

# HOW HEALTHY IS YOUR COMPANY'S LEADERSHIP DEVELOPMENT CULTURE?

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## INTRODUCTION

The construction industry in the United States is shifting from the Master Builder concept of the early 19<sup>th</sup> century to a disaggregated and compartmentalized group of specialists, coordinated by a leader who frequently changes from project to project. This comes at a time when construction projects are becoming more technically and administratively complex.

Owners are concerned that the construction industry needs more and better leadership. And they are increasingly frustrated by having to pay the bill for a shortcoming that the industry appears to be unwilling or unable to remedy.

Our Association has heard the owners' call and is responding with an initiative, currently led by a Task Force of the Association's College of Fellows. That initiative is designed to raise the awareness of construction managers and others in the construction industry of the need for better leadership. This presentation on company-based leadership development is a part of that on-going effort.

## BACKGROUND ON LEADERSHIP DEVELOPMENT EFFORTS

An informal survey of some of the leading firms in our industry revealed that virtually all of them have had Leadership Development Programs in place for quite some time. The Programs typically focus on developing strong leaders to fill senior level management positions. The establishment, growth, and innovation in the construction management industry over the last twenty years indicates these leadership development efforts have achieved some success.

Unfortunately, and regardless of how well we have done in the past, we have not produced enough good leaders to fulfill the needs of our industry today. We need stronger leaders on project teams—in the field—in our IT sections—in our estimating groups—and the list goes on. In other words, we need stronger leadership at many levels within our companies, as well as at the top. Our CM industry will only continue to grow and improve if it has strong leadership. Every year, we need new leaders for our Association—at the Board level, at the technical committee level, and at the local Chapter level. There are many opportunities every day to provide leadership in the CM industry—we just need to do more to help our members prepare themselves to accept and succeed in those roles.

So—is having a strong leadership development “culture” at each of our companies, supported by some sort of formal Leadership Development Program, the solution to the industry’s problem? Not entirely—but that is certainly one essential ingredient in the overall solution. There are a number of alternative sources of support that can function as building blocks for an individual’s self-directed leadership development. For instance, there are some fine training and consulting firms that provide good leadership training, though the vast majority focuses on mid to high-level executives. Our Association, along with its counterpart organizations in the other segments of the construction industry, can and will conduct leadership development programs for members. Individuals can certainly take the initiative and tap into the ever-growing library of leadership literature that is readily available in our neighborhood bookstores. Individual-initiated education and training is always a key component. But to reach the largest number of potential leaders, in the shortest period of time, and with the highest probability of success for those people and our industry, company-based cultures and supporting programs are where we need to focus right now.

Here’s why.

### **WHAT IS A LEADERSHIP DEVELOPMENT CULTURE?**

Simply said, it is an environment established by top management that says to one and all “This Company believes in growing, benefiting from, and rewarding, strong leaders.” A leadership development culture is, above all, a mind-set, supported by specific activities designed to help individuals improve and exercise their leadership skills. These activities should be organized and presented to individuals with some degree of structure. The number and type of leadership development activities supported by the company, and the degree of formality of any Leadership Development Program, will depend on the individual company’s priorities. The specific structure of a Program should not be the primary focus. *The important thing is to establish and support a strong leadership development culture within the company.* The Leadership Development Program is merely a means for organizing, managing, and presenting the company’s efforts to support the leadership culture.

### **WHY IS A LEADERSHIP DEVELOPMENT CULTURE IMPORTANT?**

Because it can produce strong leadership for the company. There are a variety of benefits that companies can realize from developing strong leaders, but they can all be fairly well grouped into three categories.

First, strong companies have strong and deep pools of leadership talent. They need that talent to ensure both the short-term health, as well as the longevity of their organization. Good leaders at different levels of a company tend to increase overall productivity of their sub-groups, and that contributes to the financial and emotional strength of the organization. Clients like to do repeat business with strong, well-led companies. Strategic leaders focus on creating new opportunities for a company to apply its skills, rather than just trying to get a greater share of its existing markets. In

In addition to the short-term benefits, history also tells us that more often than not, companies do not stay strong in the long-term unless the next generation of top leadership comes "from within". All of those notions support the idea that strong companies have strong pools of leadership talent.

