

# RE-THINKING



# LEADERSHIP

**Rethinking Leadership:  
A Blueprint for Growth, Starting with You.**

Michael Hudson

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**HUDSON**

Hudson Institute of Coaching  
August 2024

## **Abstract**

In the face of increasing complexity, ambiguity, and rapid technological advancements, traditional leadership development models are proving inadequate.

This paper advocates for a paradigm shift towards developmental leadership, emphasizing the cultivation of human-centric skills to foster continual growth in others. By aligning leadership development with these essential human skills, organizations can unlock the full potential of their employees, leading to increased innovation, engagement, and resilience.

Through an analysis of current shortcomings in leadership training and a case study of Nokia's strategic missteps, this paper illustrates the critical need for developmental leadership. It proposes a blueprint for growth that integrates mindset shifts, skill-building, and habit formation, creating a culture of continuous development.

Ultimately, this leadership approach enhances organizational performance and contributes to a more humane and adaptable workforce, capable of thriving in the age of artificial intelligence and beyond.

# Rethinking Leadership: A Blueprint for Growth, Starting with You.

Michael Hudson

Leadership development is not working for today's organizations. In many ways, dominant models for leadership development were designed for a different time. The operating assumptions are out of date—that leadership is about executing a vision and the heroics of a select few at the top. In a world of increasing complexity, ambiguity, and change, these old models are failing us. We need a new paradigm for leadership, one that recognizes that true leadership is about creating the conditions for every individual to thrive and contribute to their fullest potential.

The problem is, vanishingly few leadership development programs today are designed to cultivate this kind of leadership. Instead, we churn out cookie-cutter competency models and deliver one-size-fits-all training that barely scratches the surface of leaders' real challenges. Meanwhile, our organizations are paying the price. Gallup puts the cost of poor management at a staggering \$7 trillion per year globally. The true cost is in the unrealized potential, the stifled innovation, the stilted growth. We need a radical redesign of leadership development that meets the urgency of our times. And we need it now.

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**\$7,000,000,000,000**

Annual cost of poor management globally,  
according to Gallup

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The value of effective leadership development in closing the gap between potential and actual performance is widely recognized. In an era when artificial intelligence and other advanced technologies are increasingly being used to automate routine operational and technical tasks, the need for skilled leaders

## New Paradigm

### Leader Facilitates

- Approach to work driven by team members
- Team members empowered to self-direct
- High performing teams will generate new and unexpected outcomes
- Organizing question: how can we best achieve our team's objectives?

VS.

## Outdated Paradigm

### Leader Directs

- Approach to work driven by manager
- Team members await instructions
- High performing teams will produce expected results
- Organizing question: how can we best complete our tasks?

is more critical than ever. As AI takes over more mundane and repetitive work, human leaders must focus on guiding strategy and making complex decisions that require nuanced understanding, intuition, and creativity—cognitive capabilities that remain uniquely human. Developing leaders who can navigate this new landscape, leveraging technology while providing the vision, empathy and strategic insight that machines cannot, is paramount for organizations to thrive in the age of AI.

How is it that we are falling short of developing people despite the obvious need? Some good news: we know a good deal about why. The short answer is that we have a twofold problem with leadership development:

- Misalignment in what we teach: organizations often focus too heavily on technical skills, despite the reality that these skills are rarely the binding constraint for growth.
- Outdated pedagogy: conventional pedagogical approaches to learning — whether deployed in the classroom or digitally — fall short for adult learners in organizations. They are too theoretical, not experiential enough, and lack application to the real world.

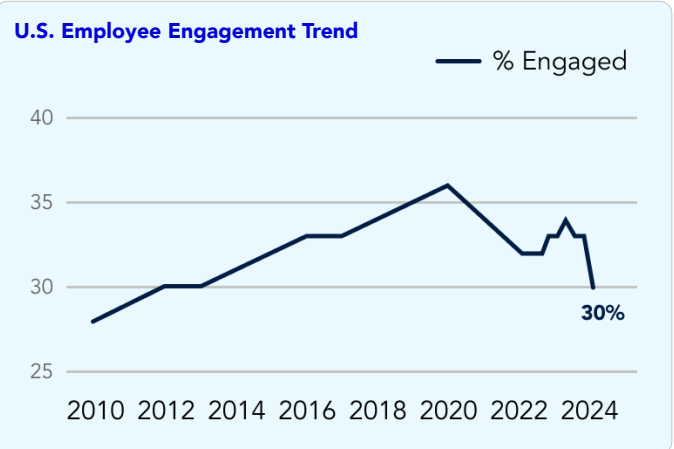
This whitepaper will address “Misalignment on what we teach,” exploring the theory and topical focus of leadership development and proposing a blueprint for growth: developmental leadership. What do organizations teach leaders?

Traditional skills are certainly needed, but leaders have access to endless information on how to do things in today’s world. This is the easy part. But it is the easy part that gets taught. The hard part — and that which is nearly always missing — is helping leaders harness and grow their human skills, those inner skills that allow them to leverage their technical abilities. These include things like empathy, listening, asking powerful questions, and eventually, the ultimate human skill — the ability to foster growth in others. These might sound simple, but the truth is that most leaders have never studied or actively developed these areas, and as a result, they are limiting their performance in everything they do. For example, Gallup estimates that managers trained in basic coaching skills see 72% less turnover in their teams and higher profits and sales.

We need a new paradigm for leadership. Successful leaders of today’s organizations look different than the conventional leadership archetypes we are used to. Technical expertise, while essential, does not define leadership efficacy. It is the price of admission. The art of leadership thrives on human dimensions which operate on the interpersonal level. These competencies enable leaders to navigate the complexities of organizational dynamics, build trust, and inspire their teams toward shared goals. Perhaps we should call it a lost art of leadership. Gallup’s long-running survey of U.S. employee engagement found that the first quarter of 2024 was an 11-year low point following a marked decline in the full year 2023. According to Gallup,

*“U.S. employees were increasingly detached from their employers, with the workforce reporting less role clarity, lower satisfaction with their organizations and less connection to their companies’ mission or purpose. Employees were also less likely to feel someone at work cares about them.”*

This crisis of employee engagement is actually a crisis of leadership.



