Competency Models With Impact:
Research Findings From the Top Companies for Leaders

Erin Wilson Burns, Laurence Smith, and Dave Ulrich

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Walking through the aisles in any local market, the typical shopper encounters a dizzying array of products, all seemingly shouting that they are the most important and best product for your most pressing need. The leadership marketplace is little different with thousands upon thousands of books, theories, websites, workshops, models, movies, and blogs inundating leaders with hundreds of behaviors, attitudes, and skills that are required to be effective.

Embedded in the leadership knowledge warehouse are numerous studies that show that an organization's financial and social results are increased with wise investments in leadership, culture, and human resources.[1] One key investment that affects all three areas is the ability to hire and develop individuals with the greatest potential for high performance. From the Romans, who used a form

of competency profiling in selecting good soldiers and leaders, to its more modern roots in the U.S. Army's development of a critical incident methodology to identify what behaviors and actions were common to exceptional pilots, organizations have sought to gain competitive advantage by identifying what matters for high performance and how to best find and develop it.[2] While Flanagan, who was part of the U.S. Army task force, was the first to apply the methodology to the private sector, McLelland and later Boyatzis, popularized and spread the application of what they defined as "competencies."[3]

Since Boyatzis' work in the 1980s, competency models have been used to align individual behavior to organizational goals, create clear expectations, guide development, and show how behaviors must change as leaders progress through the organization.[4] Recent research has continued to build on the theory and understanding of why and how competencies matter to organizational performance.[5] While we recognize the significant contribution that much of this research provides, in many cases the attempts to accurately set forth general findings for complex and varied situations have led to a level of complexity in the literature that makes it difficult for practitioners to know how to apply these

findings in their organizations. This paper lays out a methodology that incorporates recent research findings but remains practical and simple in application.

In the last few decades, competency models that define what leaders know and how they behave have become common in most organizations. Our recent Top Companies for Leaders research with Fortune and Aon-Hewitt (see sidebar), shows that over 74% of responding companies indicated they had a defined competency model that described a unified theory of what leaders should be, know, and do (and a full 100% of companies that made the global Top Companies list do). While competency models have become a leadership staple, we suggest that they can be better used to drive organization and individual results. In our research on Top Companies for Leaders, we did extensive studies of 470 companies around the world to identify innovative trends in leadership that distinguish the best-led companies in the world.

As we culled through the answers to the 42-page questionnaire on leadership and organization practices, we identified three emerging trends in how the best companies use competency models to drive results:

1. Make sure you cover the leadership fundamentals, or "Do the Code,"

The **Top Companies for Leaders** study is the most comprehensive longitudinal study of talent management and leadership practices around the globe. Begun in 2002, it was conducted for the sixth time in 2011, with the overall results published in Fortune Magazine and run by The RBL Group and Aon/Hewitt. This round, 478 companies participated, with a key informant completing a detailed 72-question survey of their leadership practices. The survey focused on descriptive practices (e.g., do you have a succession system or what are the competencies in your leadership model) more than evaluation of those practices. As a result, key informant at a company offered valid insights into the descriptive questions. Results of the survey are analyzed using a proprietary scoring methodology for indications of more advanced leadership practices in order to identify global finalists.

2011's 182 Global Finalists were then subjected to additional scrutiny with interviews of executives and leadership development specialists using trained interviewers. Researchers also conduct a media/reputation scan and analyze financial results (one growth and two return measures) compared to industry over a five-year period. These additional inputs were compiled and combined with survey scores and used as the basis for a deep and rich discussion of each of the companies by an independent panel of expert regional judges. The panels were composed of renowned authors, academics, and business journalists with strong reputations in their regions and globally. Expert judges were used because there is no clear outcome variable for "top leadership" that could be readily applied. The 25 Global Top Companies for Leaders were then selected by a global panel of expert judges with representation from the regions.

Results were published in the November 4, 2011 issue of Fortune Magazine and are available online at: http://money.cnn.com/galleries/2011/news/companies/1111/gallery.top_companies_leaders.fortune/index.html

2. Think outside-in by getting customers involved, and
3. Get tight, or make sure HR practices are aligned and reinforce the desired competencies.

In addition, we want to explicitly bridge the theory into practice by showing how the empirical research from Top Companies For Leaders shows up in an example of a company using competencies to help deliver results.

