

# Developing Your Function Leaders:

## A Critical Lever for Accelerating Organizational Performance

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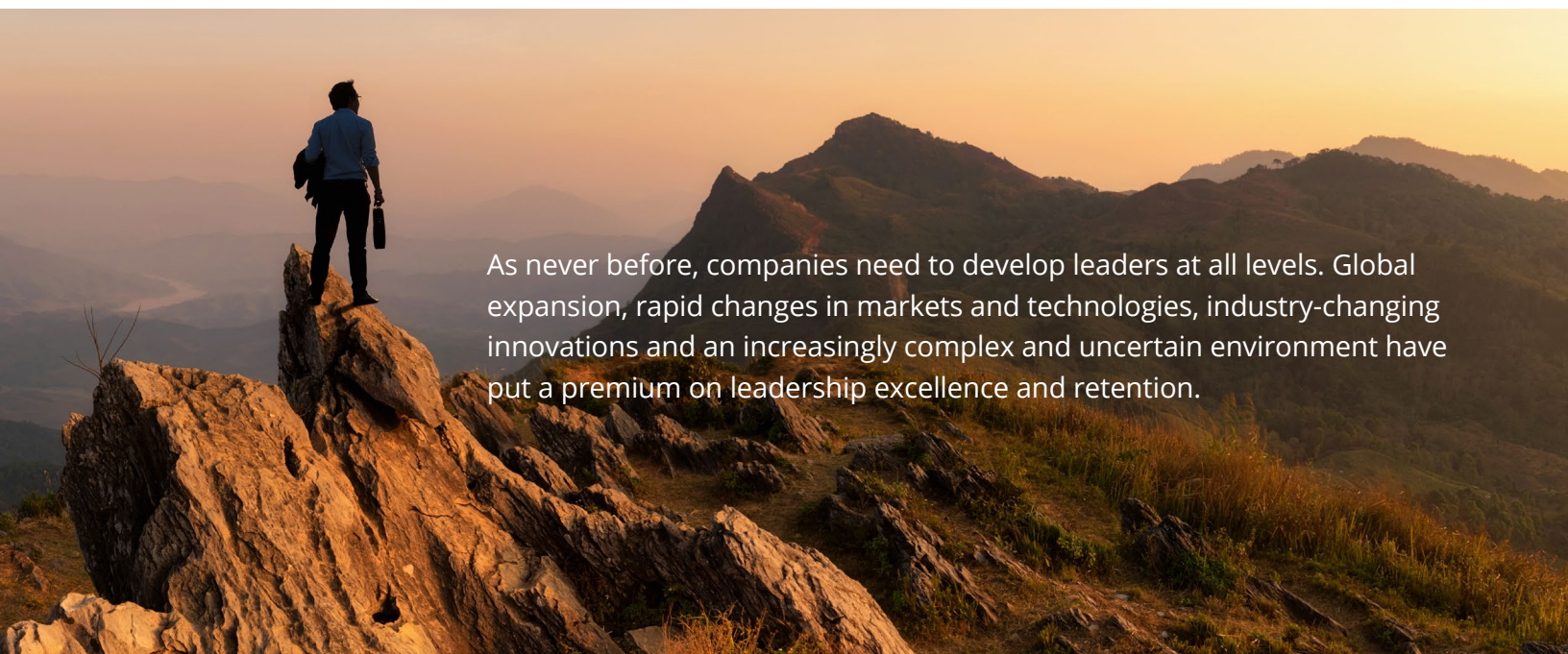
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### Overview

Now is perhaps the greatest leadership development opportunity in recent history. Confronted by waves of new and increasingly complex leadership demands, your function leaders must be able to lead through unprecedented times. As your function leaders succeed, so too does your organization.

Today, the function leader is a linchpin position that often has the greatest impact on overall organizational performance. Function leaders are also arguably the most critical role in any organization's leadership pipeline, as they're simultaneously on the cusp of potentially becoming tomorrow's C-suite leaders and directly responsible for the future bench strength of the rest of the organization.

As never before, companies need to develop leaders at all levels. Global expansion, rapid changes in markets and technologies, industry-changing innovations and an increasingly complex and uncertain environment have put a premium on leadership excellence and retention. Add in the critical need for organizations to increase their diversity and inclusiveness, as well as to more proactively assist with employee health and well-being. The growing awareness of these factors led to a 48% increase in U.S. training expenditures, from \$55.8 billion to \$82.5 billion, from 2012 to 2020 (Statista, 2022).<sup>1</sup> This trend is expected to continue. For example, the U.S. corporate training market is expected to grow by an additional \$19.51 billion from 2021 to 2025, a compound annual growth rate of more than 10% during this period (TechNavio, 2021).<sup>2</sup>



As never before, companies need to develop leaders at all levels. Global expansion, rapid changes in markets and technologies, industry-changing innovations and an increasingly complex and uncertain environment have put a premium on leadership excellence and retention.