Second, strong leadership is good for the company's profitability. Introduction of Leadership Development Programs has been shown to generate significant increases in a company's productivity. The results of increased productivity go straight to the bottom line! These Programs also help to reduce employee turnover, which, if unchecked, can result in a significant increase in your cost of doing business. Reduced expenses translate to increased profitability. And finally, strong leadership typically results in reduced marketing and sales costs by increasing business with repeat clients. Strong leadership is good for profitability.

Third, your company needs to have established its own leadership development culture and Program because leaders are going to develop in the organization, with or without management's input! It is human nature. So why not take advantage of that situation and shape the next generations of leadership the way you want them to be, instead of just letting them evolve? Without some solid guidance, the leader-to-be will probably not develop to his or her fullest potential. The even greater sin for a company and our industry is to waste the scarce resource of leadership potential. We cannot control the fact that there will always be leaders in our companies. But we can impact the strength and quality of those leaders. The choice is ours.

## ORGANIZATION OF A LEADERSHIP DEVELOPMENT PROGRAM

A Program is only a means of organizing, managing, and presenting the leadership development activities that the company intends to conduct *to support its leadership development culture*. Top management's vision of the company's leadership culture needs to drive the formulation of the Program, not the other way around.

As we will discuss in more detail later in this paper, Leadership Development Programs can get expensive for the company. Coupled with the rather prevalent notion that "not everyone is cut out to be a leader", many corporate decision-makers frequently find themselves dealing with the question of how to invest the company's scarce resources where they will provide the greatest return on the investment. One solution is to structure your Program into two, distinct phases.

The first phase can simply be referred to as an **Introductory Leadership Development Program**. This initial portion of the Program is for those who self-select and say, "I want to learn more about leadership and how I can improve whatever skills I may now have." These are the people who will be exercising some initiative—taking advantage of some training the company is offering. Some may be stepping up because they truly want to become good leaders and believe they have "the right stuff" to get there. However, others may be self-selecting because of peer pressure, or because they think the company expects everyone to try and will discredit them if they don't sign up. Others may simply get involved out of curiosity. Regardless of their motivations, you will

probably be better off allowing just about anyone to enter the basic program that says they want to participate. Since these are typically your more junior people, you probably don't know enough about them to make an informed decision about excluding them. So, do some basic group training on leadership fundamentals—identify some simple community service functions—show them how to develop their Personal Leadership Development Plan. Then review the progress of the ones who think they want to devote more of their own time to more advanced leadership activities. One key suggestion: identify at least one specific requirement for graduation from the Introductory Program as the individual's development of an acceptable Personal Leadership Development Plan. Once you do that, then you will have some rational and visible basis for selecting individuals to participate in the more advanced (and expensive!) Phase II of your Leadership Development Program.

The second phase of the program, which could be referred to as the **Advanced Leadership Development Program**, is where you will want to focus the majority of the resources the company is willing to devote to developing leaders and leadership.

## ELEMENTS OF A LEADERSHIP DEVELOPMENT PROGRAM

Following are elements that should be included in a comprehensive Leadership Development Program. All of the elements are important, but the level of focus on each element will vary from company to company. Those levels may depend on management's vision of the leadership development culture that they want to maintain, availability of internal resources, leadership needs assessments, strategic goals, current business plan, size of the company, and a host of similar factors. So far, no one seems to be claiming that they have found the perfect mix for all situations.

The first five elements are *critical* to the success of both the Introductory and the Advanced portions of the overall Program. Elements six through eleven can consume far more of the company's resources, and so will probably only be found in your Advanced Program. The good thing is that you can re-align resources to place more or less emphasis on any one element based on an assessment of the Program's current successes or failures.