1. Cover the Leadership Fundamentals

Since the beginnings of the field of social science, researchers have turned their attention to what makes a leader more effective The sheer volume of leadership research has sometimes made it more difficult to apply this knowledge. Just as having too many varieties of product makes it more difficult for customers to know what to buy, having too many leadership ideas, makes it more difficult for leaders to know how to improve. As a result, food companies look for ways to combine raw ingredients into packaged goods that make it easier for consumers to buy goods (e.g., McDonald's Happy Meal or combination meals).

Likewise, leadership taxonomies can be created to synthesize and simplify complex leadership studies.. In the Leadership Code[6], we created the Leadership Code to simplify what was becoming an increasingly complicated, diverse, and confusing understanding of what makes an effective leader. An integrated taxonomy derived from popular existing leadership competency models, the Leadership Code drew on research and interviews with renowned leadership theorists, researchers, and consultants, who have collectively written over 50 books on leadership and performed over 2 million leadership 360s. We felt that if we could simplify what makes an effective leader into straightforward categories, we could establish a clearer standard of effective leadership (See Figure 1). Leaving out any one of these foundational leadership competencies would be like forgetting the salt in making bread—it would have a significant and noticeable impact on the organization to be selecting and developing leaders who didn't create accountability, for example. You would know it pretty early on in the process because the results just wouldn't look right.

Good competency models include in some way the competencies identified by decades of leadership research and summarized in the Leadership Code model. One of the findings of the Top Companies for Leaders research was that Top Companies were significantly more likely to agree that they include foundational competencies in their competency model (5.0 on a 5-point scale v. 4.51 for other companies). Top Companies also indicated that their competency models included 86% of these foundational competencies (v. 70% for other companies who indicated they have a competency model).

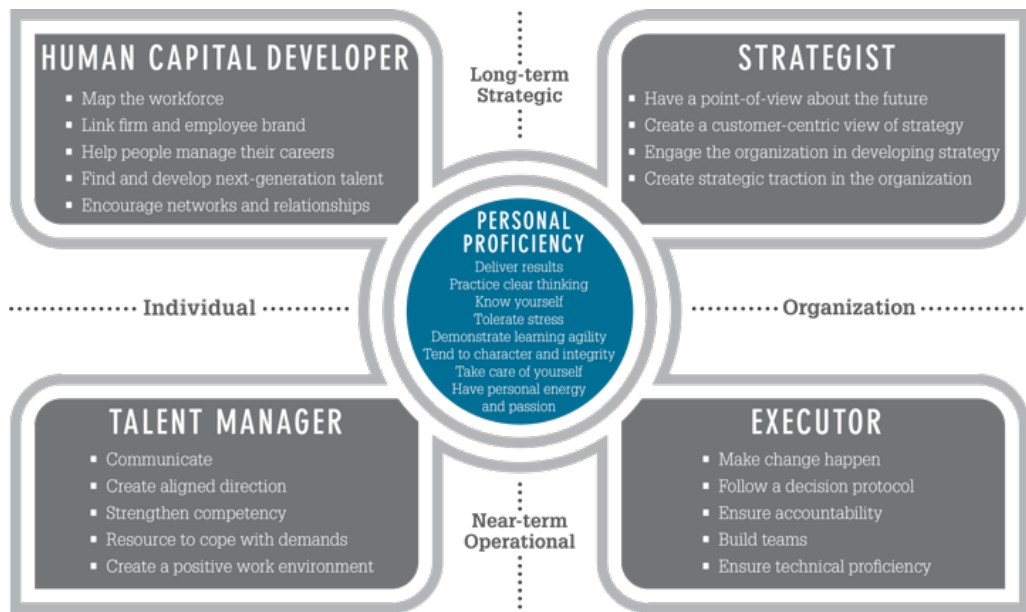Table 1 reports the percent of Top Companies indicating a competency is included in its internal competency model compared to the percentage of other companies who reported that they have a competency model and indicated that competency is included in its internal competency model. The most significant gaps appear to be in the long-term competency domains of Strategist and Human Capital Developer. It is also interesting to note that accountability is also significantly more represented in Top Companies than in other companies.

We can apply these findings by mapping an existing competency model to the Leadership Code to see if the model is missing any important competencies. When we do this, we often find that companies over-emphasize some domains at expense of other equally important domains. In one company with 10 leadership competencies, 8 of the 10 were in execution. If successful, this company would have leaders who excelled at execution, didn't know what they were executing for and had an unengaged workforce with no talent pipeline. We have also found many organizations that over-emphasize personal proficiency and have trusted leaders who do not have a clear strategy, plans to execute it, and/or engaged talent that exists in a strategic talent pipeline.

