

# Leadership Development Survey of Medium-sized Canadian Manufacturing Companies

## EXECUTIVE SUMMARY



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This Leadership Development Survey is the first of its kind in Canada, focusing specifically on leadership issues facing Canadian Presidents and CEOs in medium-sized manufacturing companies.

Through telephone interviews we solicited responses from 25 executives to a set of questions centered on the topic of leadership within their organizations. All respondents had between 100 and 500 employees within their companies and were publicly recognized in some way as leaders in their field.

As well, all those surveyed maintained corporate headquarters in Canada with a developed international presence, either through export sales or maintaining business operations outside of Canada. This survey was conducted in closing months of 2001 as leaders were dealing with the downturn in the economy.

While other studies have generally identified “people issues” as the number one concern of senior executives across Canada, we elected to focus specifically on leadership development relating to the people in their organizations and asked CEO’s what their challenges were around this specific issue.

### **Issue #1 – Developing “soft” skills in technical professionals**

The number one leadership issue facing Canadian Presidents and CEOs in the manufacturing sector is developing management and people skills in technically oriented people.

Manufacturing companies attract the technically oriented who know what needs to be done and how to get the job done, yet may have a blind spot when it comes to effectively communicating with others and motivating them in ways that promote the best results.

These professionals may know how to get maximum performance from equipment but do not have the same skill when working with or supervising others. Those with highly developed technical competencies in the hard skills (process design, accounting, engineering) tend not to see the need for the soft skills (clear communication, motivation, effective delegation).

As companies grow, CEOs are looking for people at every level to take on leadership roles which require new responsibilities and additional skill sets, both of which are required to leverage each employee’s contribution for measurable results for their team and the organization.

Those CEOs facing the challenge of company growth (more sales, larger departments, new plants) find themselves with the additional challenge of working with incumbent employees who may not be able to fully leverage their own capabilities.

Research shows that even in highly technical jobs, success or failure is determined more by human relation skills than by technical proficiency - human resources professionals estimate that more than 80% of people who fail at their jobs do so for one reason - they don’t relate well to other people.

## Issue #2 – Strategic Thinking

Running a close second after soft skills (and most often cited) was developing strategic thinking – the ability to “See the Big Picture”. Most managers are so involved with the day-to-day issues in their job they neglect working on their job.

Strategic thinking requires a level of comfort with ambiguity, with new studies suggesting that true leadership often lies in knowing how to embrace uncertainty.

Strategic thinking also requires a number of elements to be present:

- Time to reflect
- A focus on the long term
- Ability to filter out the noise
- Asking the right questions vs. seeking answers to existing questions
- Challenging conventional wisdom
- Using intuition and creativity to synthesize new perspectives and solutions

With the daily environment of deadlines, fire-fighting and ringing phones demanding immediate responses, the challenge is to create an environment where the manager is given opportunity to understand and employ strategic thinking for both personal and company benefit.

### Analogy for Strategic Thinking: Flying a Plane

#### Flying

When on the ground at takeoff or landing, you are focused on the runway.

When airborne at low altitudes, you use local maps to guide you to and from the airport.

When cruising at higher altitudes, maps are useless. You use a compass to set bearings, choose directions and making course corrections.

#### Work

You are focused on the immediate demands.

You have fixed goals against which you measure your performance.

You set aside concrete thinking for abstract thinking to create new long-term directions.

## Issue #3 – Hiring Good Talent

After developing leaders within company ranks, finding and hiring the right people from outside the organization is the next issue CEOs voiced most often with no prompting.

All companies participating in this survey are growing and need people to grow with them. Executives are experiencing a shortage of people with the desired combination of strong technical aptitude and leadership skills.

The challenge of finding and hiring the right talent is facing all executives in the manufacturing sector and requires thinking “outside the box” to attract talented people.

A possible new source for personnel, for example, is the computer industry which is undergoing a maturation and contraction at a speed never encountered by an industry segment before.

