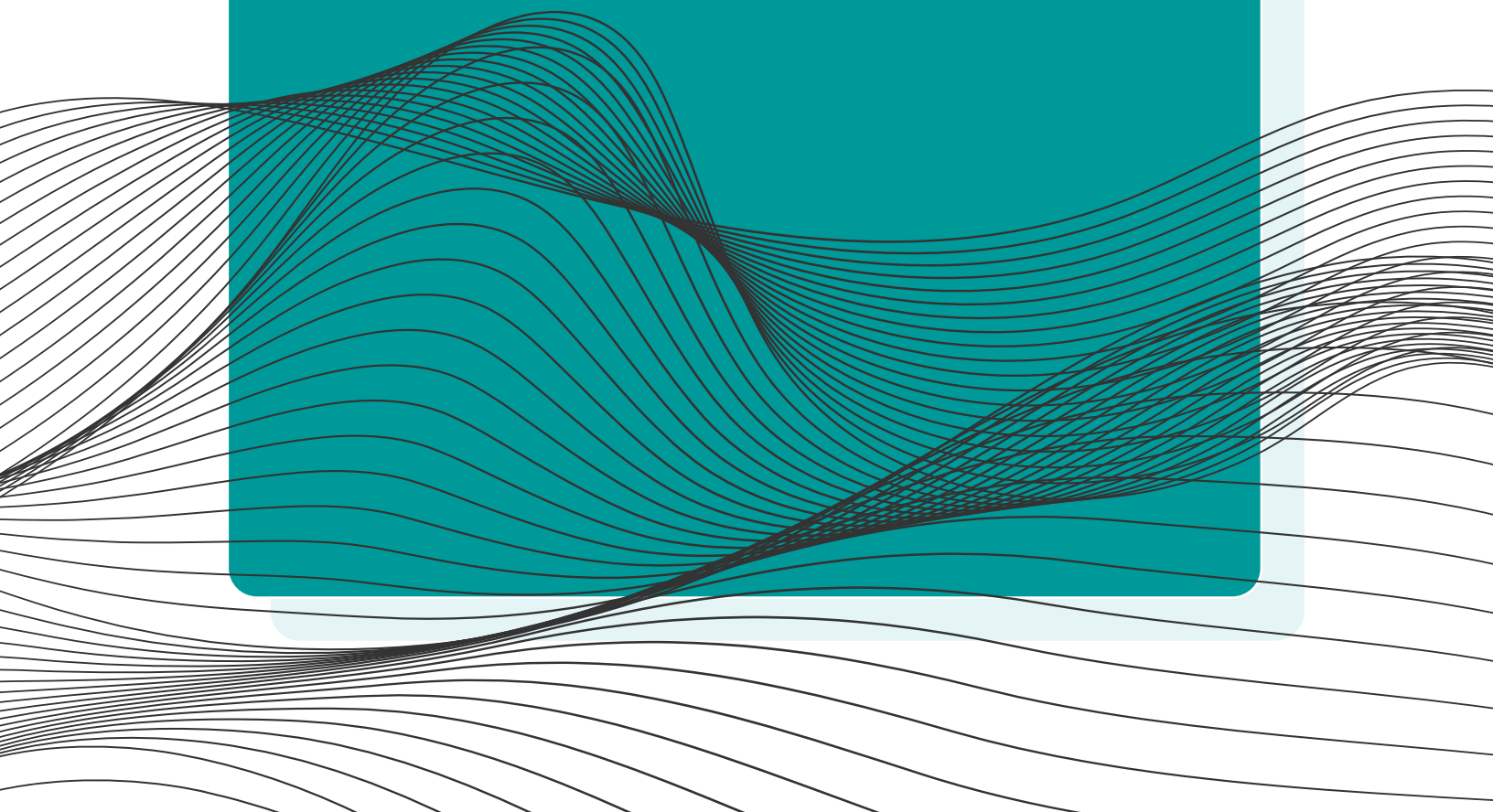



PART 1 OF THE 2-PART WHITEPAPER SERIES
ON VERTICAL DEVELOPMENT BY NICK PETRIE

Lessons in Vertical Leadership Development



NICK PETRIE





We are living in unprecedented times. There is a global pandemic, unstable economies, stay at home orders, virtual workplaces, and an unknown future. We used to say that the world was VUCA, and that was before the pandemic showed up.