Source: Gallup

While some frameworks and solutions exist in this realm of the human and relational leadership dimensions, the reality is that they have simply not been adopted in a meaningful way. Consider the concept of “Learning Organizations,” which has been around since the 1970s. The foundational concept is that organizations could enhance their capabilities and achieve their goals more effectively if they learned from their experiences at all levels: individual, team, and organizational. Brilliant thinkers like Peter Senge, Chris Argyris, and Donald Schön contributed to this body of work. But how many learning organizations exist today? Unfortunately, reflective and developmental practices in organizations are far from widespread.

## This crisis of employee engagement is actually a crisis of leadership.

Thanks to the incredible work of many thinkers before us, we can now see clearly what is needed: a framework that focuses on human dimensions that is also simple enough to be adopted at scale.

## A Solution at Scale: Developmental Leadership

At Hudson, we call this idea developmental leadership. Developmental leadership is an approach that emphasizes creating the conditions for all employees to grow every day. In its simplest form, development is intentional engagement with human change. Developmental leadership brings that engagement into everyday work, making it visible and present. It establishes a mindset of “What could I change — or what could we change — to improve the way we are working?” It builds the skills and habits needed to discover and pursue actionable opportunities for growth in the course of day-to-day work. It makes individuals and teams more adaptable in changing environments, more open to new ways of thinking and doing, and more courageous when it comes to taking risks or going against the grain.

### {...} Definition

#### **Developmental Leadership**

An approach in which leaders leverage everyday interactions to provoke growth in those around them

By prioritizing development of the human alongside their technical abilities, developmental leaders act as catalysts for transformative change, multiplying potential in an organization. At scale, it is about increasing the system’s capacity by emphasizing the capacity of those operating inside it. Research conducted by Bob Kegan at Harvard has shown that developmental organizations see better engagement, innovation, and retention, and resilience scores. Not surprisingly, they are usually more rewarding and interesting places to work as well.

Developmental leadership works by making that which is invisible in an organization visible, and then evolving new ways of working that better leverage individual and collective capabilities.

Too often, organizations begin deploying various coaching solutions without first equipping their leaders with the basic vocabulary and skills to support and drive development through daily interactions. Interested in a coaching culture (we prefer the term “culture of development”)? Start with developmental leadership — it is the substrate upon which to build a culture of development, whatever form that might take in your organization.

## **Developmental leaders act as catalysts for transformative change, multiplying potential in an organization.**

### **Case Study: Nokia**

An example of an opportunity for developmental leadership is Nokia circa 2007. Nokia, originally founded as a timber company in 1865, had become a dominant player in the mobile handset industry by the 1980s. By 2007, it commanded 38% of the global mobile phone market and 49% of the global smartphone market, leveraging its expertise in radio and wireless technology. Anybody who lived through that era remembers those ubiquitous early mobile phones!

We now know the rest of the story — Nokia had the rug pulled out from under them when the iPhone was released in 2007. Despite knowing about the iPhone’s development, Nokia underestimated the impact it would have. The iPhone’s revolutionary new features shifted market expectations and preferences, causing Nokia’s market share to fall from 50% in 2007 to 3% in 2013.

What caused this massive strategic misstep?

### Nokia's Market Share 2007 - 2013



Source: ResearchGate

Interestingly, what was visible inside the organization was everything you would hope to see — the strategy appeared dialed in, talented people were on board, and all of the right meetings were happening. Internally, however, trouble was brewing. The invisible dynamic was that the company's middle management was afraid to convey bad news upwards, and this was in the context of Nokia's high-performance culture that prioritized positive messaging over addressing real issues. Despite being staffed with technically smart and capable people, Nokia's culture was driving complacency — people were not saying what was really happening, and they did not feel empowered to point out problems.

The result: although the credible external threat from Apple was visible, people told the executive team that everything was working, even when they knew it was not. In the face of an abundance of data suggesting they were in big trouble, the organization unconsciously colluded to stand up the fantasy that everything was fine. And we, of course, all know how things played out from there.

How can something like this happen? What was missing? There was certainly no lack of talent or technical skill — Nokia, at the time, had some of the most talented executives in the world. And it was not for lack of resources or anything of that nature. The truth is probably something along the lines of the organization developing an invisible agreement that people would not say what they really think. Individual leaders were driven by their fear, and instead of noticing

and learning from it, they avoided it and unconsciously required the organization to avoid it. As a result, rather than learning and innovating, Nokia stagnated and was overtaken. Of course, Nokia is a very different organization today, having reinvented itself in many ways since. But this cautionary tale, or a version of it, exists in many organizations — leaders acting in ways that do not serve the success of the organization, despite ample evidence; strategy failing to drive results because people and groups are not equipped with the human skills to implement it in extremely complex settings.

Developmental leadership is an antidote to these invisible, often unconscious, organizational barriers. It creates a medium for seeing these challenges, discussing them, and growing — as individuals, groups, and teams — as a result of them. The elegance of the approach is that it is simultaneously a strategy for effective organizational work and a powerful driver of talent development.

And in a moment in history when artificial intelligence is quickly outperforming humans on many technical levels, the importance of deepening our capacity for that which is uniquely human is greater than ever.

#### Expected Impact 1

##### Organizational Effectiveness

- Incentives, both explicit and implicit, align with strategy
- Employees communicate openly and without fear
- Ideas and feedback that challenge the status quo are encouraged

plus

#### Expected Impact 2

##### Talent Development

- Increased comfort and proficiency in acting autonomously
- Mindset shift to how to best contribute to the goals of the team or organizations
- Feedback is more readily delivered and received

## What's Missing in Leadership Development Today

Today's leaders — and organizations — face a different set of challenges than leaders of the past. These challenges require the ability to guide people and transform organizations, to support them in being more resilient, innovative, inclusive, and human.

