

The Potential to Lead

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What is it that defines the potential to lead? And if we could define it, how might we be able to more consistently notice it, encourage it, and cultivate it among our early-career professionals? On the one hand, I do not believe there are any perfectly knowable answers to these questions. On the other hand, I do believe that we can learn a great deal more about this potential and, based upon that imperfect but practical knowledge, that we can hone our capacity to recognize and develop leadership potential much more effectively than we currently do.

That is the thesis of this white paper on the potential to lead. I will sketch the outlines of this challenge and a proposed solution to it. We describe the current state of knowledge and practice, as well as its limitations. Then, we review some ideas from recent research in leadership and adaptive development that we have drawn from in order to effect a paradigm shift in early-career leadership development.

Conventional Wisdom

Our current state of knowledge and practice will usually contain within it the seeds of novel possibilities and new trajectories of innovation. With this in mind, I recently spoke with several executive leaders—CHROs, VPs, and SVPs in talent development—people who've been working for years to identify and develop the potential to lead among early-career professionals. I observed a rather strong convergence of views on the following themes:

1. We know that it (*the potential to lead*) is more than a linear extension of technical-functional skill and knowledge to perform as an individual contributor.
2. We know that it draws upon a capacity to relate well to others in the furtherance of a common purpose that requires collaboration and extra effort.
3. We know that it manifests as a kind of maturity that involves a shift in focus from oneself and self-interest to the interests and goals of others.
4. We know that it is often accompanied by increased interest in how the parts of the organization interrelate as a whole to produce results.
5. We know that it requires a temperament that is not overly reactive or impulsive, that is able to navigate complexity and setbacks, and that conveys confidence.
6. We know that in today's increasingly diverse world and talent markets, it must be accompanied by an attunement to and tolerance for differences.

This short list is sufficient to indicate that the challenge of identifying the potential to lead, and the task of developing early-career leaders requires more than a simplistic reliance on individual performance

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appraisals. Why? Because most important advances in life or career involve nonlinear change. They require the emergence of new capabilities, not simply more of the same. This is true for individuals and it is true of organizational innovation.

For these reasons, we cannot blindly follow the adage that past performance (behaviors and results) is the best predictor of future performance. Rather, we must look for indicators of a more fundamental, underlying potential in the person to do things that he or she may not have done or needed to do up to this point.

In order to observe their potential to lead, we will need to place them in situations and present them with challenges that evoke expression of this potential. We must at the same time position ourselves (management) to notice this potential to lead. We'll also need to consciously suspend assumptions and biases that block our ability to recognize ways of leading that do not fit our stereotypes of efficacy.

Common Practices

Common practices for identifying and developing talent today include competency models, performance appraisals, competency-based developmental assessments, talent reviews, high-potential programs, succession planning, and mentoring. And we know from years of McKinsey survey research that a glaring weakness in most organizations is the lack of active participation of the supervising manager. Therefore, most of this procedural work has historically been designed, implemented, and managed by HR and HRD professionals.

In some organizations, HR business partners may succeed in engaging line executives and business managers. However, it's been our experience that management too often approaches these processes and procedures in a bureaucratic, perfunctory, and rushed manner. Then, when new leadership talent is needed, they resort to an informal pool of candidates that management already has in mind, largely based upon past performance. This small pool becomes the go-to resource, and others remain untested.

Although such a de facto pool of high-potential people may constitute a "feeder system" of sorts, and it may be better than nothing, it is hardly a way to ensure that *all* of the potential, not to mention the best potential, of your talent pool is being developed. In fact, research indicates that such informal processes often send signals to the early-career population that the path to advancement is a mystery, or worse, that it relies upon a paternalistic culture of favoritism and exclusion.

Redefining Leadership

Leadership models abound – transformational leadership, authentic leadership, servant leadership, situational leadership, transactional leadership. Each offers something distinctive, and most can cite research to support their effectiveness.