### **Element #1: Direction/Oversight/Commitment by Top Management**

And we do mean **top** management! The head guy or gal—the boss—the numero uno—or whatever else you want to call him or her. Without such involvement, the Program will not be a success. The culture of an organization begins at the top—there is no getting around it. Most of the top consultants who help companies set up and run these Programs will not take an assignment to develop a Program if this kind of commitment is not made and maintained. So, if your company can't get past this requirement, you need not read any further—it would be a waste of time.

The list of reasons for this requirement is not long, though it may be extended to accommodate a number of company-specific conditions. One of the top reasons is that a successful Program has got to be designed and operated with unfailing regard

to the company's core purpose and values, the nature of its leadership culture, its strategic plan and goals, its future needs for leadership, market conditions and trends, expectations for organizational results, and expected availability of resources to support the Program. That information and those perspectives usually reside most clearly at the top of the organization.

Top management's support is also necessary because these Programs are usually not very popular with senior and mid-level managers. The insecure ones may view the upcoming leaders as potential threats to their livelihoods. At best, their frustration may be that even though they appreciate the concept and intent of the Program, they see it competing with them for scarce resources, taking their and their people's time away from the job, and worst of all—it hurts the bottom line of their department. Without the head person leading the charge, the Program will eventually fail.

### **Element #2: Dedicated Management of the Program**

Some of our larger companies have full-time staff assigned to manage their Programs, while most of our member organizations are not of a size that would make such assignments appropriate. The issue is not one of full or part time. The key is to have someone or ones who are clearly recognized by the people involved in the Program as being responsible and accountable to the “boss” for the life-support of the culture and the implementation of a successful Program. The second key is to make sure that the people responsible for supporting the leadership development culture and the Program are true believers in its short and long-term value to the company. The managers really do need to have a “fire in their bellies” about good leaders and leadership if the Program is going to be truly successful. Supportive talk around the water cooler is often just as important as the President's memo or presentation that talked about the merits of strong leadership.

There are a number of moving parts in a company-wide Leadership Development Program, and it takes solid management to make it successful. The Program itself needs to be re-visited no less than annually to verify its currency as well as productivity. Program-related job assignments need to be communicated to both business development and operations managers. Individual's results in achieving their objectives need to be monitored, verified, and recorded. The cadre of coaches and mentors need to be kept current and voids identified. And then there is the issue of the reward sub-system. Management of a successful leadership development culture and its supporting Program is a lot of work, so it must be planned carefully or the costs can become prohibitive.

### **Element #3: The Selection Process(es)**

If the company elects to have a two-phase Program, it will have two distinct selection processes.

The Introductory Leadership Development Program. As discussed earlier, this selection process is one of self-selection. It provides for those who self-select and say, “I want to learn more about leadership and how I can improve whatever skills I may now have.”

All the company should do is provide descriptive materials about the Program and notice that the "enrollment period" is open.

The Advanced Leadership Development Program. The individuals who are selected to participate in the more advanced aspects of the Program will have as much impact on the results it generates as any of its other aspects, so the real screening and selection process that you impose must be effective. In addition, the selection process must be well defined and consistently applied. The process will always be recognized as "good" by those who are selected, do well, and achieve the positions of leadership that they sought. Those folks won't be your problem. But think about the folks that really wanted to have a chance at the golden ring and didn't make the cut. Rightly or wrongly missed, those folks will probably not be happy, and they can cause significant disruptions in your organization. Since it is always easier for us to blame "the system" for a perceived failure, rather than ourselves, the selection process should be absolutely beyond reproach. That is a tall order and, most probably, unachievable, but that is the target you need to shoot for.

The Selection Process needs to be based on the company's leadership needs for the future. That's where top management's direction and the strategic plan/objectives start to come into play. In other words, the selection process is driven by a leadership "needs assessment". Where do we want the company to be in three, five, ten, and even twenty years? What kind of leadership will we need to get there? What leaders do we have in place now, as well as those who are in the pipeline? Where are the gaps and what kind of leaders will we need to add to fill those gaps? Who do we have in the organization today that has shown some of the characteristics of a leader, and may be well suited to fill one or more of those specific gaps?