Unsurprisingly, enhanced leadership development spending is a direct reflection of CEO support for such expenditures, as CEOs increasingly see effective leaders as a point of competitive differentiation, and necessary to help their organizations achieve their objectives and power through disruptions. A 2019 survey of more than 1,400 CEOs and other C-suite executives found that globally, across all regions, attracting and retaining the best talent is the top internal concern of these senior executives (The Conference Board, 2019).<sup>3</sup>

Deeper research into leadership development spending, such as a recent survey of more than 260 mid- and senior-level human resource professionals from a wide variety of industries, reveals budgets are generally evenly spread

across all leadership levels, with slightly more spent on higher-level leaders, such as those who lead functions (Center for Creative Leadership, 2019).<sup>4</sup> See chart below.

| Leader Level                           | Avg Spend Per Leader Per Year | Percent of Budget |
|--|-------------------------------|-------------------|
| Executives                             | \$4,140                       | 20%               |
| Senior-Level Leaders                   | \$3,930                       | 20%               |
| Mid-Level Leaders                      | \$3,560                       | 21%               |
| First-Level Leaders                    | \$3,080                       | 21%               |
| Individual Contributors/ Professionals | \$2,610                       | 18%               |

“ Our hope is to alert those tasked with leadership development to the central importance of investing in function leaders. By understanding the special value and contributions of function leaders, we can design developmental experiences and supportive structures that can better serve this essential leadership level—and thereby ensure the greatest positive business impact. ”

## At a Glance: Leading a Function

One of the most widely used developmental frameworks for organizing talent-management systems is the talent-pipeline model introduced in *The Leadership Pipeline* (Charan, Drotter, & Noel, 2001).<sup>5</sup> This model identifies six levels or passages of leadership in a typical large organization, from individual contributor through enterprise leader, with each ascending level calling for different skills, knowledge and values to handle increasingly complex responsibilities. Movement up the pipeline involves developing the skills needed to transition through each passage to the next level.

Many businesses continue to operate with traditional, functionally organized structures. We can easily identify their function leaders, who report directly to business leaders and hold titles such as vice president or director of operations, marketing, manufacturing, sales, finance and human resources. These leaders have management authority over an organizational unit, such as a department, and are responsible for how their employees work to meet functional objectives. We also use the term “function leader” to describe those in differently organized structures who lead distinct units such as geographic regions, product groups or customer segments.

MDA Leadership’s Pipeline Model, a modified version of the original model presented in *The Leadership Pipeline*.



## The Rise of the Function Leader

The typical CEO's team has expanded dramatically in the past generation due to an increased reliance on function leaders, such as chief financial officer, chief technology officer, chief human resources officer and chief marketing officer. With an increased span of control also comes an increased risk to that CEO's overall effectiveness. Recent research reveals that even one direct report who isn't performing as required can rapidly impair a CEO's effectiveness (Porter and Nohria, 2018).<sup>6</sup> "We found that it's critical for each member of the leadership team to have the capabilities to excel and earn the CEO's full trust and support....because dealing with work that reports should have handled, and cleaning up after them, eats up (a CEO's) valuable time," the study's authors wrote.

What accounts for the rise of function leaders at the top of the house? A number of factors are likely. Increasing business complexity and the heightened role of technology in value creation appear to be

important factors. A related factor may well be the growing maturation of functional areas like IT and human resources as they move beyond peripheral, administrative activities to more central, value-creating activities.

As CEOs increasingly recognize how, for example, talent management, migration to cloud technology or digital transformation contribute to corporate success, it's natural that they would want to invite the CHRO, CTO or CDO (chief diversity officer) to the table. The move to flatter organizations may be another factor, as companies seek to break down verticals to gain the coordination and collaboration across functional boundaries and geographies that spur innovation.

Tomorrow's "functional chiefs" are learning their trade today in the multi-layers below the C-suite. They have significant spans of responsibility in large organizations. These are critical positions with special competitive value. As management consultant Tia Benjamin has noted below:<sup>7</sup>

“

*Although the company's executives and top strategic managers seem to have a lot of power and influence, the functional-management responsibilities probably have the most obvious impact on the company's performance. Functional managers control the expenses, manage resources, make decisions about the specific projects that will be undertaken and drive the success or failure of each initiative.*

-Tia Benjamin

”



Another critical factor is the increasing importance of the networked organization, which is changing the very nature of work for those with functional responsibilities. Function leaders are at the nexus of that network, with the clearest operational lines of sight to the company's web of suppliers and partners, as well as internal oversight of entire departments or divisions within the organization. The actions of function leaders, for good and ill, can seriously affect overall organizational performance.