In addition, we often find several other themes that emerge from mapping existing competencies to the Leadership Code:

- First, organizations tend to emphasize the competencies they feel they are most deficient at. While not necessarily problematic, this tendency to over-compensate in some

HUMAN CAPITAL DEVELOPER
- Map the workforce
- Link firm and employee brand
- Help people manage their careers
- Find and develop next-generation talent
- Encourage networks and relationships

STRATEGIST
- Have a point-of-view about the future
- Create a customer-centric view of strategy
- Engage the organization in developing strategy
- Create strategic traction in the organization

Long-term Strategic

PERSONAL PROFICIENCY
Deliver results
Practice clear thinking
Know yourself
Tolerate stress
Demonstrate learning agility
Tend to character and integrity
Take care of yourself
Have personal energy and passion

Individual

Organization

TALENT MANAGER
- Communicate
- Create aligned direction
- Strengthen competency
- Resource to cope with demands
- Create a positive work environment

EXECUTOR
- Make change happen
- Follow a decision protocol
- Ensure accountability
- Build teams
- Ensure technical proficiency

Near-term Operational

areas of current weakness or need should not be done at the expense of having a fully-rounded model. In other words, if you are great at decision-making and terrible at communicating, you don't want to reverse the problem in the next generation of leaders by becoming great at communicating but failing to identify and develop leaders who excel at decision-making.

- Second, most organizations do not have Human Capital Developer competencies reflected anywhere in their model—a critical mistake given what we know about the important role leaders at all levels play in building the next-generation of leaders for the organization. Identifying and developing leaders who can create a leadership pipeline of the types of employees who enable long-term results is critical for organizational success.

Mapping competency models to the Leadership Code allows organizations to quickly understand how well they are defining and delivering the leadership fundamentals.

Several years ago we were approached by a national logistics company. They had a legacy competency model that had been updated over time by various senior executives and HR/OD practitioners, but felt the model had become cumbersome. In mapping the behaviors included in their model to the Leadership Code, we found that the majority of competency model centered on communication, with

holes not only in Human Capital Developer, but also in other important competencies. Mapping to the Leadership Code competencies allowed them to identify and balance their competency model, providing a robust and valid model for ongoing assessment and development.

Top companies for leaders do the basics well because they define more robustly what their leaders need to do by covering more of the foundational leadership competencies. We also know which of the foundational competencies most differentiate the best companies for leadership.

2. Get Customers Involved

Once you've made sure the competency model covers the foundational competencies, it's time to add differential value. Differentiating competencies are where you're really able to be strategic[7] in your work: a strong leadership brand is where you make firm brand and the employee brand real by identifying for leaders in your company what it is that customers and employees expect and the organization wants you to deliver (see Figure 2).

One of the findings from the Top Companies data is that Top Companies are significantly more likely to emphasize competencies that differentiate them from other organizations (4.56 v. 3.93; or 88% v. 69%).

Most organizations—and the way competency models have historically been developed—do a great job of looking internally.

They hire highly-trained I/O psychologists, identify and assess high performers, run statistical analyses to identify behaviors that they excel at, and build these into a competency model of what high performance leadership looks like in their organization.

While there is nothing wrong with this approach as a starting place (other than the time wasted reinventing what generally is remarkably similar to the Leadership Code and other organizations' competency models), we argue that until you look outside at what customers and other stakeholders want, you don't have the full picture. What is it about leaders at your company that is different than a leader at your competitor? What do key customers expect from your organization and what leadership competencies are required to deliver on those expectations? As leaders at all levels of the company master the attributes that deliver the desired brand experience to customers and employees they establish sustainable and measurable value while also generating intangible value. In the words of one Global Top Company: "The organization's leadership model…forms the basis of competitive differentiation."