Many leaders are feeling overloaded by the relentless volume and complexity of their work. Meanwhile, their organizations are challenged both to survive the pandemic and chart a sustainable path to growth on the other side of it.

In this environment, companies are desperate for leaders who are agile, resilient, adaptable, and comfortable with uncertainty. But how do you develop people like this?

In this paper, I'll share an approach focused on helping leaders deal with the unprecedented complexity of our time. It is called Vertical Leadership Development and is based on research that shows that adults evolve through predictable stages of mindset development. At each new stage, leaders develop new capacities to deal with complexity, ambiguity, and uncertainty.

Researchers who have studied these stages have found that leaders at later stages do well in complex environments. They effectively deal with conflict, handle people's resistance to change, and are more successful in leading organizational transformations.¹

In the last 10 years, I, along with my partners in leading global companies, have been learning how to develop leaders for the complex world we now face. In this paper, I'll explain what vertical development is and why it matters. Then I'll share six lessons on how to introduce this approach to leaders in organizations:

1. Give Leaders a Map, Location, and a Guide
2. Learn Why Vertical Development Matters
3. Don't *Teach* Leaders, Let Them Stumble Over the Truth
4. Focus More on Range than Stage of Development
5. Beware the Culture Bungee
6. Create the Three Conditions of Vertical Growth

In the next paper, Carl Sanders-Edwards, Jan Rybeck and I will show you how to design vertical leadership programs including example designs from leading companies.

Before we jump into the lessons, let's first reground on what Vertical Leadership Development is...

¹ <https://hbr.org/2005/04/seven-transformations-of-leadership>

WHAT IS VERTICAL LEADERSHIP DEVELOPMENT?

This approach is based on a few key ideas:

You Are Not Static – You Are Evolving

Psychologists have found that children grow through a series of developmental stages. As they mature, they develop more sophisticated mindsets and become capable of doing more complex tasks. Most people assume that once you are 'grown up' the growth ends (hence the term). However, researchers have found that adults don't stop growing. They can continue to evolve through further stages of development.

The Stages of Growth Follow a Path

Researchers who examined thousands of leaders found that they evolved through predictable stages of development. Each new stage becomes increasingly complex and unlocks important new capabilities and perspectives that were not previously available. Think of it like an upgrade to your phone's operating system.

The Stages of Vertical Development

1. Opportunist

2. Diplomat

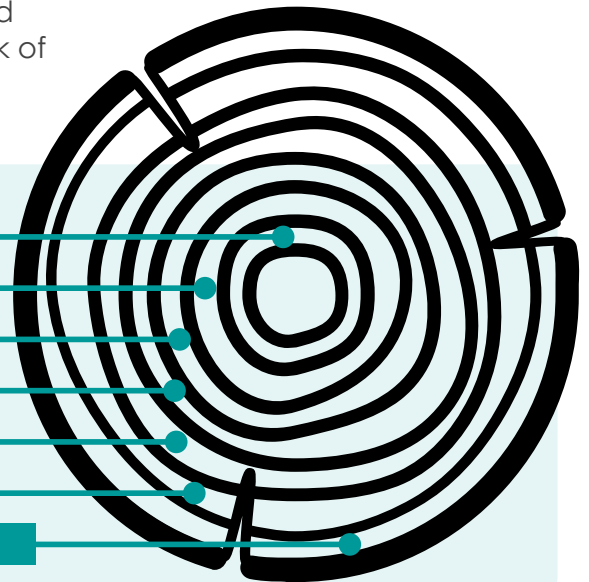
3. Expert

4. Achiever

5. Redefining

6. Transforming

7. Alchemist



The Seven Developmental Stages

Researchers identified seven stages through which leaders can develop. Each later stage builds upon the previous stage, like the rings on a tree which expand out and include the previous rings. The seven stages for leaders are:

1. **Opportunist** – Deeply concerned with their own needs. Tries to win any way possible.
2. **Diplomat** – Focuses on conforming with the rules and norms of the organization or peers.
3. **Expert** – Motivated to gain mastery and expertise. Values logic and respects other experts.
4. **Achiever** – Driven by goals, achievement, and meeting the standards they have set for themselves.
5. **Redefining** – Inspired by meaning and purpose. Challenges the status quo to find new ways.
6. **Transforming** – Generates organizational and personal transformations. Sees the system they are in.
7. **Alchemist** – Leads with fluidity, seeing the interdependent nature of things. Integrates wisdom and a global conscience.