Those are the basic steps in developing the framework for determining who should be a candidate to enter the Program. The Selection Process itself, however, is something that needs to be designed by each individual company, based on such things as the resources to be devoted to the Program, size of the organization, and the company's overall culture. As long as the process appears to be well defined, fair, consistent, and transparent, and (eventually) is seen to be successful by the entire organization, you will have an effective Selection Process. As with any process, the leadership and management can certainly make changes to it—just be sure that the changes can be articulated in a way that they will appear to make the system "better" and more candidate-friendly.

#### **Element #4: Personal Leadership Development Plans**

While much of the burden of a structured Program falls on the company's shoulders, the individuals in the Program also have some specific responsibilities. Each individual selected for the advanced phase of the Program must have developed an acceptable Personal Leadership Development Plan. The generation of this Plan is the subject of another complete discussion unto itself, and will be addressed later in a new CMAA publication, "Leadership Development Guidelines". For our purposes here, let it suffice to say that the individual must generate a Plan that includes (at a minimum): assessments of leadership opportunities by self, internal, external, and peers; personal



goals, desired results of development, resources required, and a timeline for accomplishment. Each individual's Plan must be documented and reviewed with a senior member of the organization who is assigned responsibility for the individual's progress. Once an individual enters the Advanced Program, and as long as the person continues to pursue further development of her or his leadership skills, this Plan will probably be updated and maintained throughout the leader's career. It should be a cornerstone document in any business leader's life.

Remember—what gets written gets done!

### **Element #5: Training**

Training is probably the last common element at both the basic and more advanced phases of any Leadership Development Program. It comes in all shapes and sizes. Some is provided by external consultant groups that specialize in various aspects of leadership training. Most of our companies also conduct regular training programs in a variety of topics, but unfortunately, development of leadership skills has not risen to the top of most companies' priority lists (yet!).

There are many ways to structure your leadership training program. The key is to structure something that you have the resources necessary to sustain over time. The training topics must be aligned with the company's strategic objectives, and be responsive to the specific needs of the individuals currently in the Program.

If you plan to have an external training component of your training program, make sure to make it crystal clear at the beginning who is going to pay the bill! If the company wants to require an individual to attend a specific seminar, or even if it is just "highly recommended", the individual may or may not be willing to pay for it. But if the individual assumes that the company will pay, and after the fact finds the assumption is wrong, your Program may start to deteriorate.

Remember that leadership training provided by external consultants is relatively expensive. Multi-day, group sessions usually cost in the tens of thousands of dollars. Registration for an individual at a two-day seminar is often well over a thousand dollars. Are these sessions worth it? The general consensus of the companies who have availed themselves of these services say, "Yes, they are good value." Regardless of the value of the training, the numbers can get real big real fast—so plan carefully.

Another word of caution. If you step back and look at your current or proposed Leadership Development Program, and you get a feeling that there is excessive emphasis on training in comparison with the other elements we are discussing, watch out! This should be a warning bell for any one of a number of conditions, all of which are bad. Because training can be provided by others, it is often easier for us to spend the bucks on some outside leadership training consultants and say the we are moving ahead and supporting a strong Program. Do not let the training function be overly exploited, rather than devoting the time to mentoring, and coaching, and monitoring the Program's performance.

**Element #6: Program-Driven Job Assignments**

This is probably one of the toughest components for the leadership and management to maintain and consistently support. "John will be ready to function as a multi-project team leader next year; it is part of his approved development plan. He is maturing into a true leader right on schedule, and is clearly one of the individuals we want to keep in the company for a long time. John is definitely a keeper." That's what John's mentor wrote after John's last review, and top management concurred. Not too surprising, John agreed! John felt good about his accomplishments to date, felt good about the company's Leadership Development Program, and was grateful to the company for providing such an opportunity.

Now fast-forward to "next year"—the client on John's program gets another Bond Program passed, including a project that is really critical to the future of the client's organization and is identical to the one John will be finishing up. The client loves John and thinks he is the only person who could have made his project the award-winner of the Program. The client offers you a repeat Program Management contract for another five years, but only if John stays on as a Project Manager for that particular project. Unusual or far-fetched? Not really. So what happens?