For example, Professors Kevin Hendricks and Vinod Singhal studied more than 800 supply-chain disruptions and concluded that the affected firms suffered significant economic losses: on average, a 107% drop in operating income, 7% lower sales growth, 11% increase in costs and a 13.5% increase in share-price volatility. Nor do firms recover quickly from these losses; most continue to operate for at least two years at a lower performance level after the incidents.<sup>8</sup>

As Amit Mukherjee, author of *The Spider's Strategy* has noted, "The problems Hendricks and Singhal studied were those which are generally controlled by mid-tier function leaders. By the time the executive suite hears of these, the problem has become an existential crisis."<sup>9</sup>

Several recent articles have noted the diminishing presence and need for general managers, due primarily to the modern-day fact that no one really wants to be "managed" anymore, nor do many people want to "manage." In a recent survey of non-managers in the U.S., just 1 in 10 expressed interest in someday becoming a "manager" (Beauchene and Cunningham, 2020).<sup>10</sup> While businesses would do well to still cultivate leaders who possess a general manager's typically strong cross-organizational business knowledge and savvy, they also need leaders equally adroit at navigating endless waves of disruption.

In many ways, the GM position has melded into the contemporary function leader in today's enterprise. Flatter organizations and matrix structures have eliminated many traditionally siloed functions. Function leaders also reflect an organization's goals around leadership diversity, employee wellness and recruitment and retention. As noted, function leaders must now operate through an expanded web of arrangements externally, as well as a greater number of interdependencies and cross-functional collaborations internally, to execute their goals.



## High Hurdles for Those Leading a Function

The transition from managing a team or department to leading a function is a high-hurdles course, given the expansion of positional responsibilities, the increased complexities of the job and the necessary collaborations with disparate personalities. For example, it's only been in recent years that function leaders have increasingly needed to ensure a more inclusive and nurturing work atmosphere for individual employees, and a culture as equally committed to employee success as organizational success. To best assist function leaders in this transition, MDA Leadership identified the critical roles or "hats" function leaders must wear to succeed, as well as the developmental areas where they tend to stumble most.

The five roles presented are drawn from MDA Leadership's analysis of function leader assessment data. The firm's Talent Assessment practice, with 40+ years of assessment experience, possesses deep, multi-instrument, multi-rater assessment data at the function-leader level, including insights gleaned from our "Leading a Function" assessment simulation. We reviewed all assessment reports for a two-year period at the Leading a Function level, and coded each strength and development need based on MDA Leadership's function leader competency model. Coded data were matched to a comprehensive list of MDA competencies and behavioral benchmarks.

We combined our assessment data analysis with the expertise of our executive coaches, who have coached hundreds of function leaders. They were asked to rank the function leader roles most predictive of high performance. Our focus was on roles performed rather than competencies mastered. Why? Given the increasing complexity of the position, a competency focus quickly devolves into a lengthy list. Roles, on the other hand, are distinctive realms of performance, with dense competency clusters. Leadership is the exercise of these roles for distinctive duties and purposes.

For example, the President of the United States exercises the role of chief executive by issuing executive orders, making numerous executive-level appointments and outlining legislative proposals for consideration in Congress. In contrast, the President must inhabit a very different role as commander-in-chief, requiring the



“MDA Leadership's Talent Assessment practice, with 40+ years of assessment experience, possesses deep, multi-instrument, multi-rater assessment data at the function-leader level, including insights gleaned from our "Leading a Function" assessment simulation.”

exercise of very different capabilities, such as military-forces deployment and treaty negotiations, to ensure the defense of the country and safeguard peace.

In our experience, leaders more readily conceive of their work as exercising different roles rather than exercising different competencies. They can more clearly draw connections between their roles and needed business outcomes. Roles also create a solid basis for development planning; the goal is to improve the performance of your roles in ways that directly impact the business rather than to improve your ratings on discrete competencies.

The results of MDA Leadership's analysis highlight five critical roles that grow out of distinctive market and business forces acting upon today's function leaders. We also include the development imperatives within those roles in the summary graphic below. These five roles are critical for those who wish to successfully transition from leading teams to leading functions. They remain essential for the overall performance of seasoned function leaders as well.