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The simple fact that diverse ways of leading can be effective should not surprise us. After all, human behavior is multiply caused, and there should be many ways to accomplish leadership goals. Haven't we all witnessed acts of leadership from people who are quite different in temperament, personality, and style? Perhaps, then, our goal should be to help a diverse group of potential leaders find their voice, their unique way to contribute leadership.

But returning to the several approaches to leadership mentioned, we find that they do have something in common. It's a primary focus on individual leaders influencing followers. Thus conceived, leadership is closely aligned with formal authority in a governance hierarchy. Whether interaction be dyadic or one-to-many, the assumption is that leadership communications stem from authority. In that respect, it has a top-down feel. Variations in relational quality may exist, but there is a power structure.

You might think that by pointing these things out I am now going to launch into an idealistic rant about the evils of hierarchy and power. I am not. But I will find fault with a singular reliance on leadership thus conceived.

Redefining Leadership How?

The simple fact is that the world is changing (see our [whitepaper](#) on Generative Leadership for more). Most of us today work in organizations that are or aspire to be flatter, faster-moving, and global. Their success is typically dependent upon a well-educated, professional workforce with different wants, needs, and expectations. And what slows or impairs our efforts to thrive in this changing world is our tendency to cling to habits of mind, action, and interaction that reflect an outdated prototype.

This prototype is gendered. It is stereotypically masculine and hierarchical in style. But what we are finding in the most recent research is that the organizations who excel in adapting to the imperatives of the new reality (flatter, faster, more diverse, etc.) are those who have begun incorporating more of the stereotypically feminine qualities of leadership. These include attention to others, inclinations to think and act more collaboratively, and less of a reliance on heroic individualism than on well-tuned patterns of interdependence.

Don't get me wrong with all this talk of the masculine and the feminine. You don't need to be a woman to adopt and use the more adaptive and collaborative behaviors. Nor do you need to be a man to over-indulge hierarchy and top-down communications. But since historical (and still prevailing) biases in leadership theory and practice have privileged white males, there is a gendered quality to our legacy stereotypes of what a good leader looks like.

In order to get beyond these old ways we'll need to increasingly examine leadership as a relational and organizational phenomenon. We'll have to focus on encouraging emergent leadership of different kinds at all levels and not over-rely on traditional, positional leadership. Our organizations should mirror the

regional demographics and cultural diversity of the markets we serve. Therefore, we must increasingly find an “overlapping consensus” of normatively appropriate and effective ways to lead that also honor and respect our differences. Leadership must be relevant and engaging to the whole of the enterprise.

As we search for an “overlapping consensus” on ways to lead effectively and appropriately, it becomes important to examine afresh the role of the individual “antecedents” or predictors of the potential to lead. There are a vital few predictors that have cross-cutting relevance for a diverse talent pool. We will also be interested in how organizational variables can serve to catalyze these personal expressions of leadership. Let's examine some of what we know about what predicts the potential to lead.

Individual Predictors of Potential

Recent research has drawn upon studies that identify so-called “psychological antecedents” of leadership. They've used high-powered statistical techniques called structural equation modeling to link these predictors of leadership to an underlying construct, i.e., *potential to lead*. The predictors used in this leadership are: 1) *anxiety (low levels)*; 2) *self-efficacy (high levels)*; 3) *optimism (high levels)*; 4) *locus of control (internal)*; and 5) *openness to experience (high levels)*.

We briefly summarize the research on these predictors below:

- Those *low in anxiety* are known to function better in situations involving change, challenge, and stress. *Self-efficacy* is the individual's belief that he or she can perform successfully not only in one task, but generally in a variety of tasks. It correlates highly with evaluations of leadership. And both of these variables align quite closely with the notion of self-confidence, which is so frequently cited as the most manifest indicator of the capacity to lead.
- *Optimism* has been found to be a stable personality characteristic, which reflects both a more positive self-image as well as a tendency to see the positive potential in challenging situations. Optimism is associated with working harder and with greater persistence in striving to achieve goals. It's been positively correlated with leadership. It relates to characteristics often attributed to leaders, i.e., a future orientation, the capacity to envisage a future state and then to strive resolutely to realize it.
- *Locus of control* concerns how we perceive our ability to control events. An external locus of control indicates a belief that events outside our control dictate outcomes. An internal locus of control reflects a belief that we can actively influence outcomes. Like optimism, this tends to be a rather stable personality characteristic. An internal locus of control is associated with self-confidence, and those with this orientation tend to assert more initiative and adopt more innovative and daring strategies.