The Top Companies research confirmed that Top Companies excel at building leadership pipelines full of leaders who know external stakeholder expectations, are expected to be what external stakeholders expect, and do the right things to generate confidence in external stakeholders. Top Companies are two

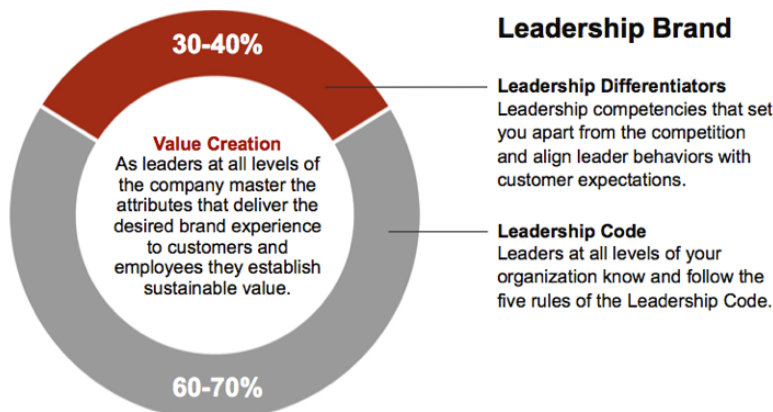**Table 1:** The Leadership Code Competencies Included in Internal Competency Models

Domain	Competencies	Top Companies[1]	Other Companies[2]	Gap
Strategist	Incorporating stakeholder expectations into strategy	100%	70%	30%
	Create strategic traction in the organization	96%	66%	30%
	Engage organization in developing strategy	92%	66%	26%
	Articulate a point-of-view about the future	88%	74%	14%
	Average	94%	69%	25%
Executor	Ensure accountability	100%	79%	21%
	Manage/lead change	100%	88%	12%
	Follow a decision protocol	52%	40%	12%
	Build teams	100%	93%	7%
	Ensure technical proficiency	60%	58%	2%
	Average	82%	72%	11%
Talent Manager	Strengthen competency	84%	58%	26%
	Resource to cope with demands	64%	44%	20%
	Create aligned direction	92%	78%	14%
	Create a positive work environment	92%	79%	13%
	Communicate Effectively	88%	85%	3%
	Average	84%	69%	15%
Human Capital Developer	Establish workforce plan to enable future strategy	80%	48%	32%
	Encourage networks and relationships	96%	67%	29%
	Help people manage their careers	100%	74%	26%
	Find and develop next generation talent	100%	76%	24%
	Linking firm brand and employee brand	60%	44%	16%
	Average	87%	62%	25%
Personal Proficiency	Have personal energy and passion	32%	11%	21%
	Demonstrate learning agility	88%	71%	17%
	Seek feedback	92%	77%	15%
	Maintain composure and recover quickly from difficult situations/crises	72%	61%	11%
	Appropriately balance work and personal interests	60%	50%	10%
	Deliver results	100%	94%	6%
	Demonstrate character and integrity	88%	84%	4%
	Make good decisions	80%	79%	1%
	Average	77%	66%	11%
Other	Other (please describe)	32%	11%	21%

[1]Here and in other tables, "Top Companies" refers to the results for the 25 companies included on the Global Top Companies for Leaders lists.
[2]"Other Companies" refer to the results for the other 453 companies that completed the survey but did not qualify as a Top Company for Leaders.

Leadership Brand creates competitive advantage and generates intangible value by aligning leader behaviors with customer and employee expectations.

Leadership Brand

30-40%

Value Creation
As leaders at all levels of the company master the attributes that deliver the desired brand experience to customers and employees they establish sustainable value.

60-70%

Leadership Differentiators
Leadership competencies that set you apart from the competition and align leader behaviors with customer expectations.

Leadership Code
Leaders at all levels of your organization know and follow the five rules of the Leadership Code.

to three times more likely to include customer and investor perspectives in their development curriculum than other companies. Their competency models include expectations that leaders incorporate customer and investor expectations into strategy (100% v. 70% of other companies) and 96% report that they do better than somewhat well at developing that competency (compared to 54% of other companies). Top Companies also report a stronger reputation for leadership with external stakeholders than other companies with 92% reporting they have better than a somewhat strong reputation, while only 68% of other companies do).

Almost half of the Top Companies for Leaders indicate that they involve customers in identifying leadership differentiators. Many organizations that are refreshing an existing or developing a new competency model begin the process by soliciting input from key or target customers about what makes them (or would make them) want to do business with their organization. A few organizations are also soliciting input from investors, analysts, government entities, and other external stakeholder groups. This information is then incorporated into the competency model as competencies that differentiate their leaders from leaders at other organizations.

A major financial services company sent an external consultant to interview their most critical customers about what differentiates the organization from the competition, current and future expectations of how leaders in the organization should be interacting with their

organization, and whether the organization's leaders have lived up to their expectations in recent interactions.

A consumer products company went to customers, suppliers and then included analysts and investors in soliciting input on what differentiates them from other potential investments they could make, how they think the company is differentiated from others in the eyes of customers, and whether their leaders have been living up to the investors or analysts expectations.

