

Q & A with Norm Smallwood - on Leadership

Author: Norm Smallwood . January 2020

Memory Nguwi caught up with Norm Smallwood to discuss Leadership. Norm is a leadership expert.

Memory: *Are leaders born or made?* **Norm:** The answer is both. I've read lots of debate on this and my takeaway is 50/50. There are innate attributes that people are born with that definitely contribute- cognitive complexity; willingness to take risks etc. At the same time, leaders can be developed through experiences- turnarounds, cross cultural, staff and line etc.

Memory: *What have the best companies done to develop the leaders with the right capacity to lead successfully? Can you give some examples?* **Norm:** There are many kinds of leaders- general managers (CEO), functional managers (CHRO, COO, CFO) and technical leaders (Chief, Fellow). General Managers are the rarest and most highly rewarded. McKinsey; P&G, IBM, GE have had reputations for building them well. Companies that have multiple businesses have an advantage when it comes to building General Managers because they can move across businesses to gain experiences. I stated a few of them above: early P&L, turnarounds, cross cultural; line and staff and so on. Other companies have reputation for building functional managers. Pepsi is known for building marketing leaders; Apple for product design; Walmart for supply chain. Leaders in these companies move to other functions for development but home base is a particular area of expertise. Technical leaders grow up in companies where technology is key to success. They move beyond a technical specialty and become sponsors for critical technology. Oil companies have Chief Geologists and Chief Geophysicists. IBM and Hewlett Packard have Fellows. The biggest development challenge for these leaders is to keep them focused on external advances and trends related to the bigger picture.

Memory: *A number of companies spend a lot of money on leadership development programs with no tangible return on that investment. Is there a best way to develop leaders?* **Norm:** We have talked for years about the importance of having a business case for leadership rather than just a development case. The leadership value proposition is to resolve challenges for the business with customers, investors, employees and other stakeholders. Rather than starting with the business case, most companies start with how to develop individual leaders to have empathy, authenticity, emotional intelligence and so on. I've never seen a sustainable leadership development approach that starts from the inside to build better leaders. They must start with external stakeholders and then build individual leaders.

Memory: *In one of your articles in the Harvard Business review, you talk about building a leadership brand. Can you explain further what they mean in the context of developing leaders?* **We see two trends in leadership:**A. Leader (individual) and Leadership (organization capability)B. Inside the company and External to the company

Outside	Celebrity Leader	Leadership brand
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Inside	Competency Model	Leadership system
	Leader (ind)	Leadership (org)

Competency Model (Bottom Left) is where most companies start. They define a competency model about behaviors their leaders need to be effective. Typically this is derived from interviews with their existing senior leaders and most companies have almost identical lists of attributes. *Leadership System* (bottom Right): Leadership development experts build 360s, selection tools and performance management tools using the competency model. The majority of companies expend all of their effort on the bottom row and leadership development is focused on internal issues. *Celebrity Leader* (Top left): Celebrity leaders are recognized by external stakeholders for past accomplishments and can attract talent and money to the business. Often celebrity leaders are focused on themselves not on building leadership capability for the future. Founders of companies can easily find themselves in this box. Steve Jobs, Apple cofounder was in this box for many years. *Leadership Brand*: (top right): Leadership brand is a capability recognized by investors and customers that the quality of leadership at this company ensures current and future results. Leaders create a high performing culture by connecting employees and customers to receive the desired experience.

Memory: *When hiring a CEO what should companies focus on?* **Norm:** First, companies should always try to develop their next CEO from within. If not, when hiring a CEO, need to find someone with a broad range of experiences and the ability to adapt to the company they are going to. New CEOs often try to make the new company just like the one they are coming from. This rarely works. **Memory:** *Do first time CEOs turn out to be good CEOs or Boards should stick to the tried and tested people who have been in that role before?* **Norm:** This is always a big question. Tried and tested CEOs who have been successful in more than one organization are the most likely to be successful for you. First time CEOs who have been prepared for the role and have a broad perspective and ability to use power effectively, sponsor others, set direction and represent the company to external stakeholders can also be effective. Narrow perspective, competitive or self absorbed CEOs rarely last. **Memory:** *Is leadership talent portable? Can you hire a successful executive from another company and still come and perform?* **Norm:** Yes, leadership is portable. Internal candidates who have deep experience in your industry and have the required knowledge, skills and perspective are the best choice. However, bringing someone in from outside who can adapt to your company's situation and who has a broad range of experiences can also be successful. You will often see the stock price of a company rise or fall during CEO transition. This is investor logic about whether the company is making a good choice. Leadership brand exists when a top candidate for your CEO role goes to another company and their stock rises and your stock stays the same.