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- Finally, *openness to experience* (one the big five factors of personality) reflects a person's curiosity and desire to learn and explore. However, it's not merely a curiosity of ideas. It includes an openness to others, their ideas and experience, qualities that suggest inclusiveness. Those who have it prefer experiential learning and exhibit greater skill in solving interpersonal problems. All of this has been central to many if not most theories of leadership.

Here's the punch line: When measurements of these five predictors of leadership are combined to form a "latent" or underlying variable called *potential to lead*, the research suggest a fundamental causal mechanism in the development of these capacities to lead. It is something called attachment style, in particular a *secure attachment style*. It develops early in life, but if one's early life did not help promote this secure style of attachment, be assured it is amenable to development. Yes, this underlying factor that seems so predictive of our potential to lead can be assessed and developed!

The Leadership Challenge

We have discussed the changed scene of challenge that organizations and their management face today at length [elsewhere](#). We've noted in particular the increasingly global scope and diverse nature of the markets we serve and the talent we must draw upon to succeed now, to continuously adapt and remain relevant, and to thrive over time (sustainability).

- *Pervasive impacts of a global economy*. We are all affected by the global economy, whether we choose to operate close to home, across the nation, or around the world.
- *Advances in communications technology*. Technology brings opportunity and threat; it brings customers and competitors nearer, and it lowers barriers to entry.
- *Need to transcend the old leadership prototype*. "Think-manager-think-male" may still prevail in many sectors, but its constraining effects on performance are becoming undeniable.
- *Ethnic and cultural diversity*. As societies become ever more diverse, we must not only acquire new people skills, we must appreciate diverse peoples, their experience, values, and desires.
- *Generational differences in expectations*. A diverse talent market, e.g., millennials, women, and older workers, want work/life balance, flexibility, and autonomy—and they want meaning.
- *Unrelenting performance pressures*. Post-financial-crisis norms demand we run leaner and cope with heightened scrutiny, all while focusing governance on triple-bottom-line results.

The old ways—hierarchy, tightly guarded authority, and a stereotypically masculine style—just won't do. Today's businesses must create conditions that enable all those with the potential to lead to do so. Ideally, timely and aligned acts of leadership would emerge at all levels and typify the way business is done. Realizing this ideal is a strategic imperative.

Identifying the Potential to Lead

A critical task in promoting emergent leadership is improving our ability to identify and develop the potential to lead in early-career professionals. To guide this effort, we have created a research-based model, the *Generative Leadership Model (GLM)*, which specifically targets variables at three levels of impact for assessing the potential to lead. We have operationalized this model in a multi-rater assessment tool for deployment in Q1 of 2016.

Let's take a brief look at the model and the assessment and development strategy in order to highlight what's new and powerful in this approach to leader development. As you will see, we take a systemic, situated approach to assessment to ensure practical relevance for the real-world business context. We draw upon the observations, impressions, and insights of multiple stakeholders to best appreciate how the individual's manifest tendencies suggest a potential to relate, lead, and contribute to the whole.

