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Leadership Development in Canada's Technology Sector

Why it is so important and how to get started...

Technology sector entrepreneurs inhabit a universe of leapfrogging innovation and risk where speed and 'first-in' strategies are highly valued business differentiators. It is an experimental world of 'doing', of 'making things happen', of rendering the impossible possible. Investors reinforce the more proactive of these values by superimposing their own 'time to liquidity' preferences as conditions of funding. Together, they create and nurture organizations whose economic notion of time as a precious, diminishing resource impels them towards those activities with the highest short term payoffs. Considerations of speed and action supercede, even overwhelm, those of sustainability. The development of leadership capacity, if acknowledged at all as a contributor to performance, is relegated to the nebulous grey zone of 'soft' endeavor. It is equated to large company indulgence, to training, to 'slowing things down', and is dismissed in favor of real-time, 'on-the-job', trial and error learning. To most technology companies, formal leadership development levies heavy costs of time and money, while promising only vague, uncertain benefits and return on investment.

To be fair, leadership development is not an easy endeavor. Conflicting theories abound on the nature of effective leadership, the role played by personality (eg. leaders as born versus bred), the manner by which new skills and knowledge are best developed, and how learning progress is measured. To their benefit, larger organizations possess the infrastructures and organizational buffers to accommodate notions of job rotation, stretch assignments, in-house assessment centers, mentoring programs and other well established leadership development resources. Smaller firms have no such buffers, dedicated resources, or even learning frameworks by which to contemplate and integrate notions of leadership development into their business plans.

As a result, for most small and even medium sized technology companies, leadership development is ignored or relegated to the primary responsibility of the individual employee. At best, leadership development manifests itself as a hodgepodge of uncoordinated, ad hoc, informal and mostly ineffective learning activities or events, most often driven by the acute pain point of the day. Panel discussions, seminars, and networking events, almost always scheduled to avoid disrupting the more valued 'doing' related activities, dominate the learning landscape.

Lacking sponsorship or coordination, it is perhaps not surprising that in a recent study of Ottawa-based technology sector founder/CEOs, over 90% had neither pursued nor participated in any formal or purposeful learning activities in the past two years. This includes reading books, taking courses, seeking mentoring opportunities or any other formal skill development activity. In the same study, 80% of the respondents stated that the issue of leadership development had no visibility whatsoever at the board level of their organizations.

Why Investing in Leadership Development Matters...

The lack of attention to leadership excellence is no trivial concern. It has long been fashionable to attribute the scarcity of great companies on the scale of Cognos, ATI and RIM to the quality and depth of entrepreneurial/executive leadership in Canada. It is also common for industry stakeholders to lament the inability of Canada's entrepreneurs to scale their businesses beyond the start-up stage and to question why Canadian companies must regularly turn to the US for their management talent. More recently, the issue of leadership has also surfaced as environmental factors such as fluctuating

currencies and outsourcing trends adds unprecedented complexity for the sector as a whole.

The investment community, a major constituency in the emerging technology sector, has also turned its analytical gaze to the relationship between human capital and investment performance. In study after study they have concluded that leadership, not technology or markets, is the single biggest variable in contributing to the success or failure of their investments. Furthermore, it is emerging that the implications of continuing to invest hundreds of millions of dollars per year in technologies and markets while ignoring human capital investment may well be untenable for the sustainability of their own longer term interests let alone those of the sector as a whole.

Should awareness and concern converge to replace the apathy which has historically characterized the industry's attitude towards leadership development, the following guidelines serve as a starting point for mobilizing action.

Key Ingredients of an Effective Leadership Development Program

The development of leadership capacity is the responsibility of both organizations and individual employees. Individuals must commit to, and be proactive in the pursuit of the knowledge and skills which will equip them and their organizations for the futures anticipated by them. This should be a career-long commitment and ties to both self-actualization and self-interest. At the same time, organizations must sanction, fund and create climates which encourage the pursuit and application of learning. They must also help generate the frameworks which will guide individuals in the pursuit of their learning and tie that learning to the needs and outcomes desired by their businesses.