Some critical success factors from these organizations include:

- For customers, target high visibility accounts where the organization's leaders have been engaged in building a longer-term relationship
- Also consider including target customers who are not yet customers for the organization
- For investors and analysts, target large investors or analysts who have the most interactions with the leaders in the organization
- For other groups (government regulators, community activists, etc.) identify key stakeholders who (1) know the organization well enough to provide specific input and examples and (2) are influential with other stakeholder groups
- Send external representatives so that respondents will feel more free to express honest opinions and observations

Creating differentiators doesn't have to be a complicated process. Many organizations have gigabytes of customer data and/or clearly defined firm brands. Examining this data with an understanding of the strategic direction for the organization (which customers are going to matter to us in the future?) should allow you to identify themes in customer data that describe behaviors they want from your leaders. A good check is whether there is a clear and logical line of sight from these differentiators to your firm brand. Defining the behaviors associated with these differentiators and getting customer input on them is often a powerful exercise in strategy clarification.

Recently, we began working with a global retailer. They recognized that leadership within their stores was a key predictor of store success. To build their leadership depth, they trained their leaders to master the leadership basics we discussed above. But, the company did not want generic leaders, but leaders who would differentiate them from competitors. To define unique leaders, we wanted to turn their corporate brand into their leadership brand. They felt that if we could create a stronger line of sight from customer expectations to leadership behaviors, they would be more successful. To determine the firm and leadership brand, we interviewed executives inside and key customers outside to identify clear messages about what the company wanted to be known for that could guide how they would differentiate their leaders. The company wanted to be known for fashion, customer

service, and speed. These three firm identifiers complemented their fundamental competencies model by making sure that in addition to mastering the leadership basics, their leaders would also model these customer expectations. They were then able to build a leadership academy that turned their leadership brand into behaviors that would affect supply chain, merchandising, and associates.

Top Companies think outside-in. They identify competencies that matter to customers and emphasize those competencies to create leaders who embody the firm brand, acting in ways that are consistent with customer expectations.

3. Get Tight: Reinforce Through HR Systems

All too often, companies get the competence model right by doing the basics and the differentiators, then stop. They have an extremely robust competency model, it includes behaviors that matter to external customers, they have the executive team aligned and have communicated the new model extensively throughout the organization. Expectantly, they wait for things to change…and they don't. Defining the competencies is only part of the game, to create a leadership brand that is recognizable by internal and external stakeholders means building, rewarding, and promoting leaders who live the brand.

A key finding from the Top Companies for Leaders research is that Top Companies are more likely to report that they have a unified theory of leadership that crosses functions/ geographies and is know by leaders at all levels (mean score of 4.68 for Top Companies compared to 4.00 for other companies). They also report significantly higher levels of agreement with statements that they expect leader's behaviors to align with the model. (see Table 2)

This happens as Top Companies resist the impulse to assume leaders will voluntarily align their behaviors with the defined competencies and use HR and talent systems to reinforce the desired competencies. This is supported by data that suggest that Top Companies are more likely to integrate their competency model into other HR practices (see Table 3).

It is interesting to note that the only practice where there is not a statistically significant difference between top companies and other companies is determining base pay— perhaps because base pay is set based on market conditions more than individual performance or development needs. In all other HR practices, Top Companies do a significantly better job than other companies at integrating their competency model into the HR practices that both build and reward leaders.

HR practices that build leaders who more fully embody the desired competencies play a role in both building individual and organizational capability in those competencies as well as signaling to the organization the competencies that matter. "All development offerings are structured around the framework of the leadership model." "Everyone who is assessed gets a development plan which has three inputs: experience, comparison to competency framework, and career aspirations and succession plan." These statements from Global Top Companies reflect their priority of building leaders who embody the competencies they have prioritized for their organization. Aligning learning and development efforts to the competency model, particularly the differentiating competencies, ensures the organization is building the leadership capability needed to delight customers.

HR practices that reward leaders who embody the desired competencies play an even stronger signaling and capability-building role. As leaders who exemplify the desired leadership competencies are those who are

promoted while those who may struggle with one or two critical competencies remain in place or exit the organization the leadership brand becomes more real—both inside and outside the organization. "The ability to get promoted is contingent on leaders' consistently demonstrated proficiency in the leadership model around values and statements of behavior." "The potential evaluation is based on the management competencies model that cross-analyzes performance and observed behaviors." "The Board is fully aware of the competency model and has vetted it, and is interested in knowing the details of how promotions to the Executive Committee have been effected." These statements from Global Top Companies reflect their priority of promoting leaders who embody the competencies they have prioritized for their organization. Aligning succession, reward, and promotion processes to the competency model, particularly the differentiating competencies, ensures the organization is building the leadership capability needed to delight customers.

