

Why SMEs need to build their leaders, in house

By Corrinne Armour

Developing leadership capability is too important to outsource. The best leaders develop leadership in others where it counts—on the job, and when it counts—in the moment. This is especially true in the SME sector where resources for more conventional outsourced leadership development are limited. Here's 5 reasons to develop leaders, in house:

1 Grow bench strength and succession

Leadership is needed at all levels. When leaders can grow leaders, everyone showing potential gets a chance to develop—not just the 'rising stars' or the 'executive team'. Being closer to the strengths and development needs of each leader will give you greater control over the succession planning that is so critical in an SME.

2 Lift your brand

The workforce of today is hungry for progress, and leadership development brings opportunity. Additionally, the right candidates are attracted to a reputation for ongoing development of potential. A 2014 study surveyed 899 individuals globally about their

relationship to feedback and found people wanted corrective feedback more than praise, if it were provided in a constructive manner. 72% said their performance would improve if their manager provided corrective feedback.

3 Save money

86% of HR and business leaders surveyed by Deloitte, cited leadership as one of their most important challenges and yet the majority of HR directors agree that their leadership development programs are ineffective or do not provide lasting results. Sending leaders on a training program—outsourcing the problem—is an expensive and ineffective solution with a poor ROI.

4 See results

One-off training events don't support on-the-job changes. Only 15% of formal learning is applied back into the workplace—85% of learning content is wasted. Conversely, real time leadership development delivered on the job provides targeted leadership development—what you want, when you need it, and consistent with your organisation's culture and the development needs of your people.

5 Save time

Leadership skills are unique to an individual's development needs and each company's culture. Developing the leadership skills in-house, which your people need in order to be more effective in their role, means less time spent on rework, errors, and supervision and more time getting on with the job. Development on the job avoids the need to send your leaders away from the workplace for days at a time.

So no more outsourced leadership training?

Let's be clear. I am not advocating a ban on all outsourced leadership development; development by specialists to fill particular gaps in leadership competency is valid. Your role is to support leadership development in others before, during and after formal training efforts. In-house learning is the glue that holds formal learning in place. Without it, formal development efforts can be a waste of time.

Top tips to embrace in-house leadership development

Business owners can significantly improve the effectiveness of their leadership development efforts

by adopting direct development strategies. Some tips for making the transition include:

1 Redefine roles

Embrace the role of coach to support growth and learning on the job. Leaders need to be both technical experts and talent factories with the ability to grow people. Capitalise on the significant impact line managers and peers have to support leadership development on the job.

2 Redirect focus

Ensure sufficient resources—especially focus and time—are devoted to the sorts of conversations that raise awareness

and develop leadership capacity on the job.

3 Realign outcomes

Understand and focus development efforts on the real business drivers and performance metrics you want to change. What behaviours will be different? How will this impact results? How can you address this by having the conversations that matter?

Leadership development is too important to outsource and may not be the best use of scarce resources. Develop the leadership you need, when you need it, in house, to leverage leadership as a competitive advantage for your business.



Corinne Armour is a leadership speaker, trainer and coach who helps leaders and teams get out of their own way and achieve their objectives. She is co-author of *Developing Direct Reports: Taking the guesswork out of leading leaders*. Contact her at corinne@corrinnearmour.com.