### Function Leader Roles and Development Imperatives

| Business Forces   | Development Imperatives  |
|---|--|
|   | <b>Strategist</b>  |
| <ul style="list-style-type: none"> <li>• Diverse competitive landscape</li> <li>• Shifting industries, markets, customers</li> <li>• Business model disruptions</li> <li>• Increased globalization</li> </ul>   | <ul style="list-style-type: none"> <li>• Rethink function value proposition</li> <li>• Recognize emerging patterns and trends</li> <li>• Align functional with corporate strategy</li> <li>• Adopt a global mindset</li> </ul>           |
|   | <b>Talent Developer</b>  |
| <ul style="list-style-type: none"> <li>• Revitalized war on talent</li> <li>• Waning employee engagement</li> <li>• Transition from labor workers to performance managers</li> <li>• Shortages of diverse talent</li> </ul>   | <ul style="list-style-type: none"> <li>• Inspire and engage while driving performance</li> <li>• Empower and influence others</li> <li>• Shape a safe, inclusive work environment</li> <li>• Conduct strategic talent reviews</li> </ul> |
|   | <b>Change Leader</b>   |
| <ul style="list-style-type: none"> <li>• Operational and cultural transformations</li> <li>• Increased rate of technology advances</li> <li>• Increased emphasis on employee well-being</li> <li>• Evolving industries, economies, demographics, customer requirements</li> </ul> | <ul style="list-style-type: none"> <li>• Develop courage to take risks</li> <li>• Create a sense of urgency for change</li> <li>• Lead and implement change initiatives</li> </ul>   |
|   | <b>Internal Influencer</b>   |
| <ul style="list-style-type: none"> <li>• Increased diversity in stakeholder groups</li> <li>• Heightened collaboration across boundaries</li> <li>• Reduced and limited resources</li> </ul>  | <ul style="list-style-type: none"> <li>• Build disciplined collaboration and commitment</li> <li>• Proactively seek partnerships across enterprise</li> <li>• Influence and persuade through high-impact conversations</li> </ul>        |
|   | <b>Results Orchestrator</b>  |
| <ul style="list-style-type: none"> <li>• Increased speed to market</li> <li>• Shift from rigid to agile operations</li> <li>• Shift in demand for new and existing products and services</li> </ul>   | <ul style="list-style-type: none"> <li>• Identify new growth opportunities</li> <li>• Accelerate decision making</li> <li>• Create accountability</li> <li>• Establish metrics and goals</li> </ul>                                      |

## The Role of Strategist

Paul is the vice president of sales and marketing for a major department store brand, responsible for driving sales of more than \$150 million in one of the brand's top 10 stores nationwide. When he took the position two years ago, the store's performance was in a downward spiral. After a hard look at causal factors, he discovered the need to understand customers at a deeper level. Store demographics were "all wrong" he concluded, failing to capture recent major racial and ethnic changes in the composition of its shoppers. He discovered that Asian customers represented 60% of shoppers, and Hispanic shoppers had jumped to 15% and would continue to grow to 25% over those two years. He and his team needed to work hard to understand their diverse customers' needs, to segment and target. Some were price-focused and value-driven, responsive to promotions. Others sought higher-end fashion and viewed sales as "outdated."

Paul studied the store's competition. He insisted on learning about the customer and a taking a deep-dive look at vendors, sizes and the depth and breadth of offerings. "We need to understand what makes our customers excited to be here and cater to their needs," he says. Under Paul's leadership and strategic guidance, the store has thrived and continues to grow.

This is the reality of today's function leaders. While they traditionally assumed more of an internally focused

orientation, today's function leaders must be strategists. Gone are the days of managers receiving marching orders from senior leaders, putting their heads down and driving toward the numbers. They must think strategically about the evolution of their function, especially as technology reshapes what's possible.

Today's HR leaders, for example, must increasingly know how to use analytics to drive their human-capital decisions, while today's IT professionals must stay abreast of the latest data-security issues and cloud-based solutions. Like Paul, function leaders must consider industry, market, customer and competitor information to develop workable plans and to chart the future course of their functions. They must identify and advocate state-of-the-art practices that improve efficiency and profitability not just in their silos, but across the enterprise.

One of the most common findings from our Function Leader Assessment Study is the failure of leaders to do what Paul is doing: to see his function and the business challenges he faces in their larger context. Again and again, we see managers focus their lens on a smaller set of factors underneath their direct control, while failing to explore the many causal factors and interdependencies outside their areas of responsibility. The result is that their solution set is inadequate, leaving problems unresolved and opportunities squandered.

### Developing as a Strategist

Developmentally, we have identified the following five areas in which function leaders most need practice and tools in order to improve as strategists:



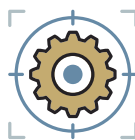
#### Long-term Perspective:

Bringing a lengthened time perspective to planning and problem-solving



#### External Focus:

Demonstrating a well-developed understanding of the external business environment



#### Strategic Scope:

Considering the wider implications and impacts of their decisions and choices on the overall business



#### Growth Orientation:

Creating ideas, platforms and strategies to expand the influence and contribution of their function to overall business success



#### Competitive Advantage:

Promoting ways of doing things that increase differentiation in the marketplace

Action learning, a development method that involves both taking action and intentionally learning, remains one of the best ways for function leaders to develop as strategists. In action learning, small teams of cross-organizational leaders at one or more levels below senior executives work on real business challenges or problems, aiming to generate recommendations and solutions. The problems are complex, multifaceted and strategic in nature, requiring the teams to move outside their individual areas of expertise. At several points along the way, participants must reflect on their individual and team learning. This balance of doing and reflecting is powerful, as is the exposure to complex problems and to senior leaders who act as project sponsors.