And part of what this means is that leaders are no longer solving linear technical problems. They are embedded in complex adaptive systems, tackling what Harvard Kennedy School professor Ronald Heifetz calls 'adaptive challenges' — complex situations that don't have obvious, black/white answers, where navigating to solutions requires engagement and collaboration from all in an organization, not just from senior executives. Consider the complexity of challenges organizations face today — complete reorgs in the face of the AI wave, massive layoffs, navigating economic uncertainties, and more. Answers are not simple or obvious, and leaders who can help organizations generate new perspectives will bring immense value in these situations.

Some thought leaders are writing about the need for a new paradigm. In her paper *Five Leadership Skills for the Future*, Herminia Ibarra outlines some key ways leadership must adapt to be relevant in today's — and tomorrow's — world. She highlights the need for leaders to transition from a "know-it-all" attitude to a "learn-it-all" mindset to tackle adaptive challenges effectively. Her point is powerful — if we pride ourselves on our ability to execute well on the things we already know, leaders and organizations of today will quickly fall behind. The new paradigm is the leader

who pushes themselves, their peers, and their organizations to discover what they do not yet know in order to stimulate growth and change.

We are no longer in an era where personal mastery is sufficient for leaders. We are in a new era where leaders must stimulate the systems they participate in to ensure alignment with strategy, market environment, and all that is changing around them. For organizations to succeed, leaders must shape the organizations they operate in from the inside out.

And for this to happen, we need a new approach to developing and supporting our leaders.

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## Answers are not simple or obvious, and leaders who can help organizations generate new perspectives will bring immense value

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### All Things Change When You Do

(Kūkai, Japanese Buddhist monk)

Developmental leadership is an approach to organizational transformation that starts with the individual. Our belief, and what we have observed through decades of work with organizations, is that when a system reaches a critical mass of individuals embodying developmental leadership, the system itself changes — it is reshaped — to allow for and perpetuate developmental principles and practices. System change follows individual change, or as Japanese Buddhist Monk Kobo Daishi once said so simply, "All things change when you do." And so we start with

#### {...} Definition

### Complex Adaptive System

A network of interacting components (ex. people/ teams in an organization) that adapt to and learn from each other, resulting in constant and often unpredictable change

# And so we start with ourselves, building each person into an agent of development, and observe as these small sparks collectively transform the system from the inside-out.

ourselves, with the individual, building each person into an agent of development, and observe as these small sparks collectively transform the system from the inside-out.

Leadership skills are no longer limited to skills that enable a leader to execute strategy through a team. Leadership skills now must include those that allow leaders to transform an organization from within in an ongoing way. The way this happens is through micro-development interactions amongst hundreds or thousands of employees on a daily basis.

The ideas in this whitepaper are based on research from psychology, adult development, leadership development, and systems theory. While not all thinkers, theories, and concepts will be covered in depth, I will reference the most important linkages throughout.

What, specifically, does developmental leadership look like? Drawing on decades of work and building

on ideas from thinkers like Bob Kegan, Lisa Lahey, Pamela McLean, Ronald Heifetz, Carol Dweck, and Edgar Schein, we have learned to organize a framework into three layers:

- **Mindset:** Attitudes, beliefs, or ways of thinking that an individual holds
- **Human Skills:** Human-centric abilities that unlock developmental opportunities
- **Habits:** Ingrained behaviors that result from taking on both Mindset and Skills

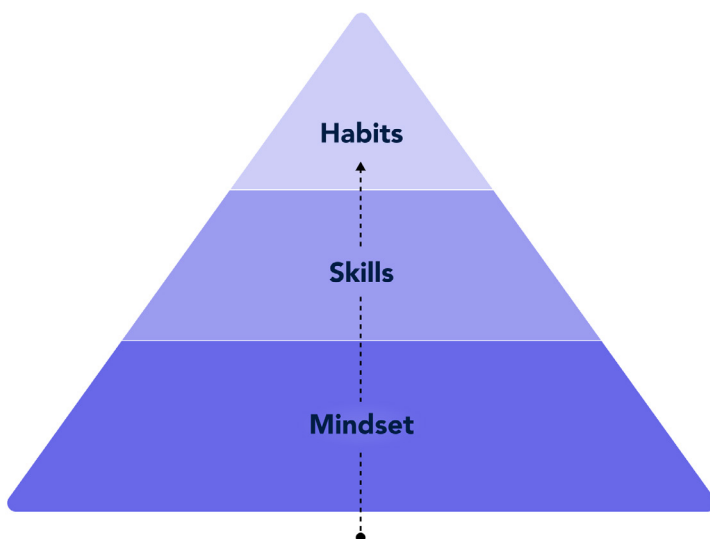
Let's explore each of these layers one at a time.

## Mindset

Mindset is the starting point for developmental leadership. In this dimension, leaders have the opportunity to examine their current attitudes and perhaps adopt new mindsets that will set the stage for skill development.

As we know well in the field of coaching, change starts with mindset. If we don't update our way of thinking about a situation, new skills or behaviors are unlikely to stick. Consider the last time you tried to change a habit in your life without also changing your way of thinking about that activity. In most cases, these changes are short-lived.

We all bring a variety of mindsets to our work and lives, some conscious, some unconscious, some helpful and some less so. Consider the leader who has a tendency to see the problems of others but never their own. Or the leader who, when they notice a problem, has the habit of throwing on a cape and rushing to the rescue, depriving others of the chance to learn. Many of us have also encountered leaders







**Leader Tip**

**Try these practices to create an atmosphere of growth for your team.**

- Show up for your team as a guide, not a judge
- Encourage stretch goals regularly and support people as they stretch
- Send the important message that failure happens, and it is always an opportunity to learn
- Consciously practice giving feedback in a way that promotes learning and future success

who struggle with failure, viewing mistakes as scars on their record rather than opportunities to grow.