Memory: *What is your take on succession planning? Is there a best way to do it?* **Norm:** Succession planning is critical. Focus should be on two kinds of roles- a) C suite back ups and b) wealth creating roles. C suite is obvious because senior leaders need high performing back ups. Wealth creating roles are the ones your customers/investors care the most about because if you lose them, you lose customers. In airline business, wealth creating roles could be those who determine routing; in retail, they are the store managers and so on.

Memory: *How do you know if a leader is performing or not?* **Norm:** Our leadership value proposition is

to ask the stakeholders of the leader. Are customers getting the right experience and buying your product/service? Do investors have confidence in future based on high P:E multiple compared to best competitors? Do employees feel engaged and find meaning in their work? **Memory:** *What advice would you give to Company Boards in relation to the hiring of Leaders and the development of the same leaders?*a) Focus on broad set of relevant experiences: It's easy to make the long time CFO the CEO because everyone knows her and she's been there for 20 years. Functional leaders without broad experiences rarely make great CEOs. b) Clarify what you expect from your leaders and then select for that: Most competency models are focused on internal behaviors. Identify leadership differentiators about how you want your leaders to connect employees and customersc) Invest broadly: Leadership development is about job assignment to get different experiences as well as training experiences that are relevant. Bring in customers, investors and vendors to your leadership experiencesd) Align HR systems: Leadership investments that are one off experiences are not as good, same as those that select, develop and reward for the desired behaviors. **NORM SMALLWOOD, CO-FOUNDER, RBL GROUP**Norm Smallwood is a recognized authority in developing businesses and their leaders to deliver results and increase value. His current work relates to increasing business value by building organization, leadership, and people capabilities that measurably impact market value. • In 1999, Norm co-founded The RBL Group with Dave Ulrich. • Much of his current work relates to measurably improving the customer and employee experience to increase business outcomes. This is accomplished by partnering with clients to integrate organization design, technical and cultural capabilities, customer brand experience, leadership, HR practices and employee experience. Success is defined as increased confidence in the future by investors, customers and employees which translates in publicly traded firms to greater market value. • In 2010, the Harvard Business Review recognized Norm in an ad for the magazine as doing “innovative and ground-breaking work on effective leadership.”• Norm has co-authored eight books: Real-Time Strategy, Results-Based Leadership, How Leaders Build Value, Change Champions Field Guide, Leadership Brand, Leadership Code, Leadership Sustainability and Agile Talent. He has published more than a hundred articles in leading journals and newspapers including Harvard Business Review, Washington Post, Forbes and Financial Times and has contributed chapters and forewords to multiple books. Norm has been a frequent blogger on HBR Online where his blog on Personal Leader Brand was highlighted as one of ten most read of that year. • In 2019, he received a lifetime achievement award from Utah Business Magazine. In January of 2019, Norm joined the board of HRCI. • Norm was a faculty member in executive education at the University of Michigan in the Ross School of Management for three years. • Prior to co-founding the RBL Group, Norm was a founding partner of Novations Group, Inc. where he led business strategy, organization design, and human resource management projects for a wide variety of clients spanning multiple industries. Before this, he was an organization development professional at Procter and Gamble in a start-up business in Georgia and an organization consultant in Calgary, Alberta with Esso Resources Canada. • On the family side, Norm and his wife, Tricia, are the designated leaders of Freddie, a Grand Champion Great Dane along with three cats-Achilles, Ghost and Max, a large school of koi fish and an assortment of delightful children and grandchildren.

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