Mortenson Construction, a U.S.-based family business and one of the nation's largest construction companies,

has committed to action learning as a major strategy for accelerating the development of its top talent. Mortenson has stable and committed senior leadership in place, yet recognizes the need to develop its pool of leaders for future officer and senior leadership positions in order to fuel future business growth. Given the company's culture of execution excellence, an action learning design that intentionally integrates business and leadership development efforts makes perfect sense. Expert external facilitators and Mortenson senior leaders coach participant cohort groups as they work through real-world business challenges. Mortenson has committed to action learning because it has experienced the dual reward of deepening the capabilities and commitment of top talent while reaping direct business benefits from the projects undertaken.

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## The Role of Talent Developer

Talent management is the integrated process of ensuring that an organization has a continuous supply of highly productive individuals in the right jobs, at the right time. With increased external and internal scrutiny of organizations' hiring and promotion decisions, it's more important than ever to have the right people in the right places in an organization. The most successful function leaders recognize that talent management is not solely an HR responsibility—it's their job, too. In their roles as talent managers, and amid critical shortages of talent in key areas, function leaders must identify, deploy, develop and retain diverse, talented team members and trust them to lead and manage.

The role of talent manager is essential for function leaders, as it represents a real transitional challenge from more tactical, individual coaching. Function leaders still need to retain their coaching skills, but they must layer on the deeper, more strategic work of assessing talent needs for the future, conducting regular talent reviews to identify and promote top talent, and mentoring key individuals who will be successors and major contributors to the organization's future. If they fulfill this role with excellence, it may well be their most important legacy.

In our assessment and coaching, a hallmark we see in those who have successfully transitioned from "team manager" to "function leader" is the development of a talent mindset. They tell us that as team leaders, they knew that "people

are our most important asset," did their best to make good hiring decisions and proactively stepped up to provide coaching and feedback to individuals. They also are more willing than ever to empathetically relate to individual employees, as opposed to simply serving as general order-deliverers, as in years past. As function leaders, they have learned to take their skillsets to another level. For example, one director of sales described his role as akin to the GM of his favorite football team:

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“*I'm evaluating the talent I have for this season while I'm thinking about the team I'm trying to build for next season and the season after. And I need bench strength too, like a coach needs his depth charts. In football, they might be lost to a knee injury. I might lose someone to a competitor. If I do, who's going to step up?*






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At heart, a talent mindset is that deep-seated belief that having better talent at all levels—talent directly reflective of the customers and communities served by your company—allows your company to outperform its competitors. It's the recognition that better talent pulls all the other performance levers. A critical challenge for leadership development efforts is to instill this shared talent mindset in all function leaders.

## Developing as a Talent Developer

Transitioning from manager to function leader to senior executive requires individuals to exercise key components of talent management in different ways.

Talent Developer Role at Different Leadership Levels

|  | Manager  | Function Leader  | Senior Executive   |
|--|--|--|--|
|  <b>Talent Assessment</b>     | Make good hiring decisions                                     | Identifies, hires, and promotes diverse talent; works to counter assessment bias | Routinely assesses the organization's talent to meet current and emerging business demands |
|  <b>Stretch Assignments</b>   | Assigns challenging tasks that help people learn and grow      | Provides relevant stretch assignments to develop others' leadership skills       | Provides stretch assignments to develop others' leadership breadth                         |
|  <b>Development Culture</b>  | Encourages people to develop themselves and others             | Holds leaders accountable for developing diverse talent                          | Helps leaders see the value of inclusion and talent development as strategic levers        |
|  <b>Feedback</b>            | Actively coaches reports on their performance                  | Provides feedback to strengthen leadership skills in others                      | Creates a culture that supports open exchange of feedback                                  |
|  <b>Succession Planning</b> | Identifies and develops leadership potential in direct reports | Conducts regular reviews of leadership talent                                    | Champions the need to build key talent bench strength across the organization              |

Transitioning function leaders often acutely experience this shift to talent developer. Said one vice president of marketing, "I went from a smaller team to suddenly having 70 managers—a big jump. I had to spend the first couple of months really assessing the quality of my managers to ensure we had the right people in the right jobs." Michelle, a director of operations for a home-services company, reflected on the challenges of the current war for talent, and on the critical need for better talent retention: "Staffing is a huge issue. There is such a shortage of people in our

industry that it's non-stop—we advertise heavily all year and it caused us to develop a good training program to get our inexperienced staff up to speed." She must work more closely than she ever thought she would with her human resources department, and has put in place key performance indicators around how many recruiting events, how many interviews and how many hires they are making in her area.

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## The Role of Change Leader

To thrive, organizations must continually remake themselves. While an organization's core mission, vision and values should remain largely or wholly stable, all else is subject to reshaping, redefinition and even wholesale change. Function leaders are critical players in this ongoing work. They often have a clearer line of sight to changing customer demands and employee needs than do more senior leaders, see firsthand the failures and efficiencies of core operational processes, are directly implementing new technologies and procedures, and control the resources on a vast number of small and large projects.