Historically an industry sector develops and consolidates in a timeframe of 60 to 80 years (or longer). In contrast, the Personal Computer (PC) has gone from a high-priced new technology available primarily to business to a commodity available to all markets in less than twenty years. Many industry segments are now saturated with PCs - too many PC-related companies are chasing too few opportunities, hence the high-profile downsizing and company merging that is now occurring.

Many of the accomplished professionals who were cut loose are themselves looking to transition out of the high technology industry for new career opportunities. This represents a potential windfall to other industry sectors who are searching for both staff and managers that have both technical aptitude and developed "soft" skills.

By identifying and focussing on required skills versus placing high emphasis on industry experience, executives may be able to bring into their companies new energies and new ways of doing things in all company functions (operations, sales, marketing) by looking for candidates outside of the traditional recruitment avenues.

## Other Challenges

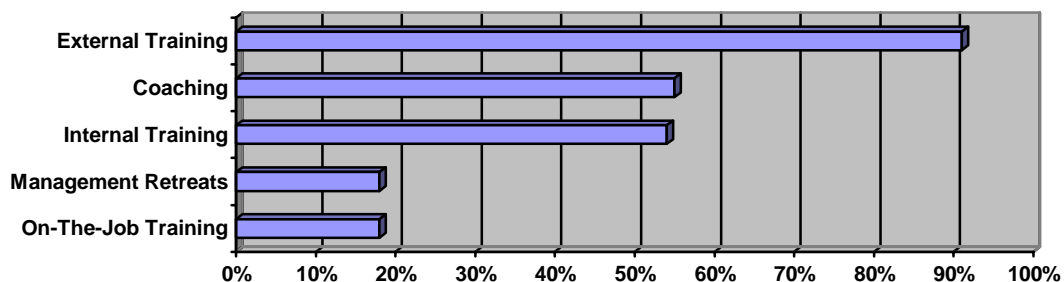
Additional executive challenges worth noting:

- Getting more done with less
- Decision making
- Creativity
- Defining and gaining consensus as to what is good leadership.

## Current Commitment to Leadership - Summary Data

Most CEOs we talked with voiced a strong commitment to leadership development. When asked to rate on a scale of one to ten (1 = Unimportant, 10 = Must Have) on the importance of having an effective way of developing leadership in their organization, the responses ranged from eight to eleven ("critical!") with the average being just over nine. One president ventured to say that ten years ago leadership development would have been only rated a five on the scale. Now it is a crucial competitive advantage.

Currently executives are addressing leadership development in the following ways:



Note: Respondents often used multiple approaches.

On the job training, while not on the original survey question list, was cited several times as valuable for the extra benefits of cross-pollination and promoting the understanding that issues are not black and white.

## Closing Comments

CEOs voiced their concerns about leadership training, seeing it as useful mostly for those who already have the desire. In this context, training does serve a useful purpose.

However, the qualities needed to develop leadership are not acquired in the same way for everyone. The true qualities of leadership come from within the person, and need to be developed “from the inside out”.

Effective leaders first need to be more effective at a personal level. That comes from building self-awareness and understanding oneself, both of which can be nurtured within a coaching environment.

More than half the organizations involved in this survey are using some form of individualized coaching to support and grow the people already in their organization. They have concluded that developing established managers is far more cost effective than the disruption and expense of recruiting new employees to replace or compensate for them.

By developing their people through coaching, organizations are building strong personal loyalty. Coaching is working as a catalyst, encouraging managers to think about the future in creative ways, to question conventional wisdom, to raise difficult questions, to challenge conventional assumptions, and to promote alignment between their personal goals and those of their organization.

More than half the CEO's we interviewed planned to keep their current level of leadership development with the remainder planning to expand their leadership development. None of the respondents planned to reduce their current level of leadership development.

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This survey was conducted by Breakthrough Coaching, a leading provider of executive and business coaching. Ellen Samiec, the President, specializes in improving organizational effectiveness through coaching executives to achieve greater performance and effectiveness in work and life.

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