



Taking Learning to the Next Generation of Managers

How organizations prepare the
leaders of tomorrow, today

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Summary

Developing the next generation of managers is imperative to reaching organizational goals. Today's employees need organizations to provide a clear path for career growth. In the past, training talent through sink-or-swim methods may have worked in an environment where it was an employers' market. However, in a market where power has shifted from job providers to job seekers, organizations will sink or swim based on their ability to attract and retain talent. To address these goals, organizations must provide leadership development programs to managers, especially high performers in key business units.

5 ways to develop tomorrow's leaders

- **Integrate** learning and development into talent management.
- **Provide** a blend of learning modalities.
- **Build** in diversity competencies.
- **Use** outside trainers who have expertise in executive coaching.
- **Identify** metrics and measure success.

Introduction

Developing good leaders has its challenges. The increasing competition for talent due to low unemployment levels¹ and the large numbers of baby boomers retiring over the next decade² are exacerbating these challenges. In addition, the rise of global teams is prompting organizations to develop leaders who can effectively manage a diverse, distributed workforce. This shift requires leaders to have new skills to survive in today's fast-paced global economy.

To address these challenges, organizations can take these steps:

1. **Identify** high potential and high performing employees.
2. **Provide** them with opportunities for upward mobility and growth.
3. **Offer** in-house and outsourced training programs that help them develop into effective leaders.
4. **Include** diversity and inclusion competencies as part of their training.
5. **Track** their progress through goal setting.

Measuring success with predefined metrics helps organizations identify opportunities to continually improve succession planning efforts.

Investing in Your Workforce

Organizations need to use leadership development as a tool for attracting and retaining top talent. The composition of today's workforce also necessitates developing effective managers who can address diversity and inclusion.

Developing new leaders begins with training programs and their associated costs. As part of their strategy to achieve organizational goals through leadership development, 72 percent of organizations plan to maintain or increase existing training budgets in the next year. Also, 64 percent either agree or strongly agree that learning will be more integrated into talent management functions. Budgets don't have to be large; a third of organizations report spending less than \$1,000 a year per employee on executive

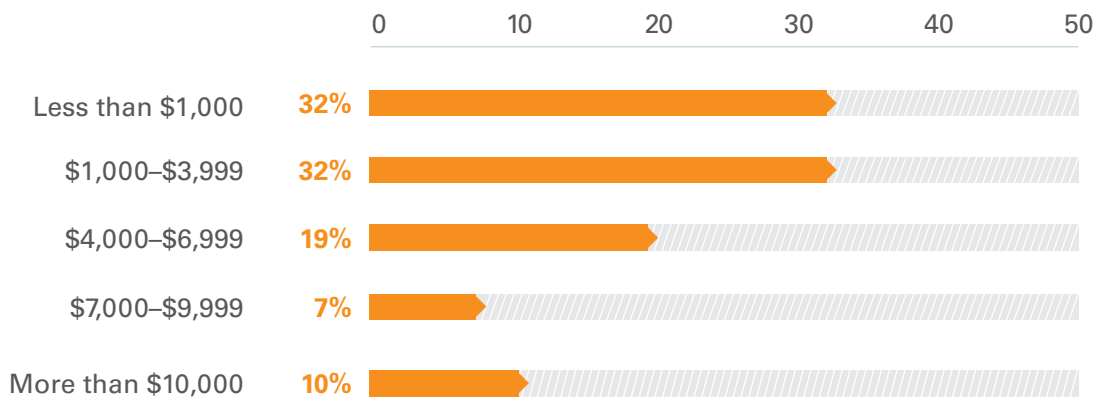
¹ Bureau of Labor Statistics, U.S. Department of Labor. (2018). *The Employment Situation – February 2018*

² American Public University System. (2017). *Learning Priorities Benchmark: Leveling up the Workforce, Driving Organizational Success by Focusing on Mid-Level Managers.*

education. By a margin of 20 percent, the greatest number of respondents cited spending less than \$4,000 per employee for training (Figure 1).³ While budgets may

grow due to the level of need and desired outcomes, organizations can provide cost-effective learning opportunities to their employees that still produce results.