Senior management will certainly get involved, hopefully employing some solid conflict resolution techniques. The battleground is the ages-old conflict of how to satisfy the short and long term needs of the organization, while maintaining the integrity of commitments made to employees. Obviously a hypothetical situation, but it carries a real-life probability. It is precisely this kind of situation that will indicate more clearly than any other just what the company leadership's true values are, how good is their "word", and how strongly they support the Leadership Development Program, while considering the long-term needs of the company.

The bottom line is that if you make Program-driven Job Assignments part of your Program as you should, do it carefully and with all the foresight you can muster. Senior Business Development and Operations people need to be aware of all such commitments, at a minimum, and should probably be involved in the decision-making before such commitments are made. Remember: If the company reneges on a pledge, it will become a strongly emotional issue for not only the individual involved, but also for all those co-workers who become aware of the situation.

**Element #7: Coaching Program**

Coaches are individuals who have a specific skill set that their protégés need to learn. Their focus is task-specific. In some cases, an individual may serve as a mentor to one individual, while serving as a coach for another. An example of a good topic for a coaching function would be helping a young, leader-to-be, improve her or his public speaking skills. Another might be strengthening of interpersonal relations skills. The need(s) for coaching of an individual should be identified and updated as a result of the individual's current "needs assessment". Coaching assignments are relatively short in duration, but they can still use up a lot of one of your top people's time, so don't overload them. And finally, be sure to double-check on the probability of personality-based conflicts between the coach and the individual's current supervisor.



**Element #8: Mentoring Program**

Mentoring should play a strong role in a leadership development culture, and certainly in any Leadership Development Program. Mentoring is usually provided by senior-level people who are viewed to be "successful" in the company or our industry or just as a well-rounded human being. As contrasted with coaches, mentors should be individual-specific, rather than skill-specific. Mentors maintain a wide-angle view of their protégés. They are also typically around for the long haul, or as long as both individuals are in the same organization. In some cases, the mentor is maintained by a protégé even after one of them has left the original company.

Mentoring is a very personal thing. A successful mentoring relationship between the two individuals usually results in the mentor having a very strong influence on the protégé's character and image. Mentors need to be chosen carefully, with a lot of attention paid to the matching of personalities. Typically, no mentor is better than a bad one! If there is no one in the organization that can be foreseen to be a good mentor for a particular individual at a point in time, it is usually better to wait until a suitable partner can be identified, rather than just assigning one so you can "fill in the box" that the requirement was being met. In such cases it is not unusual for an individual to go outside the organization to find the supporting mentor. While not ideal from a corporate standpoint, you may have no choice in the matter.

The mentor is one of the most important players in the individual's progress along their path to becoming a good leader—so choose wisely!

**Element #9: Community Service**

Fortunately, many of our companies maintain the provision of some type of community service as an on-going goal of the company. There are a number of benefits that the company can derive from providing such services. Obviously it is good from a public relations standpoint, and that is usually good for business. Provision of certain services or service to certain types of organizations can reinforce the company's continuing belief in its core values. Individuals' willingness to participate in company-selected community service programs can clearly indicate the alignment of their and the company's values. And last but far from least, it makes us just feel good to know we are in some way making life in our communities a little bit better.

But why should Community Service appear as an element of a leadership training program? Community service can be a strong force in helping emerging leaders realize the value of intrinsic rewards that their performance can generate. Why? Because they don't get paid for their services! Developing the willingness and ability to analyze an experience and truthfully admit the benefits received, both tangible and intangible, is an important part of a leader's development. Few good leaders rely solely on extrinsic or tangible rewards as the only components of their reward system that keeps them going and performing at the top of their game. Completion of community service assignments can be a good gauge of a potential leader's commitment to becoming a good leader and may easily serve as criteria for

"graduation" from the basic leadership training phase and selection to participate in the more advanced training.