As they align internal HR systems designed to build and reward leaders to these desired leadership competencies, Top companies are able to create a leadership brand that is experienced by customers, investors, employees, and other stakeholders as a consistent organizational capability that differentiates them from other organizations.

We recently worked with a North American bank on instilling competencies in their top 300 leaders. After an initial push to make everyone aware of the competencies and build skills in certain critical competency areas, they realized the importance of aligning all their HR systems to this model. They began routine 360 assessment based on the competencies, revamped job descriptions and interview protocols to include relevant competency behaviors, institutionalized training, orientations, and coaching based on the competencies. All of these actions helped instill a common

Table 2: Expectations for leaders behaviors to align with organizational expectations

To what extent do you agree with the following statements? (1= strongly disagree; 5 = strongly agree)	Top Companies	Other Companies
Our senior leaders know what exceptional leadership looks like at this organization	4.84	4.25
Our senior executives act as role models to support what we want to be known for by external stakeholders	4.76	4.32
We monitor how leaders achieve results and factor this into who gets promoted	4.68	4.23

Table 3: Integration of leadership competency model into HR practices

How well does your organization integrate its leadership competencies into the following practices? (1= strongly disagree; 5 = strongly agree)	Top Companies	Other Companies	Gap
Determining long-term incentive	4.36	3.34	1.02
Placement of identified successors	4.68	3.81	.87
360-degree feedback for development	4.71	3.88	.84
Educating and developing leaders	4.92	4.15	.77
Promotion decisions	4.56	3.87	.69
Recruiting leaders from outside the company	4.48	3.79	.69
High potential (or equivalent) identification	4.76	4.19	.57
Selecting leaders from within the company	4.80	4.25	.55
Determining annual incentive	4.16	3.62	.54
360-degree feedback for performance management	3.84	3.32	.52
Performance planning and reviews	4.64	4.23	.41
Determining base pay	3.76	3.44	.32

leadership language and the competency model became woven into the fabric of how they operate.

Conclusion

Competency models are critical to guide leaders to which behaviors will help produce the great results that both organizations need and employees want. As organizations evolve their competency models, they can ensure they have a greater impact on the organization.

The Top Companies for Leaders research findings indicate that HR groups can sponsor and facilitate the evolution of their organization's competency model by ensuring it covers the fundamentals by mapping the existing competency model to the Leadership Code, by getting customers involved in identifying differentiating competencies that reinforce the firm brand and create value for external stakeholders; and by reinforcing and institutionalizing the competency model by aligning existing people systems (performance management, selection, development, succession, etc.) to the competency model. These three evolutionary adaptations will ensure that the organization, its leadership brand, and its leaders survive—and are able to thrive—in the ever-changing business environment.

As HR leads the process of evolving and updating the organization's competency model, they help employees understand what it takes to succeed, create value by helping customers have the experience they want and expect, and ultimately help investors get the results they want as they satisfy customers and generate more value.

About the Authors

Erin Wilson Burns is currently Director, Product Development at The RBL Group where she oversees the translation of RBL's IP into products and services with impact. She has over 15 years experience in leadership development and consulting, working with Fortune 500 companies from a range of industries. She has helped shape the content of the Top Companies for Leaders research project since 2008 and has been responsible for the development of new products and methodologies in the leadership practice

Laurence Smith is the Managing Director of RBL Asia & is based in Singapore. He was most recently one of the very few foreigners to ever hold an Executive HR Leadership position in a major Korean conglomerate, & be specifically charged by the CEO with a transformational agenda.

Dave Ulrich has consulted and done research with over half of the Fortune 200. Dave was the editor of the *Human Resource Management Journal* 1990 to 1999, has served on the editorial board of four other journals, is on the Board of Directors for Herman Miller, is a Fellow in the National Academy of Human Resources, and is cofounder of the Michigan Human Resource Partnership.

LG Case Study – Developing a Global Leadership Brand

The visionary new CEO, Yong Nam, had decided that LG Electronics (US$50B, 80,000 employees) should aim to move from its #3 position in the market to #1 – this would mean beating Samsung, an organization twice its size. Understanding that only innovating faster would give LG a chance, the CEO set forth on a deliberate strategy of globalization; a key part of which was developing stronger global leaders while aggressively localizing leadership in all key markets.