In their prior positions further downstream in the organization, function leaders were likely to have been exclusively order takers, recipients of change directives from above. Now, with broader spans of authority comes the opportunity for function leaders to both receive and give directives, not to mention proactively take into account the downstream impacts of their efforts. They must continue to receive and translate many cascading changes. In addition, they need to identify and initiate substantive changes in their own areas of authority, as well as influence upstream change that can have broader effects outside their areas. This is a significant transitional hurdle, as we discovered in our study of function leader assessment data. The competency most

frequently cited as a development need at this level was "leading courageously," which includes the behavior "uncomfortable leading out-front; prefers more behind-the-scenes roles."

Paul, the VP of sales and marketing for a major department store chain discussed earlier, is a clear case in point of what we mean by a courageous "change leader." He saw that his store was failing to understand its core customers, properly segment them, and provide for their differentiated requirements. He needed to enlist his team, create dissatisfaction with the status quo and build a sense of urgency to make fundamental changes. Co-equal with aligning his team around this new approach, he had to persuade the larger organization to invest in new analytical tools and to empower him to investigate new vendors and a new mix of product offerings.

Changing the status quo in an organization is never a simple process, nor should it be undertaken lightly. All change initiatives have one thing in common: if they are well-led, they usually succeed. If they are not well-led, they are doomed to fail—or at least result in a longer, more costly road to implementation. Function leaders often learn their hardest lessons around sponsoring and leading change. Most underestimate the time and skill required to implement and sustain change.



## Developing as a Change Leader

How can function leaders best develop what it takes to drive successful change? We're believers in developing a process orientation to help implement change. While a sound change process does not guarantee success, it significantly reduces the error rate in change implementations. But which change model to use? There are many available, such as those proposed by Kotter,<sup>11</sup> Nadler,<sup>12</sup> Cummings and Worley.<sup>13</sup> Each model offers a set of steps or sequence of actions designed to address common problems and avoid predictable obstacles in change implementations.

Thankfully, these models share much in common. Our experience tells us that the particular model chosen is less important than using a shared framework for organizing and carrying out change. Research appears to support this as well. In *Consultation for Organizational Change Revisited*, our colleagues Robert Barnett and Nancy Weidenfeller surveyed 250 executive change leaders and found that the typical problems and obstacles the various change models seek to address are real and experienced with some frequency. Further, they conclude that "change consultants should have some confidence that the models of planned change have correctly identified and described many of the threats to success and effectiveness of planned change initiatives."<sup>14</sup>

Simulation exercises offer leaders a great opportunity to experience complex change. Robust simulations give function leaders the chance to work through the process, flex their skills and learn from their missteps without damaging the company. To help leaders become accustomed to the typical leadership requirements of change initiatives, we have found especially effective an expert-guided change-management simulation called ExperienceChange™ that provides participants with practical experience applying a proven change framework. From analysis to planning and implementation, the simulation delivers the essentials of a year-long change journey in less than a day. Immediate feedback on



Robust simulations give function leaders the chance to work through the process, flex their skills and learn from their missteps without damaging the company.

decisions, both good and bad, reinforces learning without putting company resources on the line.

Change scars are inevitable. But too many organizations simply choose to let their function leaders—their organization's true change champions—take their lumps, often to the point of disheartenment and disengagement. As a result, such organizations are living with a change failure rate much higher than necessary by not using change management processes and training. With the proper developmental support, function leaders can more quickly learn to implement change initiatives with both confidence and competence.

“

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”

## The Role of Internal Influencer

Karen is the Group VP of global business partners for a North American manufacturer. Her role is to grow new revenue streams through non-traditional distribution channels. She has focused on putting in place processes and procedures to gain efficiencies in her business, and she has devoted significant time to developing a talented team that can act as true strategic partners with their new channel contacts. She is also committed to evolving the strategic value and contributions of her function. As she explains it, “My job is to help the broader organization see the larger possibilities and opportunities of our function, and how it can help grow multiple parts of our business. I need to look across markets and geographies, see the bigger picture and then sell what we can do to the larger organization.”

Karen is exercising what we call the “internal influencer” role. Her success in this role is a critical component in her overall effectiveness as a function leader. She must persuade and motivate key players both inside and outside her function, and build commitment one-on-one, in teams

and in larger groups. She must be an active and energetic educator of peers and superiors about the value her function can provide to the business overall.

Success in the internal influencer role requires strong conversational competence. Effective influencers are adept at establishing trust with others and at turning transactional conversations into transformational conversations. They are approachable and considerate. They effectively elicit the right information from others. They listen as much as they talk, and demonstrate a respect for different perspectives and contributions.