Mindset matters. Your mindset is a collection of your most basic beliefs. These beliefs guide your behavior and your thoughts and have a powerful impact on your ability to grow.

The key mindset shift for developmental leadership is moving from a place of knowing to a place of curiosity. At Stanford University, Carol Dweck has done compelling work to bring this mindset shift to life. She presents the polarity of fixed and growth mindsets as captured in the table below. At the heart of her thinking is — if we are riveted to performing versus learning, it is very challenging to grow. We must liberate ourselves by allowing for mistakes and messiness, which are necessary conditions for learning and developing new capacities.

A growth mindset is a prerequisite for developmental leadership. It is foundational to one’s understanding of how growth happens and how to support it in others.

## Human Skills

Equipped with foundational mindset awareness, we can now begin to explore new skill-building. This area is our bread and butter at Hudson — we have spent nearly four decades distilling these skills and developing state-of-the-art approaches to teaching them in various contexts.

## Human Skill 1: Listening

All too often, most of us ‘listen lightly’ and then focus on our response or retort. This is sometimes referred to as “listening to respond.” In these cases, our listening ear focuses on what the words of another mean for me, and our mind wanders to find a situation we’ve experienced that is similar to the one being shared. We seldom actively and fully listen to learn more, to understand how a situation is viewed by another, and to explore what this means to the other. Listening to learn is not our natural inclination. Why? We are in a hurry, we imagine we know what the other is going to say, we have a knee-jerk reaction to defend ourselves by coming up with our own explanation, and more.

Listening to learn opens new territory for us as leaders. When someone can feel you listening to them — actively listening to what they are saying and what it means to them — something magical happens. They start sharing what is really going on, what they fear and what they are excited about. The result is a connection between two people that is generative and honest. Consider how often you experience this in your work and life? For most of us, the truth is that we have only a few people in our lives who know how to listen effectively.

In the context of developmental leadership, listening is the foundational skill. It is one that can be put to work nearly all the time and it is one that we can practice daily. Listening is an extremely high-return area

### The Growth Mindset

### The Fixed Mindset

I can grow, change, and learn.	My qualities are fixed, nothing to learn.
I learn from my failures.	My failures measure me.
Not yet	Never
Practice	No practice
Overcome deficiencies	Hide deficiencies
Stretch myself	Play it safe

to develop — you can watch your relationships shift as you get more comfortable asking more and telling less. And, although it's not the focus of this whitepaper, you may find benefits that extend far beyond your work life!

## Human Skill 2: Inquiry

Inquiry is deceptively simple — at its root, it is the questions we ask and the way we ask them. However, the gap between a well-honed inquiry-based approach and the clunky “do and tell” approach (with a few leading questions sprinkled in) is huge. Well-timed questions can quite simply change the nature of our interactions, our relationships, and our capacity to actively engage in development opportunities with those who work on our teams. We often encourage leaders to adopt the mantra of: “Ask more and tell less.” Sounds simple enough, right?

Turns out, in the fast-paced world of ‘do and tell’ we live in, few leaders find themselves naturally inclined to the ‘ask’ — asking takes time and requires intention and attention; while our ‘tell’ muscle is a well-developed default that is quick, easy and readily available! The refrain of most leaders, when asked about their tell-ask ratio, goes something like this: “People expect me to have the answers,” or “It takes too much time to coach, so instead, I find myself often telling my people what to do,” or “I’ve been in this organization for a long while, and there is very little I haven’t seen – so sharing my perspective often seems like the most efficient approach to take.” Leaders we talk to (we work with hundreds of organizations annually) have endless reasons why fixing problems, rather than asking questions, is necessary in their work.

Research tells us, though, that the ‘telling’ approach often leads to repeat telling (we call this the boomerang burden) and ultimately renders us much less effective in engaging in meaningful coach-like conversations that promote change.



Leader Tip

### Try these practices to build your capacity for listening to learn.

- Get fully present and put your last conversation, current worries, or the next meeting “on the shelf”
- Find a quiet place to be in a conversation where you won’t likely be interrupted
- Practice the words “tell me more”
- Practice a state of “wonderment” — wondering what might else be going on for the other, what more you could learn about the experience they are sharing
- Avoid telling stories of similar experiences you have had, no matter how tempting it is to do so

{...} Definition

### Boomerang Burden

A dynamic that emerges between a directive manager and the people they manage, in which individuals are tacitly encouraged to return to their manager for more direction rather than expanding their skillset and job autonomy

Leadership guru Jim Collins says it well when he writes in *Good to Great*, “The great leaders in our studies all asked lots of questions. They were Socratic. By asking questions, they got the brutal facts, as well as lots of insights and ideas.” Collins reminds us that if a leader wants to create a climate of trust in which truth is heard, it requires a leader to ‘increase one’s ‘questions-to-statements ratio’.

**Is it really possible that highly skilled professionals need to learn how to listen? The answer is yes.**

# Dealing with feelings and relating to one another is not a distraction from our work — it is part of our work.

What a positive challenge for us – track our questions-to-statements ratio and work to double our questions over a period of months! In fact, leaders who increase their questions-to-statements ratio are doing several things at once – empowering their people to come up with their own solutions to problems, increasing a collaborative environment, encouraging innovative thinking, and very likely, creating the sort of environment where people want to work at their best. Remember, the quality of questions matters (we all know well what a ‘leading question’ sounds like).

