# Leadership development in a post-crisis world

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## There is an acute sense that the recent financial crisis was a crisis of leadership, both at the government and corporate levels.

If nothing else, the recent meltdown of financial markets and the fall of very powerful and well-established firms have highlighted the need to rethink the essence of business leadership.

Indeed, a report just released in the United States by the Financial Crisis Inquiry Commission has laid much of the blame for the economic meltdown on massive failures of leadership at the very top of many of the country's key financial institutions, from the Federal Reserve and the U.S. Treasury to the major credit rating agencies and top banks.

In this sense, the new book, *The Future of Leadership Development*, could not have come at a more timely moment. Based on papers prepared for the conference, "The Future of Business Leadership: The Role of Business Schools," held at IESE in 2008 to mark the school's 50th anniversary, the book is a collection of essays by the deans of leading international business schools and top management scholars.

As IESE Dean Jordi Canals explains in the introduction, "what we are witnessing today in many companies is a combination of reckless strategic decisions, excessive short-term focus and poor governance mechanisms."

While it may be true that external shocks were a major exacerbating factor in the crisis, the lessons that need to be learned are both real and urgent.

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## Soul-searching questions

Canals invites readers to ponder a whole series of challenging questions: What could companies have done differently? Was there a more effective approach to assessing risks and evaluating investment decisions? Were the goals and objectives set by boards of directors realistic? What types of business leaders have companies been looking for, and universities helped to develop?

The challenge is not so much to apportion blame, says Canals, but to learn what could have been done better, what the responsibilities of CEOs are, and — perhaps most importantly — where the focus of leadership development in the future should be.

The book is divided into three parts. In the first part, perspectives on the role of business schools in leadership development are provided by prominent industry insiders.

They include Jay O. Light, dean of Harvard Business School; Dipak C. Jain, professor and dean emeritus of the Kellogg School of Management; Arnoud de Meyer, president of Singapore Management University; J. Frank Brown, dean of INSEAD, and IESE Dean Jordi Canals.

IESE Prof. Pedro Nueno puts forward a compelling case for the positive contribution business schools provide to society. He also predicts that business schools will still be with us at the end of this century, though he warns that some we may expect to figure prominently in the list of the top schools may have disappeared altogether, to be replaced by others that do not even exist today.

## What's missing in business education

The second part of the book is organized around some lateral issues of special relevance in business leadership and management education. It features contributions from a number of leading management scholars, including Stanford University Professor Jeffrey Pfeffer, who proposes an agenda for change in the model of leadership development at business schools.

Pankaj Ghemawat, Anselmo Rubiralta Chair of Globalization and Strategy at IESE, discusses the range of strategies available to business schools for bridging the globalization gap, both within and beyond their institutions.

Ghemawat underscores that there remains much to be done, especially in light of the fact that even the world's top business schools are still failing to deliver on the most important globalization issues.

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IESE Prof. Josep M. Rosanas argues the case for a more humanistic approach to organizations, leadership and decision making. Along these lines, IESE Prof. Antonio Argandoña proposes a broad action theory to help overcome some of the limitations in most mainstream theories of the firm.

## Lack of good leadership

The third and final part of the book is organized around two papers prepared by IESE faculty that introduce some practical ideas for leadership development.

In the first paper, professors Mireia las Heras and Nuria Chinchilla discuss ways in which CEOs can develop leadership within their own organizations.

In the book's final chapter, Julia Prats and research assistant Remei Agulles explore the challenges firms face in incorporating, training and transferring a new generation of leaders.

They conclude by urging business schools and corporations to stop focusing exclusively on developing technical skills and intellectual content, and instead to adopt a more integral approach to their teaching and training — a message that is echoed throughout the book.

Writing in his own chapter, "In Search of a Greater Impact," Canals notes that the problem in many of the firms that triggered the crisis "was not lack of knowledge or technical skills, but lack of good leadership."

And though business schools alone cannot solve these problems, they do have the potential to help address many of them. Indeed, as Jeffrey Pfeffer warns, failure to do so "puts the continued success and possibly even the legitimacy and existence of business schools at risk."

All of which makes Canal's *The Future of Leadership Development* highly recommended reading for any business school that aspires to mold the business leaders of the future.

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