This interpersonal effectiveness is combined with purpose and skilled intention in effective influencers. They are intentional in their approach, preparing for critical interactions and approaching conversations with a specific purpose and an intended outcome. They want to make something happen, ideally by focusing on overarching goals and mutually beneficial solutions. In this way, they are able to advance their agenda through a variety of direct communications with various stakeholders, across multiple functions and through multiple layers of the organization.

Among the most common developmental behaviors uncovered in our Function Leader Assessment Study were several related to ineffectively influencing, including “rarely offers ideas that influence peers or superiors,” “is distant or impersonal in his/her interactions with others,” and “does not share thinking with others or engage and collaborate with coworkers in solutions.”

Failure to skillfully influence internally at the function level can have major business repercussions. Consider Bertrand, a regional category brand manager for a global consumer goods company. New to his position in the French office, he was directed by upper management to customize the firm’s CRM system. He defaulted to the vendor preferred by his French colleagues, despite his own qualms. “I didn’t think this vendor was the right choice for us, but I was the new guy and I wasn’t able to make the right arguments,” he says. The outcome was “a bad fit—they were arrogant and unresponsive.” The result was also a “six-month nightmare,” requiring lots of coaching and training for himself and his team, and draining energy and attention away from key priorities. The CRM system remained inadequate for more than a year afterward.



Effective influencers are adept at establishing trust with others and at turning transactional conversations into transformational conversations.

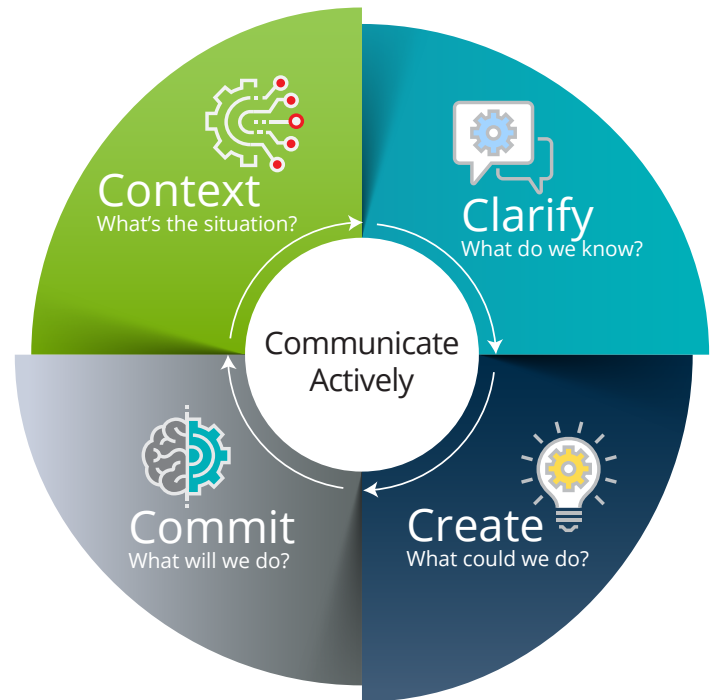
## Developing as an Internal Influencer

In our experience, seasoned leaders know how to hold the difficult conversations required to work through differences and influence others. Just as they know how to structure and run an effective meeting, they also know how to shape an effective conversation. Studying what effective leaders do in these high-impact conversations led to the development of MDA's High-Impact Conversations model. It outlines a structured set of steps that help leaders in a conversation clarify their intent, gain understanding and alignment, explore options and confirm action steps.

Improving as an internal influencer, like developing as a change leader, requires much practice. Introducing a conversational model and practicing critical conversations in a safe space with peers and/or coaches pays off. Function leaders can also be directed to focus on the “before” and “after” of their important conversations. They should come to understand that good preparation leads to good results. For instance, they would never “just wing it” in a conversation with their boss about a salary increase. The same applies to many important workplace conversations directly related to advancing their strategic agendas.

Function leaders should also be encouraged to do a bit of mental debriefing or written reflection following their many critical conversations. They can ask themselves where they struggled, where they were successful and what they might do differently in the future to improve results.

Our experience is that function leaders recognize the vital importance of their influence skills to their overall success. As a result, they are very open to coaching and guidance in this area. Those who consciously prepare and reflect on their key interactions often see significant improvements.



“...seasoned leaders know how to hold the difficult conversations required to work through differences and influence others. Just as they know how to structure and run an effective meeting, they also know how to shape an effective conversation.”



# The Role of Results Orchestrator

The art of getting things done in complex organizations is important for leaders at all levels. But the truest test awaits those who are leading a function, where so much of a strategy's success depends on the execution of core processes and specialized tasks that require function expertise. Function leaders typically need to ensure clarity of roles and responsibilities down two levels or more within their functions. They also must make the linkages between various functional priorities and the overarching business strategy clear to their direct reports.