LG had already invested hugely in Leadership development, with a large corporate university in Korea and seven regional Learning Centers where the 'LG Way' and a number of leadership courses were taught. These leadership courses ranged from Executive MBAs from top global schools customized to LG to workshops by famous professors and programs from top global leadership program vendors. In all, it was an on-going investment of tens of millions of dollars annually. However, when a thorough assessment was done, the results were disappointing. The current generation of potential executives was less ready than the previous generation; the courses were not aligned with their needs and expectations; LG was not an employer of choice; and employee engagement was dangerously low in many key markets. The replacement cost alone of attrition outside the home market was at least US$274M. Clearly, something was not working.

A deeper analysis revealed confusion between the values integral to the 'LG Way' versus the leadership competencies needed to succeed globally. The existing leadership competency model and development curriculum had evolved piecemeal over time, with each CEO putting their stamp on it and driving it in directions informed by their personal philosophy or the latest book they had read or guru they had met. In fact, despite agreement that leadership development would be driven by a single global model, there were in fact over two dozen different leadership competency models throughout the organization. Each region and several of the larger countries--especially those with CEOs who were passionate about leadership and had their own strong opinions--had developed their own competency models. Not only did this lead to confusion and a waste of resources, it impeded the mobility of talent as there was not a common shared approach to leadership skills and capabilities.

In other words, despite a professional L&D organization, high and sustained investment in leadership, and strong sponsorship from business leaders in training and development, the results were not meeting expectations.

1. Getting the Fundamentals Right: Doing the Code

When LG mapped the existing global competency model to the Leadership Code, numerous gaps were identified, with an overemphasis on Personal Proficiency and a complete absence in Human Capital Developer.

The mapping also revealed a clear disconnect between some of the existing competencies, the training delivered, and the results and the actual leadership behaviors exhibited. (Figure 3)

This mapping made visible for the first time the misalignment between the existing competency model, the behaviors of the current generation of leaders and the actual capabilities required to meet the CEO's visions of innovation and globalization. In fact, the results of this mapping raised significant concerns about LG's ability to become the global #1. Without leaders who knew how to craft a strategic direction and build the talent required for that strategy, we were unlikely to unseat Samsung.

Additionally, the mapping raised questions about how well we were actually developing the competencies we had represented in the model. For example, in spite of the strong emphasis on Talent Manager within the LG Way, the engagement data indicated that the training investments weren't yielding the necessary results. Outside the home market, 1 in 5 white-collar employees were quitting due to poor leadership practices and behaviors, with 'leadership styles and behaviours' accounting for 4 of the top 5 causes of this attrition.

2. Outside-In: What Customers and Other External Stakeholders Expect From LG Leaders

A systematic identification and analysis of what LG's most successful leaders did had not been conducted. The Korean CEO of LG

Figure 3: Mapping existing LG competencies against the Leadership Code
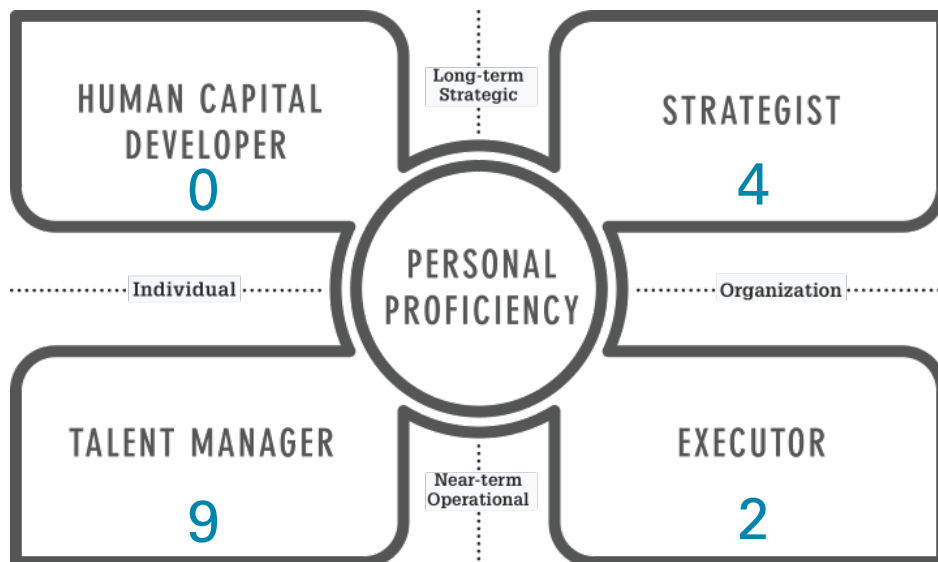
Electronics India for example, was driving strong business growth and LG was #1 in many product areas. LG Electronics India was rated a Top 10 Employer by Hewitt and the CEO voted 'Electronics Industry Man of the Year.' But there had not been an analysis of what he and other very successful leaders were doing versus those leaders who either had poor business results, or good financial results, but very high levels of attrition. LG had never stopped to work out what made an LG leader different, and better, than a leader from a competitor like Samsung, Sony, Nokia, or Haier.