Edgar Schein, a well-known organizational psychologist, sheds light on this topic in his book *Humble Inquiry*. He writes about the common pathology that exists in many organizations, particularly in the upward communication patterns. He makes a case for the power of ‘humble inquiry’ when he writes:

*“Subordinates know lots of things that would make the place work better or safer than they for various reasons withhold. If you survey them and ask ‘why aren’t you telling your boss what is really going on,*



**Leader Tip**

## Try doing an ‘Ask More, Tell Less’ audit.

- Track situations that arise in your work
- Record whether you intervene with ‘asking’ or ‘telling’
- Record the impact of your intervention



**Leader Tip**

## Try using these starter questions to practice asking instead of telling.

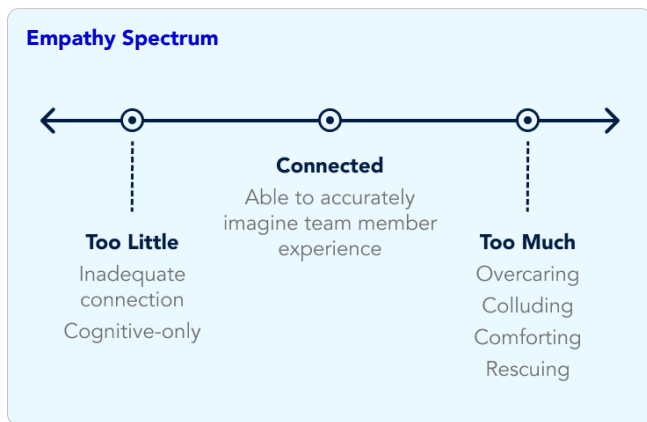
- What is your perspective?
- Have you encountered this problem before? What did you do that worked?
- Any other ways of approaching this situation?
- What would be the best possible outcome for you?
- Any sense of what you could change in your approach that would get you better results?

*they’ll say 1) he shoots the messengers, 2) I used to tell him but he never really took any interest in it, or 3) I tell him but they never fix anything so I no longer have any incentive to tell.’ Now, if I’m right and that is the problem, the only way to cure that is for the boss to change his behavior, to go to that subordinate and engage in humble inquiry.”*

So whether we frame this as ‘Ask more and tell less’, increasing your questions-to-statements ratio, or engaging in humble inquiry—the message is the same. We live in a lopsided world where our standard reflex is to tell too much of the time. Yes, there will always be a need for solving and telling—we aren’t advocating throwing out the baby with the bathwater—but there is plenty of room for most of us to create a healthy balance and up our question ratio.

## Human Skill 3: Empathy

For many, empathy feels a little out of place at work. It seems like something to consider in our personal lives and set aside in professional interactions. That is a mistake. Empathy is the key ingredient to connecting with others and building relationships. Without relationships, people lack the trust and sense of safety required to be vulnerable and grow. Development simply will not happen, no matter how strong you are in other areas.



## Human Skills: Summary

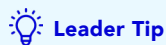
These human skills sometimes look simple at first blush. Is it really possible that highly skilled professionals need to learn how to listen? The answer is yes. Through decades of working with extremely high-performing and experienced executives, we have seen this repeatedly. While leaders know how to do these things, the default is rarely a developmental approach.

Seemingly small shifts in these areas can produce large changes in how people work and how much they learn in an organization.

Dealing with feelings and relating to one another is not a distraction from our work — it is part of our work, because we are all human beings (for now!).

Empathy is the simple act of showing you care by embracing and identifying with other people’s experiences, feelings, and perspectives. When someone shares something that they are struggling with or something painful in their work or life, it makes them feel seen by you. The good news is that a little empathy goes a long way, and we can all learn how to use it in our relationships.

The empathy spectrum above is a good basic guide for determining whether you are in the connected zone with empathy or whether you might consider applying more or less to increase your connectedness.



**Leader Tip**

### Try these practices to demonstrate greater empathy.

- Empathy can sometimes just be the act of saying, “Wow, that sounds really hard.” No solution, nothing to do — just seeing them.
- When a co-worker is frustrated or emotional about a project, take a moment to ask about what’s going. Failing to connect to their frustration creates distance and ultimately hinders your work.
- Share about your own challenges and development areas to invite more vulnerability from others.

### Leverage Human Skills

#### Developmental Approach

- Listening deeply in order to learn about others
- Asking open-ended questions that prompt others to share their perspective
- Demonstrating empathy for the feelings and experiences of others

**VS.**

### Uphold Status Quo

#### Default Approach

- Listening to what it means to me instead of to the other
- Asking questions that narrow possibilities instead of expanding
- Being barely present in daily relationships while rushing from thing to thing

## Habits

Habits are behaviors that we exhibit with minimal to no effort. They represent our mode of operating, and they drive much of our impact as leaders. When leaders build habits that are generative and healthy, they drive growth in an organization with minimal effort. Developing behaviors into habits requires a methodical approach, but over time they become reflexive. Practiced at scale in an organization, the habits create the conditions for culture change.



Habit #1

## Making Conversations Matter

Leaders are intentional about activating their skills in the course of daily interactions.

### Habit 1: Making Conversations Matter

When leaders approach every conversation with a growth mindset and leverage their listening, inquiry, and empathy skills, they create safe conditions for vulnerability, are better able to elicit a growth mindset from their conversation partners and better able to get to the heart of what is being discussed.

As a result, people are willing and able to engage in tough but important conversations. These could be debates about strategy, disagreements on product design decisions, or emotional conflicts about a company's return to office policy.

The seminal work *Crucial Conversations* dives deep into conversations that matter, defining them as times when stakes are high, opinions differ, and emotions run strong. When we are adept at navigating such conversations, we move beyond managing disagreements and into transforming them into drivers of innovation and trust.

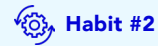
Although the developmental leadership framework is not designed explicitly for these moments, the foundational skills are listening, inquiry, empathy, and the ever-critical growth mindset. These ingredients equip

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**Conflicts are no longer entrenched or avoided but rather leveraged for individual and organizational learning.**

individuals with the basic skills required to navigate tough relational situations in service of a bigger goal.

The result for an organization is that productive dissent is valued and diverse perspectives are invited. Conflicts are no longer entrenched or avoided but rather leveraged for individual and organizational learning. That is huge.