#### **Element #10: Results Monitoring and Feedback System**

People need to feel they are being fairly rewarded for their achievements if they are going to continue to perform—it is human nature. So the achievement of desired results in an individual's progress along the leadership path need to be monitored, documented, and evaluated. Only that which gets measured can be fairly rewarded. The Monitoring and Feedback System should be designed as just that—a system. The monitoring, evaluation and feedback elements must be clearly identified, as must the lines of communication. Schedules for performance need to be set. Quality control mechanisms need to be established to ensure the integrity of the information being generated. Design it like any other system and you will do just fine.

One of the most important tasks is determining who will take the results, compare them with the planned results in the individual's Personal Leadership Development Plan, decide if the milestone has been achieved fully, and then work with the individual to make appropriate updates to the Plan. Usually this is a joint effort of the individual and the mentor, though you may take a different approach in your Program.

#### **Element #11: Rewards Program**

What gets written gets done—What gets measured gets rewarded—What gets rewarded gets stronger! Since we want individuals in the Leadership Development Program to achieve all of their goals, a realistic leadership development culture and any supporting Program needs to have a fairly comprehensive rewards component. Rewards can be tangible or intangible, intrinsic or extrinsic. The difficulty comes in when we realize that every individual has a slightly different perception of the value of a specific reward, and yet our reward system needs to be seen as being well-defined, and above all, consistent.

Perhaps the best chance of success is found in a culture that provides some "standardized" rewards for certain achievements, and discretionary rewards for others. For example, successful completion of an internal program that is part of an individual's Plan may carry with it a one-time, fixed amount, cash award. Completion of other milestones may result in the individual receiving a congratulatory letter from the Board of Directors. But no matter who achieves the success, they all receive the same "reward".

A word of caution. Don't forget that business conditions change, priorities change, and your leadership needs will change. Be extremely careful when establishing standard awards. Once you establish them you are committed to provide them in every case, or face the consequences associated with the company "breaking its word". As an example and at the risk of violating the rule of "never say never", never make a promotion a guaranteed reward for achieving a milestone. It is an easy reward to think of—it doesn't take a bunch of creative thinking. But it is also the easiest step you can take toward more strife than any of us need. Think about it.

Other rewards may be discretionary. Two individuals may have overcome their individual fears of public speaking and achieved that milestone in their leadership development Plan. One mentor may suggest that one individual be rewarded with a letter from the President, the next Friday off, and perhaps a gift certificate to take their spouse to dinner. The other individual, however, is currently focused on practicing and perfecting their long sought-after and newly found skills, and is therefore far more appreciative of receiving permission to be a half-hour late every other Thursday morning for three months so they can participate in the local Toastmaster's breakfast meeting.

The important part is to match the achievement with the reward. It is also the tough part! That job should usually fall to the individual's mentor or coach or supervisor—someone who knows the individual well. The rewards need to support and be consistent with the company's values while still being appealing and valuable to the individual. Including recognition from the company's highest levels of leadership and/or management can strengthen any reward for achievements in the Leadership Development Program. It doesn't cost much, but it sure increases the value!

### **ARE LEADERSHIP DEVELOPMENT PROGRAMS "WORTH IT"?**

Hopefully, by now your answer to that question is, "We can't afford not to have one," regardless of the size, strategic plan, objectives, vision, plan for succession, or any other factor that impacts on the need for developing leaders for the company. If so, you have gotten the fundamental message about the importance of developing leaders for our companies and our industry.

The next questions then will probably revolve around economics—how much value do we think we can derive from such a Program, so we can make some relatively informed and professional decisions on how much of our resources we should devote to this effort, and where should we focus those resources? For once there is actually some data to support such decisions. One still needs to make some assumptions, but the arguments are something like this.

Productivity has been measured in companies where leadership development programs were instituted, and increases of 20%-25% were fairly standard. Even allowing for the fact that productivity was being measured at companies that were primarily involved with manufacturing, all business have many common functions and requirements. While the research has yet to be found on a similar evaluation of one our CM companies, one could probably be safe in assuming that such programs should also result in increased productivity for our firms. Since the benefit of increased productivity goes straight to the "bottom line", think about what even a 10% or 20% increase in profits would amount to for your firm.

