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# Developing Leaders in the Digital Age

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**Josh Bersin**

Founder and Principal at Bersin by Deloitte



## Josh Bersin

Josh Bersin, founder and Principal at Bersin by Deloitte, joins Joseph Folkman in this installment of the Zenger Folkman Leadership podcast series to discuss leadership development in the digital age, using data in the process, and developing leaders early in their careers.

Bersin by Deloitte is the leading provider of research-based information, benchmarking, professional development, and advisory consulting services for strategic HR, talent management, leadership development, recruiting, and training organizations.

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## **Is there anything you'd like to say about your work before we begin?**

One thing that people might not know is that I do not come from the HR or training domain. I got into this by accident 15 years ago when I was laid off from another company and I started doing research. I think one of the reasons I've been successful is that I always look at things from a non-traditional perspective and I try to look at the data around why we are doing various things with people and companies.

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## **As you look around the corner, what do you see in regards to people and leadership that might help some organizations but cause others serious problems?**

The traditional hierarchical model of leadership is basically disintegrating because of youth, digital technology, and communication tools.

Fast-moving, highly effective companies must be better at decentralizing leadership and creating what we call “networks of teams” that are empowered and aligned with goals to do the work, get close to customers, and bring expertise into these teams from anywhere within the company. This is creating a leadership model where younger people direct older people, functional and technical specialists take on more important leadership roles, and work happens in a more networked way.

According to our research, only 25% of the companies we surveyed (out of 7,000) felt that they are set up in a functional fashion. Companies have product groups, geographical groups, customer-centric groups, and different business units. The problem is that all of these groups must be aligned. Leadership's job now is to make decisions that are locally



relevant and important, but also take advantage of other things going on in the company. Companies that are very traditional in their leadership models and reward systems are having the hardest time adapting.

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## **According to your research, more than half of organizations are not meeting their leadership-development needs. Why is this?**

A high percentage of companies don't invest in leadership development or they send their top executives to Harvard for a week once a year. That's not a sustainable process. Building great leaders is systemic and you can't do it through just one event.

In addition, what we want leaders to do today and the expertise they should have is different than it was five or ten years ago. Companies are questioning whether they have the right people in leadership roles and wondering how to realign or replace people in these roles.

The head of HR in a large telecommunications company told me he didn't know if he had leaders capable of dealing with digital disruption, didn't know where to get new leaders, and didn't know if those leaders should be technical or from the outside. He didn't know if the models they had in the past apply today. I hear this again and again.

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## **Is the big difference being digitally savvy and being comfortable in that space?**

I originally thought that digital was just another phrase for technology, but what it really means is that people have to think about their business models in a different way. The startups that are competing with big companies do this naturally, but inside of a big company, it is hard to do.

I met with one of the largest companies in India that is building a large telecommunications network across the country. The CEO is an engineer and understands technology. He decided to not build any information systems that were not based on mobile platforms. He rethought the



entire company and how it operates based on the fact that there are a billion mobile phones in India and his company is a mobile company.

In doing this, he learned that he doesn't need people in the middle telling him what's going on because he has digital information. He doesn't want middle managers—he wants managers actively doing things. In the old model, we needed a lot of middle managers to orchestrate, communicate, and consolidate information.

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## **What important characteristics does the new generation of leaders need to be successful?**

Employees feel more empowered and overwhelmed by the work environment than ever before. We need leaders that are empathetic, can understand people's problems, and can empower and move people into roles where they can be successful. These qualities have always been important, but they are more important now.

Employee engagement and culture are the #1 and #2 things that come up when I talk to companies. Executives want to know how to attract young people, how to get people to stay, how to build a better culture, and how to get people to retrain themselves. Leaders need to be good at the coaching part of their jobs.

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## **With this profound change coming, what are companies doing?**

Some are doing nothing because they don't understand the importance of the topic. Some companies that invest in leadership development are scratching their heads looking for help.

When we wrote the Global Human Capital Trends 2016 report, the number one finding was that 92% of companies believe that they are not organized correctly to succeed—they have people in the wrong jobs, wrong roles, and wrong functions.



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**We recently studied leaders and the leaders at the next level down. If the top leader is ineffective, the leader at the next level down is below average by 23 points. If the top leader is highly effective, the leader at the next level down is above average by 25 points. Leadership is contagious in both ways. Have you seen this in your studies?**

Another way to put it is that “A” leaders hire “A” people. “B” leaders hire “C” people because they feel threatened. If you are in over your head, you are probably a little intimidated hiring somebody who could take your job.

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**You’ve emphasized bringing more science into the process. How are organizations doing this?**

We conducted a database analysis in an oil company with a traditional leadership model of the highest-performing leaders around the world based on the performance of their businesses, their individual performance ratings, and other things. We then correlated that data with their job histories, their development data, where they went to school, and their degrees. We found that some of the highest-performing leaders were not engineers, had not worked in manufacturing or refining, and had never gone down the leadership path in the traditional model. A lot of these high performers were economists with MBAs with no engineering background. Now that we have this data in HR, companies can identify the great leaders and the patterns of development that create the top people.

We can also identify the derailers. A company I worked with performed a statistical analysis of leaders who leave the company and found things the company was doing that directly contributed to the loss of some of its top leaders.



HR vendors are selling technology with out-of-the-box reports that basically prove that, for example, 75% of people who went from this job to that job failed, but if those people went from this job to this other job, they succeeded. When we see the data, we become much smarter about the patterns, experiences, and backgrounds of successful leaders.

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## **As you sit down with HR executives and they say, “Josh, what’s the one thing I should be doing?” is there one thing that stands out?**

I don’t get that question—it’s usually the opposite. I get a lot of questions about problems and the answer is always leadership. “Our culture is bad. We are not innovating fast enough. We have too much turnover.”

If we take a step back and spend an hour or two on this, we find that there are a lot of decisions and priorities at the leadership level that are not in the best interest of the company.

Leaders get rewarded for the numbers. If they hit the numbers at any cost, they get promoted. That’s one factor in performance, but it is not the only factor. A lot of what has to happen is rounding out the definition of the successful leader to include agility, developing people, innovation, external sensing—the things we’ve been talking about. Some companies totally get that and some don’t.

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## **I think that organizations have talent, but they are not developing it soon enough. Do you see a movement towards getting individual contributors ready for leadership positions earlier?**

Absolutely. We need to understand that some of the most successful leaders in any company might be in their 30s. They are not going to be people who have been there 20 years. These people are going to be



engineers, scientists, sales people, and marketing people. They need to be rewarded, promoted, and given opportunity early to encourage them to stick around. The job market is so transparent that if they feel like they are being left behind, they will find another position, especially if they are high performers. Or that position will find them.

Companies need to look for high performers as early as possible because these people can move into leadership positions much earlier than in the more traditional model where it took 25 years to become a top executive.

There is also an unconscious bias here. If you are 60 and you've been with the company for 25 years, are you willing to work for someone that is 35 as a development project for them? Are you willing to coach them? That kind of thing has to happen.





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