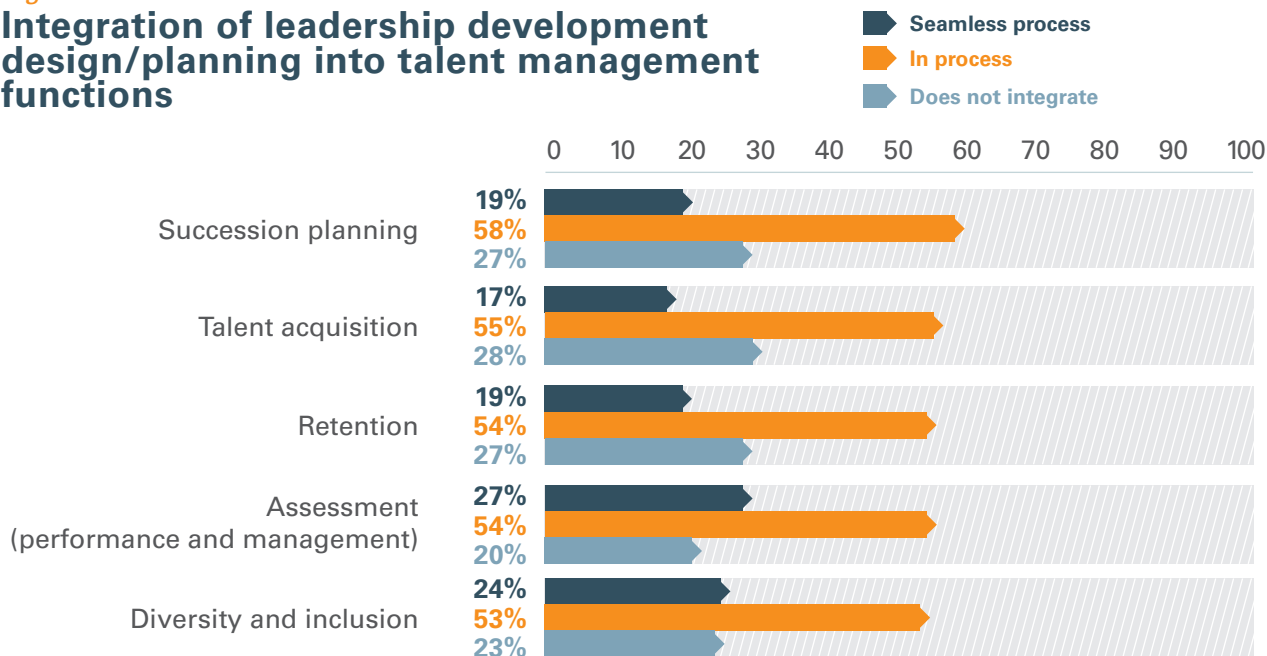
Figure 1:
Average expenditure on executive education (per person, per year)



How seamless is the process between talent management and leadership development? The overwhelming majority either point to leadership development being

seamless with talent management initiatives or indicate they are in the process of integrating these functions (Figure 2).

Figure 2:
Integration of leadership development design/planning into talent management functions



³ Chief Learning Officer. 2018 CLO State of the Industry survey.

Leadership Driving Diversity

Leaders are those who inspire their employees and create a more cohesive and engaged workforce. As a result, organizations are placing a priority on developing soft skills in new leaders. According to respondents, the top three skills they are targeting for executive leadership are strategic planning (33 percent), emotional intelligence (32 percent) and business acumen (28 percent) (Figure 3). Emotional intelligence is especially important to managing diverse groups. Recent research on diversity competencies in leadership development found that organizations are acutely focused on developing leaders to be effective in diversity and inclusion. Specifically, there are five top diversity competencies in place at organizations: attitudinal, skills, managerial, knowledge and business.⁴

Diversity Leadership Competencies Defined

Attitudinal: Adapts to other cultural norms, withholds judgment and copes with uncertainty.

Business: Negotiates using cross-cultural tactics and styles and understands regulatory environments.

Knowledge: Follows behavioral rules and norms; understands world geography and visa requirements.

Managerial: Employs culturally appropriate motivational tools.