Habit #2

## Minding the Elephants

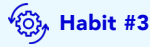
Leaders actively call attention to and release any elephants in the room.

### Habit 2: Minding the Elephants

In "Adaptive Leadership," a framework developed by Ronald Heifetz and Marty Linsky, the "elephant in the room" refers to significant, often problematic issues that everyone knows but no one wants to discuss. These tough, unaddressed problems can hinder progress, create underlying tension, and prevent an organization or group from adapting effectively to new challenges or changes.

This might sound obvious, but it is rarely the case that individuals and groups are able to say what's really happening, just think back to that Nokia example where an entire organization colluded to avoid an elephant of existential proportions. They may be aware of and consciously avoiding the elephant, or they may have become so accustomed to the elephant that they no longer notice it.

Developmental leaders are in the habit of listening for traces of the unspoken issues that are guiding people's behavior, and using inquiry and empathy to encourage honest dialogue, thus bringing the elephants out into the open. They are able to do so because of the meaningful relationships they have established throughout the organization. This behavior is essential for leaders and organizations operating in complex, changing environments where adaptability and resilience are crucial.



Habit #3

## Engaging in Micro-Development

Leaders use everyday interactions to facilitate growth and change in others.

### Habit 3: Engaging in Micro-development

Development is extremely difficult to operationalize in organizations. Many employees are looking for growth; some even have an idea of their most important growth areas. Sadly, most people (managers or otherwise) do not have the necessary skills to have developmental interactions. They give advice, suggest a book or article, or point to an online course. These things are not inherently bad, but they are also not developmental — they offer technical fixes that generally fall short of the hard and important development that people really need and often want.

Coaches are well-trained in this type of development and skillfully deliver results in long—and short-term engagements. But even in the best of circumstances, only a minority of employees in any organization will be able to access this form of developmental coaching.

Developmental leaders look for everyday opportunities to provoke professional and personal growth in their direct reports and other colleagues by inviting reflection, probing for underlying beliefs and motivations, and encouraging self-directed change. This is not about adding on more conversations that are focused on development, rather bringing development into the conversations that are occurring anyway.

Micro-development sparks small, incremental changes day over day. For the individuals receiving this devel-

## Micro-development sparks small, incremental changes day over day.

opment, these changes add up to substantial growth over time. In the context of a system, micro-development has compounding effects.

## The Power of Micro-development

Micro-development interactions are the key to scaling developmental leadership across an organization. By equipping most employees with the foundational skills to have developmental conversations in their day-to-day work, we can create a culture where growth and learning are woven into the organization's very fabric.

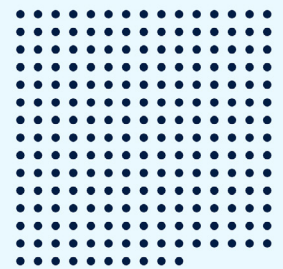
These interactions may seem small - just 10 minutes here and there, tucked into the flow of regular work - but their cumulative impact is immense. Consider a large organization of 100,000 employees, where every individual has been trained in the art of developmental leadership. If just half of these employees engage in one 10-minute developmental conversation daily, the organization will collectively invest 2,200,000 hours in development each year.

### Scaling Development



50% of 100K employees

$$\times \frac{10 \text{ min}}{\text{day}} =$$



2.2M hrs of development / year

To put this in perspective, providing this level of development through traditional means like coaching or consulting would come at a staggering cost - conservatively estimated at \$500,000,000. However, when we build the capacity for development from within, we can achieve a scale of growth that external interventions simply cannot match.

Micro-development interactions are not just about quantity but also quality. By stepping back from the tactical demands of the moment and carving out a

space for reflection, exploration, and growth, these conversations create a new kind of relationship between employees. They foster trust, vulnerability, and a shared commitment to each other's success. In these small moments, people can see each other not just as colleagues but as whole human beings with untapped potential.

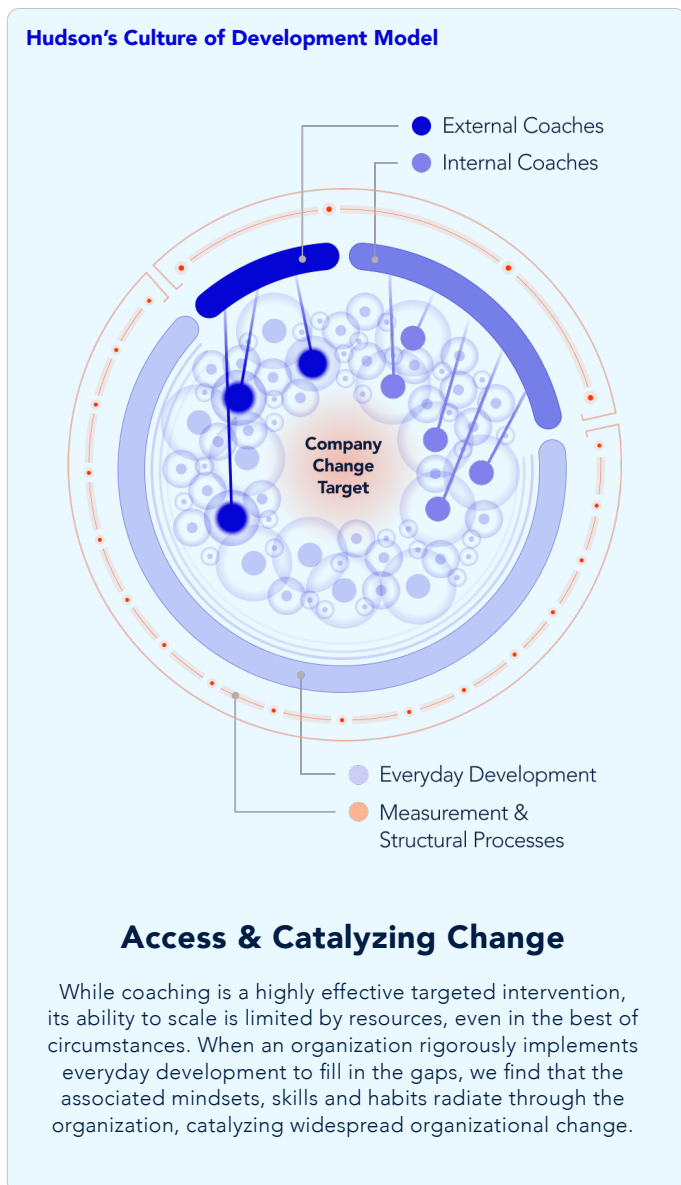
Over time, as these interactions become a regular part of the workday, they begin to reshape the very culture of the organization. Development becomes an integral part of how work gets done, rather than just something that happens in formal training programs or performance reviews. Employees start to see