Brett is vice president of sales and marketing and a member of the executive team for an American manufacturer of snowmobiles, motorcycles and commercial vehicles, with revenues of \$2 billion. Like the best results-driven leaders, his focus is on setting priorities, defining results, measuring and following through. It's essential to "understand the outputs for each department and put tools in place to manage that," he says. All of his function's priority projects in sales and marketing are managed on the cloud.

All directors under Brett and all team members throughout his functional area can track the progress of these deadline-driven projects with a color code of green, amber and red, providing a quick visual of progress. Critical metrics like dealer penetration and key leads are reviewed with each

## Performance Scorecard Example

A straightforward example of a performance scorecard used to identify key measures and track actual results.

| 20xx Operating Metrics                   | Q1          | Q2          | Q3 | Q4 |
|--|-------------|-------------|----|----|
| Financial Performance Indicators         |             |             |    |    |
| Example: Total Revenue Goal              | \$1,250,000 | \$1,300,000 |    |    |
| Actual                                   | \$1,376,000 | \$1,261,000 |    |    |
|  |             |             |    |    |
|  |             |             |    |    |
|  |             |             |    |    |
| Operational Performance Indicators       |             |             |    |    |
| Example: Average daily production volume | 162 units   | 165 units   |    |    |
| Actual                                   | 177 units   | 145 units   |    |    |
|  |             |             |    |    |
|  |             |             |    |    |
|  |             |             |    |    |
| People Performance Indicators            |             |             |    |    |
| Example: % Employees w/Development Plans | 75%         | 75%         |    |    |
| Actual                                   | 44%         | 69%         |    |    |
|  |             |             |    |    |
|  |             |             |    |    |
|  |             |             |    |    |
| Other Meaningful Performance Indicators  |             |             |    |    |
|  |             |             |    |    |
|  |             |             |    |    |
|  |             |             |    |    |

Below 90% of Goal    90 to 100% of Goal    Above 100% of Goal



line manager on a weekly basis. Brett reviews the overall dashboard every day and can quickly dive into anything that concerns him, down to the dealer and customer level.

As vice president of logistics for five distribution centers for a major national department store brand, Husein works to keep his function connected to the overall strategy so that his direct reports have a clear understanding of how their roles contribute to the bigger picture. All employees see the latest marketing brochures and key campaigns, helping them understand the impact if there is a delay getting products into stores on time. Rather than simply “pick and pack,” they understand their place in the company and how they help everyone in the business win.

## Developing as a Results Orchestrator

Function leaders with a results orientation keep the organization’s goals and results visible for their teams. Some use the popular metrics framework advocated by Robert Kaplan and David Norton in *The Balanced Scorecard: Translating Strategy into Action*.<sup>15</sup> Many more scorecard or dashboard tools and templates to track progress are available online. Still other leaders post simple, updated measures in the workplace. The point is to ensure that all performers can clearly see their progress toward key goals and their performance against defined measures of success. It should be an important team effort to select, create and agree upon those measures and then to periodically update and review them. (See example on previous page.)

In the end, leaders are paid to consistently deliver desired results. Since the bulk of critical organizational initiatives and projects are delegated to specialized functions, those leading functions are essential to effective execution. They establish clear goals and set aggressive timelines for meeting objectives. They drive results by helping others clarify and understand their roles, responsibilities and outputs. They establish the measures of success, keep them in front of all who execute the work, review actual results with their teams on a regular basis and intervene when necessary to remove obstacles. Frequent follow-through and follow-up is needed. It is far from glamorous work, but these function leaders know it is essential to ensure positive results.

## Conclusion

Organizations too seldom provide support for leadership development at the function level. Our research and practice, corroborated by client input, confirms that organizational performance is increasingly tied to the performance of those who lead functions. Moreover, in an increasingly competitive talent recruitment and retention environment, superior function leaders can directly help a company stand out from its competitors as an employer of choice. Leadership development efforts focused on these function leaders can have a major organizational payoff. This level of the leadership pipeline is arguably the point of greatest strategic leverage for mid-size to large organizations.

To be successful, function leaders must be adept at numerous roles. By highlighting several of the most challenging roles required for success in leading a function, we hope to give leadership development professionals clear targets for development efforts. Targeted developmental experiences, such as assessment, experientially based formal learning programs structured around leadership roles, cross-functional action-learning projects designed to exercise those critical roles, and mentoring can better equip function leaders to maximize their development and contributions.

With the proper developmental focus, we can reduce the failure rates of those transitioning from leading teams to leading functions. We can increase the effectiveness of established function leaders who are often taxed by the expanding scope and complexity of their responsibilities. And we can help function leaders create more appealing, inclusive work environments, for the betterment of employees and organizations overall. The five roles we have identified and illustrated can help function leaders make stronger strategic and operational contributions and better prepare themselves for even greater leadership opportunities.

“

*With the proper developmental focus, we can reduce the failure rates of those transitioning from leading teams to leading functions.*

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