Skills: Practices appropriate etiquette and seeks local expertise as needed.

The focus on diversity and inclusion is in response to today's globally distributed workforce — where millennials comprise the most diverse group of professionals, the number of women is nearly on par with that of men, and there is a growing recognition and appreciation of LGBTQ groups. As a result, cultural sensitivity has become an essential part of training efforts, because workers who feel valued will contribute more to achieve organizational goals.

What are organizations doing to turn their front-line leaders into exemplary managers? For front-line managers, organizations are targeting the following skills for development: coaching (35 percent), communication (33 percent) and employee engagement (25 percent) (Figure 3).

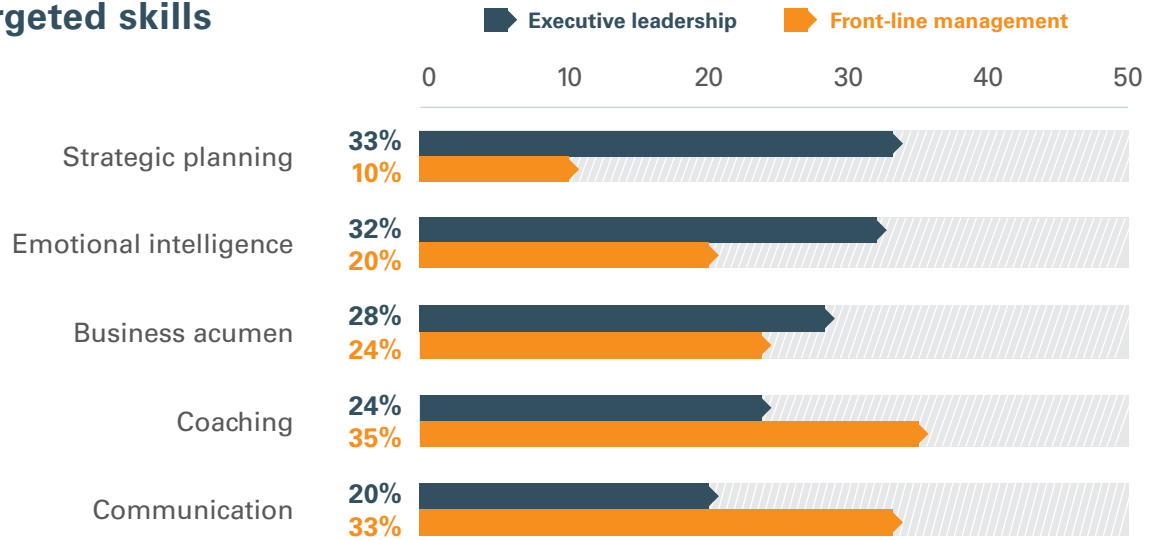
There are several overlapping learning focus areas between executive leadership and front-line managers, including coaching, communication, business acumen and emotional intelligence. While communication and emotional intelligence point to the cultural sensitivity and acuity indicated above, the nearly even number of organizations that place importance on business acumen shows that organizations are preparing their management teams for transition into future leadership roles as part of succession planning.

Organizations must be strategic in identifying candidates for leadership development. High-performing managers or high-potential employees are a good place to start. Nearly 63 percent of organizations indicate that this section of the talent pool is targeted for their leadership development programs.⁵ Choosing the right candidate can decrease training costs and ensure

⁴ University of North Carolina Kenan-Flagler Business School (2016). *UNC Leadership Survey 2016 Report: Diversity Competencies for Leadership Development*.

⁵ Chief Learning Officer. *2018 CLO State of the Industry survey*.

Figure 3:
Top targeted skills



those dollars aren't wasted. What's critical is identifying employees who want to grow into managers rather than remain outstanding individual contributors.

It's also important to identify areas of need by business unit, particularly those units with leaders who are nearing retirement. Forty-one percent of respondents said that their organization has specific leadership development opportunities for business units. Once the appropriate candidates are chosen, there are an array of teaching methods and modalities that can be used to provide an engaging and effective learning experience.