Working with RBL, LG Electronics embarked on a journey to build a single standard Global Leadership Framework based on the Leadership Code and emphasizing unique leadership differentiators based on LG's vision and values.

In addition to interviewing Company and Region Presidents, RBL interviewed LG customers, suppliers, distributors and channel partners, as well as investors and analysts. This 'outside-in' perspective was supplemented by an internal team, composed of global HR staff, who conducted an internal

study analyzing the spend and investment breakdown on leadership, looking at historical leadership assessment data, and employee opinion surveys, among other data sources, to build a complete picture of the current state and a compelling case for change.

An Executive workshop on Leadership Brand was facilitated by RBL and featured a cross-section of global business leaders as well as the Chief HR Officer (CHRO) and Chief Marketing Officer (CMO) and their senior people. The involvement of the CMO and his team was felt to be critical to ensure that the Corporate Brand and Leadership Brand were aligned and consistent. This was to ensure that the promises LG was making to its external stakeholders of customers, investors and community, were aligned with and properly mirrored by the promises made to the internal stakeholders of managers and employees, and were enacted everyday by leaders who literally 'lived the brand' for all stakeholders.

Over the 2-day workshop, RBL played back to the LG Executives what they had heard and seen from all the external stakeholders. This combined with the internal data, enabled and empowered the LG executives to define a new

Leadership Brand for LG Electronics as the basis for the new Global Leadership Framework. (Figure 4)

With the LG Way as the foundation, the 3 differentiators were integrated into the Leadership Code to create the LG Leadership Brand Competency Model.

3. Get it Tight: Reinforcing, Supporting, and Integrating

Despite a strong commitment from the CEO and the engagement of the Global HR Leadership Council, it was clear that a nicely designed model on paper was not going to be enough. There was the need to drive adoption of the new leadership Brand and the behaviors it described through middle management ranks across the world if LG was going to achieve CEO Nam's vision.

The first step was to translate the competency model into behavioral descriptors that would clearly explain the behaviors needed at each level of leadership. That was followed by the development of a 360 assessment based on the model that provided a standard tool by which to assess leaders and help plan their development.

For executives and senior mangers a Leadership Academy was designed, and planned to run over 12 months. The Academy started with a custom 360 based on the new LGE Leadership Brand Competency model. Working with RBL, modules on each of the Leadership Code domains would be complemented by custom-built leadership experiences around the Leadership Brand differentiators. Action Learning projects and ongoing coaching from RBL faculty would ensure development of the new leadership capabilities and behaviors.

For middle-managers, we designed of a scalable learning solution that embedded the LG Leadership Brand assessment and competencies into a business simulation modeled on real market and competitor data. A week-long workshop was designed to help people practice some of the most challenging competencies and learn in an experiential, discovery-based manner. Korean companies are rightly famous for their prowess in execution and LG is world class in this regard. However, the existing leadership style sometimes focused on execution to excess, driving an obsession with 'task' and a neglect of 'team.' This was in fact one of the key drivers to the high global attrition figures. Putting business leaders into a position where they could 'learn by doing' and seeing the negative impact of their leadership styles, enabled people to more quickly grasp the key learnings and let go of cherished behaviors that were no longer appropriate for a more global workforce.

Creation of the new differentiated competencies in the leadership brand and global leadership framework provided a way to assess all existing leadership & learning solutions and interventions, and upgrade or retire them accordingly. It also provided a means by which to drive the design of new solutions and made sure that all future leadership development activities were informed by the leadership brand and assessment.

With a structured process in place, informed by the Leadership Brand, LG was ready to build a pipeline of future leaders well prepared to drive growth and achieve the CEO's vision of globalization.

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