An effective approach to leadership development is built on at least five pillars:

1. A Simple Learning Framework

Leadership development, whether structured or ad hoc, is made easier with a basic framework of what needs to be learned. This requires an understanding of how the demands of leadership change as businesses evolve. While it may be intuitive that leadership requirements change as firms grow from start-ups to ongoing concerns, it is important that these changes be broadly mapped and understood.

Entrepreneurial endeavor is incubated in the quest to find that glorious, hidden intersection where innovation meets

customer needs. Early stage leaders typically boast a unique vision of a future yet to unfold. Collective activity is made possible when that vision or entrepreneur is sufficiently compelling to motivate and draw others towards it. Personal qualities dominate the early stage enterprise and include being highly proactive, determined, adaptive, innovative, self-confident and driven. Leaders at this stage, primarily manage 'the dream' which is prominently embedded at the core of their businesses.

However, as the business model solidifies, customers appear and the firm begins to grow, personal qualities must be supplemented by managerial competencies. Leaders must become more systematic in their approach to work; they must control variability and increase predictability by judiciously adding replicable processes to their businesses; they must learn to hire, organize and manage people with attention and sensitivity to their needs; they must become more adept at driving results through accountability; and they must become more strategic in managing market forces as well as the constellation of stakeholders which affect the success of their businesses.

At the same time, managers in start-up firms have often made the leap from being managers, even individual contributors in their previous firms, to key executives. They have gone from managing themselves to teams, functions, even multiple functions and stakeholders. Having literally skipped levels in their development they often are ill-equipped for the new challenges of their roles. Thus, for some, skills pertaining to delegation, planning, driving results, and strategy cannot be assumed. Thus, an understanding of the changing requirements of management at different levels of authority is also important.

These two simple perspectives, one encompassing the changing management needs of organizations as they evolve and the other conceptualizing the changing requirements of management at different levels of authority, serve as the 'big picture' by which to design and measure learning plans. Thus equipped, learning can be focused and tied directly into the needs of the individual and the enterprise.

2. The Importance of Self-Awareness

Most managers have little awareness of either their effectiveness or their skill levels. Racing frantically through their hectic lives, they are rarely afforded the time or means to solicit constructive feedback or reflect on the lessons gleaned from day to day successes and setbacks. Yet such feedback and reflection are critical enablers of leadership development and learning. Without a realistic, validated gauge of one's strengths

and weaknesses, learning cannot be focused or leveraged for optimal benefit.

There are a number of mechanisms available to increase self-awareness in individuals. Organizations and individuals can work together to enhance basic mechanisms by which feedback can be provided on the job. This is often challenging for smaller firms that lack HR processes such as performance management systems by which to aggregate and channel such feedback. Nonetheless, feedback needs to be provided and organizations, including their boards of directors, must seek to better understand how feedback can be provided in the most constructive manner. Where it is not readily available, individuals must proactively ask for feedback from all levels and sources within and outside their organizations pertaining to their current portfolio of capabilities and development needs.

In addition, a number of paper and web-based 360° feedback assessment tools are readily available which provide a cost-effective vehicle for soliciting input from inside and outside the organization on individuals' strengths and development needs against the leadership dimensions specific to their organizations' success. Such assessment tools compile and compare ratings to the individuals' own assessment of their skill sets and, when applied properly, serve as a powerful tool by which managers can come to 'know what they don't know'. In addition, these assessments provide the overall organization, including the Board of Directors, with a common language by which to more actively manage the changing leadership requirements of their growing organizations.

There are two desired outputs from the various self-awareness enhancing related activities. The first is to identify those key development areas which each individual can focus on, over the next six to twelve months, which will have the greatest impact on achieving personal objectives and those of the organization. Secondly, given the broader context of the organization's changing needs as it grows, each individual is made aware of where he or she will need to develop if they are to remain key contributors in the organization. Being forewarned becomes the first step in getting forearmed.

3. Access to Knowledge

Once a framework is in place and learning needs have been identified, individuals require an understanding of where and how pertinent knowledge can be sourced.

It should be stated that there are private and public sector organizations well equipped to provide the resources deemed important from the self-awareness exercises. However, should

that not be an option, there remains a myriad readily available information in the market to assist individuals.