## Development becomes an integral part of how work gets done, rather than just something that happens in formal training programs or performance reviews.

themselves not just as cogs in a machine but as active agents in their own growth and the growth of those around them.

This is the true power of micro-development at scale. It creates a ripple effect that starts with individuals, spreads to teams and departments, and ultimately transforms the entire organization. And because it is embedded in the daily rhythms and relationships of work, its impact is deep and enduring. Long after any single training program or initiative has faded from memory, the development culture remains, continually renewing itself through the ongoing practice of developmental leadership.

In a world where change is the only constant and the challenges we face are ever more complex, this kind of resilience and adaptability is not just a nice-to-have but a necessity. Organizations that can tap into their people's full potential will thrive in the face of uncertainty and disruption. And micro-development, powered by a culture of developmental leadership, is the key to unlocking that potential at a scale never before possible.



### {...} Definition

#### Everyday Development

The ongoing practice of applying micro-development in routine conversations, either within a single relationship or across a team or organization

## How and Why it Works

Developmental leadership is a simple yet impactful approach to people development in organizations. As we explored earlier, the inputs are incredibly straightforward and realistic to adopt. The outputs are powerful. While the full scope of outcomes unlocked by enabling human capabilities is difficult to quantify, research points to several key areas where developmental leadership drives tangible results.

### Satisfaction

As I noted earlier, when managers invest in the growth of their team members, employee satisfaction increases. Google's seminal research on team effectiveness, called Project Aristotle, powerfully reinforces this point. As reported in *The New York Times Magazine* (Duhigg, 2016), Google studied more than 180 teams and found that in those with high psychological safety, a condition actively fostered by developmental leaders, the employees were more satisfied, engaged and effective in their work. Developmental leadership creates an environment where employees feel safe to take interpersonal risks, voice ideas, and work through challenges together – leading to heightened satisfaction and performance.

### Improved Retention

Retention is another key outcome of developmental leadership. The impact here is quantifiable: a study reported in the *Harvard Business Review* (Coutu & Kauffman, 2009) found that managers who consistently coach and develop their employees experience

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**Managers who consistently coach and develop their employees experience turnover rates on average 1.4 times lower than those who don't.**

Source: *Harvard Business Review*

### {...} Definition

## Psychological Safety

Trust that one's contributions, questions, and errors will be met with respect, and that honesty and good faith efforts will never be punished

turnover rates on average 1.4 times lower than those who don't. When leaders prioritize their people's development, those employees feel valued and invested in, leading to improved retention and significant cost savings for the organization.

### Employee Engagement

Employee engagement is another area where developmental leadership excels. Gallup's extensive research, captured in its *State of the American Manager* report, reveals the critical role of managers in driving engagement. The study found that managers account for at least 70% of the variance in team engagement - underscoring the immense positive and negative impact they can have.

Gallup's research also quantifies the engagement gap between teams led by the best and worst managers:

- Teams led by the top 10% of managers achieved an average 61% engagement rating.
- Teams managed by the bottom 10% achieved only 20% average engagement.

This stark contrast demonstrates the power of great managers to create the right conditions for engagement to flourish. Through their focus on employee growth, psychological safety, and strengths, developmental leaders are well-equipped to be such managers.

The *State of the American Manager* report further reveals that employees who feel their manager is invested in them as people are more likely to be engaged. Gallup found that employees who strongly agree that they can approach their manager with any type of question are 54% more likely to be engaged. Developmental leaders, emphasizing building trust, showing empathy, and practicing open communication, can create this approachability that leads to engagement.



Moreover, Gallup found that engagement soars when managers help employees set work priorities and performance goals. Unfortunately, only 12% of employees strongly agree that their manager helps them set work priorities, and 13% strongly agree their manager helps them set performance goals. Managers can tap into this wellspring of engagement potential by consistently practicing these essential developmental leadership behaviors.

Finally, Gallup discovered that when managers focus on employees' strengths, 61% report being engaged, twice the average (30%) of U.S. workers. Strengths-based development is core to the developmental leader's toolkit. By emphasizing employees' talents and helping them build on their natural capabilities, these leaders create the conditions for exceptional engagement.

### Better Team Performance

The impact of developmental leadership also scales up to drive better performance at the group level. Google's Project Aristotle (Duhigg, 2016) is especially illuminating here: teams with high psychological safety and healthy group norms, nurtured by developmental leaders, achieve an average of 17% higher productivity than low psychological safety teams. That's nearly an extra day's worth of productivity each week, unlocked by creating the right team conditions. Supporting this, a study cited in CCL's *Driving Performance* white paper (2016) found that organizations that are strong in leadership development achieve earnings growth 18.7 times greater and stock price growth nine times greater than their peers. Developmental leadership, it turns out, is a rising tide that lifts the entire team and organizational performance.

