performing companies understand that execution takes place at the grass roots level. It is the line managers, supervisors, and middle managers who make things happen. If**

***the CEO doesn't push his or her leadership strategy down effectively, it won't take hold. In fact our research shows that the best companies develop leaders from the bottom up. Senior executives "serve" the needs of line leaders, like an inverse pyramid.***

***"The "inverse pyramid" of leadership is one now widely used by many agile organizations. In our company we have a philosophy that "everyone is a leader" and each individual is given the responsibility to understand the business and make decisions which support the mission of the entire organization. Accenture calls this "stewardship" and they reinforce to managers that they must "leave work each day making Accenture a better organization."***

***A recent [article in Vanity Fair](#) pilloried Microsoft for its "forced ranking" process. This is an example of a talent management program which does not focus on developing leaders, rather it assumes that managers are "too dumb" to figure it out on their own. Rather than developing leaders at all levels, it simply forces them to "do as they're told."***

***IBM, Accenture, Deloitte, and other high performing service companies focus on strategic development at all levels. You should too.***

### ***3. High-Performers invest in leadership development.***

***I don't want to sound like an HR manager, but this is true. Our research ranks companies scientifically through our [High-Impact Leadership Development](#) maturity model. The companies that rank top in leadership development maturity invest 30-40% more money in leadership than their peers. And these programs are uniquely multi-faceted and challenging.***

***If you look at the [Fortune Magazine-AON Hewitt](#) list of companies with top leadership programs, you find that they spend almost 35% more per manager on development than others.***

***I have a good friend who was a senior manager at Yahoo. He told me that during his entire 8 years there he never attended a single leadership development program. This is a sign of a company that has not yet figured out the role of leadership in business performance.***

***Top companies spend \$3500 and up per manager (more than twice this at senior levels). You can benchmark your own***



company in our [\*\*\*Leadership Development Factbook®\*\*\*](#).

#### ***4. Develop your leadership philosophy.***

***High performing companies don't just hire a consultant or send people to leadership courses. They develop their own unique, research-based leadership model.***

***There are hundreds of companies that sell leadership models, tools, and courses. Most of these are fine, but none can replace you taking the time to figure out what matters in your own company.***

***Cisco, for example, aligns its leaders among four quadrants: innovators, executers, efficiency-builders, and turnaround specialists. IBM's new leadership model focuses on global citizenship, collaboration, action-orientation, customer value, and innovation.***

***I got a call from a client yesterday asking me "how often should we update our mission and values?" My answer is "as often as your business changes." As IBM transitioned into a globally integrated services company, the leadership model had to change. IBM, the #1 rated company in leadership, changes its leadership values every 5-7 years.***

***The CEO plays a role, but not alone.***

***When a new CEO enters a company one of the most important things they must do is assess the current leadership culture, and then decide how they want it to change. If they see too much complacency or lack of alignment, its up to the CEO to drive a new culture of teamwork and accountability. Only when that message reaches the troops will the company turn around.***

***If you're an investor, watching the CEO is important – but look at how they build, develop, and attract leadership. This is perhaps the most important thing they do.***

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<http://www.forbes.com/sites/joshbersin/2012/07/30/its-not-the-ceo-its-the-leadership-strategy-that-matters/>