Find Your Coach

Historically, leadership development has been primarily an internal function. However, evolving business needs have outpaced organizational capability to train (or coach) leaders. Organizations simply don't have the resources to execute personal learning initiatives that will train leaders to effectively manage global or diverse

teams. As a result, organizations are seeking the aid of outside vendors to develop effective learning modules.

Executive coaching is the largest area where organizations are outsourcing, giving new managers the one-on-one attention they need. More than 6 in 10 organizations outsource their executive coaching efforts. Compare this to traditional four-year degree programs: only 16 percent of organizations outsource leadership development to this area.

Third-party vendors can provide dynamic curricula and extensive training, giving middle managers tools to address the increasing complexity of today's business environment. The rate of external vendor use for executive and leadership development will either stay the same or increase next year for 87 percent of organizations. Many respondents indicated that they will rely on external vendors to prepare new or middle managers for future senior leader roles in these areas:

Executive/leadership development
(51 percent).

Informal learning solutions
(41 percent).

Business skills training (41 percent).

Custom content design (40 percent).⁶

With executive development, managers are better equipped to make the transition into leadership. External vendors give organizations a helping hand in this area.

Balancing Training Modalities

Incorporating a variety of modalities into a program is the best way to ensure knowledge transfer and give employees a healthier work/life balance. Modalities including social, mobile and video learning save employees time by putting learning right at their fingertips, allowing them to access knowledge at the point of need and not according to someone else's class schedule.

When asked about the programs and modalities they use for leadership development, 75 percent of respondents rely on instructor-led training, 57 percent on executive coaching, 55 percent on e-learning and 49 percent on informal learning.⁷ While informal learning and executive coaching typically build skills through practical application, e-learning and instructor-led training rely heavily on theory. Leadership development for the next generation of managers will need to include a balance of skills built through both practical application (i.e. informal learning and executive coaching) and

training that relies heavily on theory (i.e. e-learning and instructor-led training). A modality can also be a tactic. To determine their efficacy in attaining development goals, measurement of success is key.

Developing Metrics and Measuring Success

If you can't measure it, you can't manage it. Organizations need to know where their development efforts are successful and where there are areas of improvement. When addressing learning for the next generation of managers, outcomes must be tracked and measured across metrics that matter.

Forty-seven percent of respondents indicated employee engagement as a metric, while employee satisfaction with leadership programs (46 percent) and retention/attrition of top performers (43 percent) received similarly high marks. Measurable success in employee engagement, satisfaction and retention can lead to measurable success in attaining organizational goals — given that these metrics are closely tied to business objectives (86 percent of organizations agree or strongly agree that training will be more aligned with company business objectives).

Conclusion

The onus is on organizations to invest in developing leadership competencies in the next generation of managers. With a clear path to advancement and growth, organizations can expect to see increases in employee engagement, satisfaction with leadership programs and retention of top performers.

⁶ Numbers do not add up to 100 percent because respondents could choose more than one option.

⁷ Chief Learning Officer. *2018 CLO State of the Industry* survey.

At the same time, management and leadership development enables current executives, many of whom are baby boomers, to mentor the next generation — sharing their knowledge and experience so it can stay within the organization when they retire. To maintain a steady transition of managers into leadership roles, organizations should also invest in expanding their talent pools and designing a succession planning strategy to address future shortages. Organizations need to build a strong talent pool — along with a succession planning strategy — that allows them to address future shortages. These tools will help organizations transition managers into leadership roles. Organizations have an array of modalities to choose from, and are wise to outsource training needs to vendors who can provide specific expertise in areas like diversity and inclusion, which are key to preparing the next generation of managers and to fostering an innovative culture.

About

Oracle's Human Capital Management solution is designed for organizations of every size, industry and region. Oracle Human Capital Management has been the HCM solution of choice for over 20 years, with 18,000 customers in over 140 countries — 6,000 of whom are in the cloud.

Chief Learning Officer is the foremost resource in the rapidly growing industry of workforce learning and development. The flagship magazine and related network of publications, electronic media and international events have made *Chief Learning Officer* the pre-eminent source of thought leadership for senior-level executives. The magazine provides them with constant access to reliable, relevant information, as well as forums for connecting with other global learning leaders. All charts and data points are the product of *Chief Learning Officer* research unless otherwise noted.

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