Increased talent levels and skill sets resulting from leadership training have set the stage for companies to enter new markets, as well as expanding their market share in current ones. Once people gain leadership skills and realize how good it feels to exercise them,

you should not expect the status quo to remain intact. Things will change for your company. A key function of leaders is developing new visions for the organization. What would a piece of that new market mean for your company, both short and long-term?

It also appears that Leadership Development Programs result in stronger client relationships, the benefits of which show up in increased repeat-business. Check and see how much you really spent on marketing and business development activities last year—then calculate what a 10% reduction in expenses would have been worth to the company. Again, that benefit goes straight to the bottom line.

Then we get to the 'big one'—reduced costs from increased retention of staff. Replacement of staff in professional service organizations, as a result of people leaving to change employers or jobs, has become a major expense item. There is some consistency in data that indicates replacing an executive now costs a company a minimum of 1 ½ times their annual salary. Replacing a mid-level staff person appears to run around \$65,000, and that, too, is considered to be conservative. Those estimates are inclusive of costs associated with recruiting, hiring, and training. Sit back and think about the last time you lost a key manager and "guess" what the other costs associated with that loss really were—client confidence in the company, lost productivity of the individual's team, lost investment in training of the individual, and ... Those costs are tough to estimate, but you know they are there and they are not "zero".

So what does leadership training have to do with keeping employees? A bunch! Some recent studies have again reported that the majority of workers said that they changed jobs because of their bosses—not because of the company for which they worked. Furthermore, the majority of the people have indicated they would return to their former employer if invited back within the first six months, and if they had a different boss. So if we can increase the quality of the leadership at every level of our companies, just the resulting reduction in the cost of replacing employees may well pay for a comprehensive Leadership Development Program.

The final reason it makes good fiscal sense to have a Leadership Development Program is to help ensure the orderly succession of leadership and therefore the longevity of the company itself. Calculation of the value of avoiding failure and continuing a business is highly subjective. The most common argument against spending the money for a Program and relying on development of in-house personnel for the orderly succession of leadership is that, "We can always go outside the company for a new leader, if we need to." Well, you certainly can. The problem with that is that it doesn't seem to work very well. Most of the companies that have replaced their top leadership by bringing it in from outside the company have done well from a bottom-line perspective—for the first 2-3 years. After that the businesses begin to suffer for reasons that include: loss or change of company culture, mid and long term programs were sacrificed for increases in short-term performance; refusal of the organization to accept the "new" culture; or failure of the new leader to respect the core purpose and values of the company. What costs do you suppose the stakeholders and/or owners of your company would place on a loss of the business? Far better to ensure the quality of your company's next

generation of leaders and set the stage for its inclusion in the next edition of the book Built to Last!

### WHAT TO DO NOW?

If you haven't got a reasonably strong leadership development culture and some sort of Leadership Development Program established as yet—get started! Hopefully this paper will give you a starting point and some ideas for moving forward. Launch an initiative to get a Program organized, treat it as an internal “project”, and maintain the focus. As we noted before, it is never too early. You don't have to spend large amounts of money. Other than the training element, the only dollar-costs are involved with the time devoted to getting the Program organized, moving forward, and managed. Think of that time as an investment in the future of your company—it may well carry the highest return on investment of anything you can do for your company, your co-workers, and our construction industry.

If you already have a strong culture and a Leadership Development Program in place, launch an effort at the highest level to do an honest assessment of the Program's performance to date. Has it done what the company wanted and needed to have done up until now? Is it currently structured to support the needs of the company for the next five or ten or twenty years? If it isn't, modify the Program in accordance with the company's current needs. If it is doing everything it is supposed to be doing for you—great!! How about sharing your expertise and experiences with the rest of the Association? There are presentations to be made at our Conferences and articles to be authored for future issues of the *CM Advisor* and the *CM eJournal*. You will be making a real contribution to the industry while getting some good PR for your company.

How can you beat a deal like that? I hope we hear from you.

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