To illustrate, suppose that it has been identified that a given individual needs to become more strategic, to acquire a broader perspective. This is a common requirement when individuals move up to executive levels in an organization. It refers to the ability to deal with a higher level of complexity and a broader, longer time horizon than in either operational planning or day to day decision-making. It incorporates the capacity to see the bigger picture at an organizational or functional level. When done well, it leads to clarity of direction, and enhances the likelihood that strategic goals will be met.

When individuals are made aware that further developing the ability to set strategic direction is a key leadership competency which is tied to their ability to be effective as head of marketing or R&D or as CEO, then they are already better equipped than most of their peers. They can then take specific steps to improve their data-gathering, analysis and interpretive abilities. They can solicit regular advice and model the behavior of individuals known to be proficient in said competency. They can source books, periodicals, case studies and other resources specific to strategy. They can take courses, go to subject-specific seminars or even find a coach or mentor to assist them.

The key, once again, is that the pursuit of knowledge be focused, tied to a larger framework of learning, be related to current inventories of skills and an understanding of which learning initiatives and activities will contribute most to individual and organizational success.

4. Motivation

Motivation mobilizes awareness and knowledge into sustained action. For some individuals, self-awareness, a learning plan and a commitment from the corporation suffice in stimulating and focusing sustained performance improvement behavior. For others, monitoring, personal coaching or other support structures may be of value.

When organizations assume responsibility, along with the costs, for leadership development initiatives, they have the right and obligation to set milestones, monitor progress against learning plans and tie performance management to the achievement of those learning goals.

5. A Supportive Climate

Like any growth related activity, leadership development is sensitive to environmental factors. In a recent study, 85% of start-up executives indicated that their organizations

discourage the pursuit of training and development initiatives by viewing them as ‘distractions’ from the execution of what are considered more productive day to day work.

Learning is fostered and nurtured in a supportive environment, starting at the top. Pension funds, venture capital firms and other key stakeholders must value leadership development and sanction it at the board level. Furthermore, board sanctioning must be more than tacit, it must be visible. Leadership development must be discussed, funds apportioned to support it, and performance management aligned to it. Boards must ask CEOs, ‘what systematic steps are you and your team taking to ensure that you are growing at least as quickly as your businesses?’ They must furthermore hold them to task on their answers. Entrepreneurs understandably take many of their cues from their boards of directors who must send and reinforce the message that ongoing leadership development is valued.

All parties must recognize that most learned skills improve with practice. Similarly, information transforms into knowledge and skills through an iterative process of experimenting, feedback, reflection, action, feedback etc. People cannot be afraid to try things, to fail. This is difficult in small, under-funded firms with few buffers and opportunities to get things right. It is, nonetheless, a discipline with significant longer-term payoff.

Summary

History suggests that it takes 10 years to build a truly sustaining organization. The technology sector openly challenges that convention by seeking to dramatically accelerate the incubation through to exit cycle of many firms. While such attempts may be manageable in the hands of seasoned, competent leaders, they border on Herculean challenges for nascent entrepreneurs.

A small percentage of young entrepreneurs solve this Rubik’s cube to remain vibrantly at the helm of their organizations through its various stages of growth. They do so by somehow

developing and maturing at a rate faster, or minimally as fast, as the growth rate of their enterprises. For the majority of technology sector entrepreneurs, however, burdened with ambitious business plans, demanding shareholders, volatile and competitive markets, and little or no support, they scramble until they falter and are replaced.

While the simple logic of this Darwinian process continues to be defended, this paper presents an alternative view that by investing in the development of the entrepreneurs and managers who create and lead the technology sector, a far more efficient, profitable, less costly (human and financial) and ultimately more sustainable system is possible. It subsequently lays a foundation for taking action with a series of simple, structured suggestions which can be used by any organization.

Leadership is a performance art where raw talent interacts with personality and environmental factors to define and realize an individual’s potential. In the technology sector that interaction has been left to occur naturally, with little assistance or planning. However, if excellence of leadership truly is a sector concern, there is a strong case for re-evaluating this approach and embracing the view that much more can and must be done to cultivate that excellence.

About The Author

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