### Faster Innovation

Finally, accelerated innovation is a key outcome of developmental leadership. Gumusluoglu & Ilsev's (2009) research with software development firms quantifies this link. They found that in these real-world R&D teams, transformational leadership behaviors correlated with organizational innovation levels that were, on average 28.5% higher. By encouraging creative thinking, championing new ideas, and articulating a compelling vision, transformational leaders set the

#### The Impact of a Developmental Approach to Leadership

##### **Satisfaction** *Google's Project Aristotle, 2016 (via NYT)*

A focus on cultivating psychological safety correlates to higher levels of employee satisfaction, engagement, and effectiveness.

##### **Retention** *Coutu & Kauffman, 2009 (via HBR)*

Managers who consistently coach and develop their people experience turnover rates 140% lower than those who don't.

##### **Engagement** *Gallup, 2015*

Manager quality accounts for at least 70% of the variance in employee engagement levels.

##### **Team Performance** *Google's Project Aristotle, 2016 (via NYT)*

Teams with higher psychological safety and healthy group norms achieve an average of 17% higher productivity, nearly equivalent to an extra day of work each week.

##### **Innovation** *Gumusluoglu & Ilsev, 2009*

Transformational leadership behaviors correlate with 28.5% higher innovation levels on average.

stage for continuous innovation. CCL's research (2016) further supports this, with data showing that organizations adept at leadership development are 29 times more likely to have a robust innovation pipeline. In an era of constant disruption, the ability to innovate rapidly is an increasingly vital competitive advantage.

In summary, the data paints a compelling picture: developmental leadership is a proven pathway to enhanced satisfaction, retention, engagement, performance, and innovation – the very capabilities organizations need to thrive in a complex world. By committing to their people's growth and creating environments where everyone can do their best work, developmental leaders bring out the full potential of individuals, teams, and entire enterprises. The numbers speak for themselves – and they make a powerful case for the transformative impact of this new leadership paradigm.

# These are not just numbers on a balance sheet. They represent real human potential – the untapped creativity, passion, and ingenuity of millions of individuals around the world.

## Conclusion

One of President John F. Kennedy's favorite lines was, "A rising tide lifts all the boats." He used it often. It's the simple idea that growth benefits everyone. But as a Navy man, President Kennedy would have known that each boat needs to be shipshape to rise on the tide, and those holed below the waterline won't rise at all.

The leaders who will help us rise in the 21st century will be equipped with more than technical skills. In a world of unrelenting change and complexity, the human skills — empathy, presence, listening, inquiry, and the ability to foster growth in others — truly differentiate great leaders.

We are teaching leaders the wrong things, and the impact of this misalignment is profound. When we fail to equip leaders with the skills they need to unlock their people's full potential, we pay a steep price in lost productivity, innovation, and engagement—billions of dollars in lost productivity, millions of employees disengaged from their jobs. The root cause of this crisis is clear: a failure of leadership.

But there is hope. Developmental leadership offers a blueprint for growth that addresses this misalignment head-on. By focusing on the skills that truly matter, developmental leaders create the conditions for every individual to thrive and contribute to their fullest potential. The results speak for themselves: organizations that embrace developmental leadership see employee satisfaction, engagement, and innovation rates soar.

These are not just numbers on a balance sheet. They represent real human potential - the untapped creativity, passion, and ingenuity of millions worldwide. When we invest in the growth and development of every person, we create a ripple effect that extends

far beyond the walls of any single organization. We create a world that is more resilient, more innovative, and more deeply connected.

In an increasingly complex, uncertain, and interconnected world, the imperative for this new kind of leadership has never been greater. The challenges we face—from climate change to socio-economic inequality to the transformative impact of artificial intelligence—demand leaders who can navigate ambiguity, build trust, and inspire others to reach for something greater than themselves.

Developmental leadership offers a path forward. By aligning what we teach with what leaders truly need to know and embody, we can create organizations that are not only more prosperous, but also more human. Organizations where leadership is not a title or a position but a way of being - one that inspires us to be our best selves and to create a future that works for everyone.

### Leader Tip

**Everyday development doesn't mean more conversations, it means *making more of conversations.***

- Everyday development is about looking for micro-development opportunities in the interactions that are already occurring.
- Over time, those receiving everyday development become less reliant on the manager.
- Once learned and integrated, everyday development increases capacity and saves time.

The time for action is now. The evidence is clear, and the stakes could not be higher. By embracing developmental leadership and committing to the growth and potential of every individual, we can turn this blueprint into a reality - and in doing so, we can reshape the very fabric of our organizations and our society for the better. Shifting our focus from teaching leaders to do what we already know to teaching leaders to ask questions and explore that which we don't know is not easy. Navigating the increasing complexity of our world will undoubtedly be uncomfortable, but what is exciting is that we know the path we need to walk.

Ultimately, developmental leadership is about more than building better organizations. It is about building a better world - one leader, one person at a time. It is about finding the human in the machine, the purpose in the process, and the potential in every single one of us. This is the great work of our time - and it is a work that will forever change who we are and what we can become.

#### About the Author

### Michael Hudson

Michael serves as CEO at the Hudson Institute of Coaching, one of the world's premier coach training and corporate coaching organizations. Michael has a Master's in Organizational Psychology from INSEAD and spent 10 years of his career living and working in Southeast Asia and East Africa, where he helped build what is now Africa's largest direct service NGO. Michael also works as a coach, working primarily with startup founders and social entrepreneurs. Michael believes coaching is needed in our world today more than ever before, and he is dedicated to using it to create a more purpose-driven world.

#### Hudson Institute of Coaching

For nearly 40 years, Hudson has been training executive coaches through its prestigious and pioneering coach certification program, earning a reputation for graduating the best coaches in the business. 15 years ago, in response to increasing demand from industry leaders, Hudson developed curriculum and coaching solutions tailored to the needs of organizations in a rapidly changing world.

Today, Hudson's innovative suite of corporate services is designed to create and sustain cultures of development, in which impactful, strategically-aligned coaching is available to all levels of leadership and all employees have access to meaningful everyday development.

## Rethinking Leadership: A Blueprint for Growth, Starting with You.

Michael Hudson

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August 2024