The Generative Leadership Model

Personal Qualities <i>(individual level of analysis)</i>	Relational Tendencies <i>(interpersonal level of analysis)</i>	Organizational Impact <i>(organizational level of analysis)</i>
Security – at ease and secure in the presence of others; whether outgoing or reserved, seems able to make connections.	Inclusive – readily maps thinking and action to the whole human enterprise; welcomes initiative and new and different voices.	Morale – attentive to how people are feeling, what they're worrying about; responds with appropriate information and encouragement.
Fidelity – seems to be clear about who she is, what she believes, and is comfortable "in her own skin"; okay with acknowledging errors.	Intentional – engages others with purpose; helps align near-term and longer-term aims; ensures clarity on roles, goals, and contributions.	Governance – accountable for behavior and results; operates with a sense of fiduciary duty; principled while also being pragmatic.
Agency – readily takes charge and copes actively with challenges; high need for autonomy, relishes the chance to make an impact.	Interactive – open, accessible and adaptive to others; sustains timely two-way communication; adjusts the pace to support collaboration.	Execution – active and attentive, notices issues and opportunities; empowers all to contribute leadership and coordination.
Temperament – calm, composed, even-keeled; exhibits moderation, reacts proportionally, judgements are well-considered.	Attuned – notices what is said and unsaid, facts and mood, felt sense of challenge and the readiness to act, the verbal and non-verbal.	Resilience – recognizes setbacks, notices growing stress and strain; intervenes with timely reflection, reframing, and encouragement.
Social Interest – shows genuine interest in and concern for others; expresses curiosity, really listens, and encourages others.	Assertive – able to have difficult conversations; willing to express timely dissent; able to challenge w/o shutting down others.	Engagement – appreciates the power of engagement and the role of leadership in nurturing and sustaining it.

Methods and Practices

When implementing a scalable and programmatic approach to early-career leader development or high-potential development, robust design and involving the right sponsors and stakeholders are critical. We highlight below three design features that we believe add power and differentiate our approach.

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- **Multi-level, Multi-rater Data.** Assessing individual competencies (skills and abilities) is less important to appraising the potential to lead than getting a read on the underlying qualities of the person that shape predictors of leadership (confidence, the capacity to connect with others, and initiative). Beyond these individual factors of the person, we must observe the individuals' relational tendencies in action, how they collaborate, energize others, and get things done. And finally, we must assess their likely impact on the broader organization, how their presence and approach to the work of leadership builds organizational sustainability.
- **Situated Assessment.** Because context is important, we recommend placing candidates in job roles and situations that accurately represent the real-world issues and interactions they must navigate as leaders in *this* organization (see *Action Learning*). We then position stakeholders to notice what they do and how they do it. Stakeholder observations and self-report observations are collected along the way. Unlike canned simulations, leaders face real business challenges, the kinds of problems or opportunities they'll be expected to address in your company at this point in time and going forward. This positions the candidate to show his/her "stuff," and it positions stakeholders to provide valuable assessment data.
- **Action Learning.** A powerful development strategy for early-career leaders is action learning. Among its distinctive features: 1) it embeds opportunities to perform situated assessments of early-career professionals in strategic stretch assignments that naturally elicit the potential to lead; 2) it enables candidates and stakeholders to observe candidates' demonstrated potential over time, in a real-world work context, within a constellation of diverse working relationships; and 3) it allows opportunities to develop both task-relevant job skills and the more relational-behavioral aspects of organizational leadership measured in the GLM-based assessment.
- **Tracking Impact.** Historically, there have been few practical and appropriate ways to evaluate the progress and impact of developmental initiatives. Of course, we all know that there is an inevitable lag time between effortful and purposive changes in behavior and their manifest effects. Still, providing evidence of progress is quite powerful. It gives management confidence that their investments are warranted. And it energizes those making the efforts. Therefore, we'll help you, using our extensive expertise in applied research methods, to obtain measureable evidence of impact, both leading indicators as well as consequential business impacts.

Suspend Bias, Look for How They Create Impact

The whole idea of programmatic development for early-career leaders is to create opportunities for learning, productive action, and *differentiation*. As you (management) review and evaluate progress, what is it that distinguishes those who seem able to learn, grow, and adapt in the face of challenge? What do they contribute that reflects who they are as persons and what they have to offer as leaders? Are they able to collaborate and let others shine? Your role is to actively inquire about how projects and initiatives were managed, key moments, and difference-making actions along the way.

This role of active inquiry—*positioning yourselves to notice*—in the review process helps you better understand the potential to lead, the diverse ways in which it can manifest. Designing and actively sponsoring this approach to next-generation leadership development is a vital role of management. When we suspend our assumptions and biases, it simultaneously reveals how we might better use the diverse talents of our people. Take risks, delegate, and let them spread their wings!