There Are Two Strands of Development

When supporting a leader's development, there are two aspects of growth we might focus on. They are both important and interconnected, representing two sides of the same coin.

Horizontal Development – is lateral growth within a stage. We add more information, knowledge, and models to what we already know. Our current way of viewing things becomes more detailed, refined, and broad. We become increasingly skilled and knowledgeable from the stage we are at.

Vertical Development – is upward growth to a new stage. We expand our capacity to think, feel, and act in more complex and adaptive ways. We grow beyond our old meaning-making system and transform the way we see the world.

Fill the Cup AND Expand the Cup

Imagine that a leader's mind is like the cup above.² When a leader goes to a horizontally focused leadership program, the goal is to fill the cup with new information, knowledge, and models. A vertically focused intervention doesn't aim to fill the cup, it aims to expand the cup itself. It increases the leader's capacity. That way the leader can hold more complexity, more uncertainty, and more perspectives. Both forms of development are important and connected. Great leadership development aims to **both** fill the leader's mind (horizontal) and grow the leader's mind (vertical).



² I first learned this metaphor from Harvard adult development researcher Professor Robert Kegan who is one of the pioneers of this field.

Most leadership programs do a good job at horizontal development, but often neglect vertical development. For that reason, in this paper I'll focus more on the vertical side of the coin. What follows are six lessons we've learned on how best to introduce vertical leadership development to organizations who want to grow.



You can dive deeper into the what and why of vertical development in my previous whitepapers [Future Trends in Leadership Development](#) and [Vertical Development: Part 1](#).

LESSON 1: GIVE LEADERS A MAP, A LOCATION, AND A GUIDE

Let's start with the big picture. If you want your leaders to take a developmental journey, it helps to give them a map, a location, and a guide (that's you).

1. Give Leaders a Map (the Stages of Development):

If someone asked you to go on a journey, wouldn't you ask, 'where to?' Many leadership programs ask leaders to develop but don't give much guidance to where. The developmental stages act as the leader's map for the journey ahead.



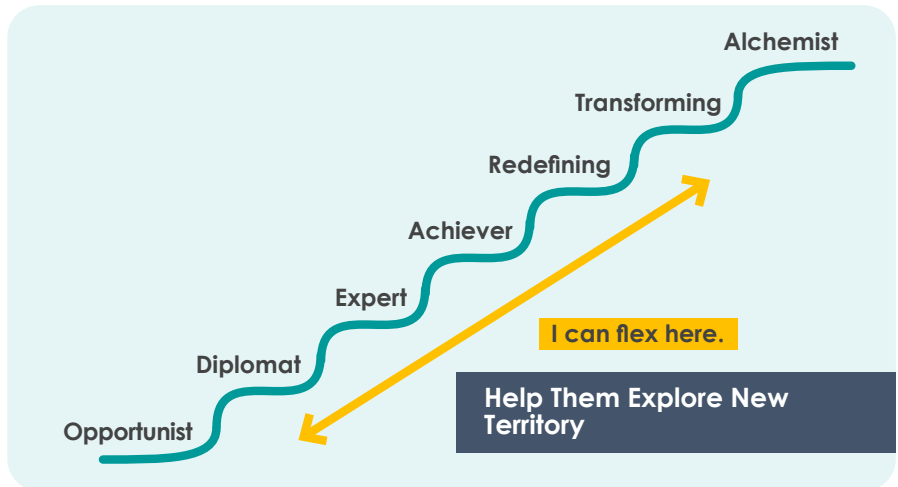
2. Show Leaders Their Current Location:

By using vertical [assessments](#), you can quickly help leaders see where they are on the journey.³ It gives them a sense of where they've come from, the terrain of their current position, and where they might head next. For most leaders this is exciting and new.



3. Help Them Explore New Territory:

While the assessments give you an idea of the base camp from which you tend to operate (your center of gravity), you are not stuck there. One of our jobs in leadership development is to help leaders flex their stage to meet the needs of their context. Good leaders are not fixed, they skillfully and consciously display 'range.'



If that is the pathway, the next question is, why would leaders benefit from taking this journey?

³ We use the A.I.-powered, Vertical Mindset Indicator and debrief. Other excellent vertical assessments include the M. A. P., the G.L.P, Lectica, the Leadership Circle and the Leadership Agility 360.

LESSON 2: LEARN WHY VERTICAL DEVELOPMENT MATTERS

In your organization, you probably want leaders who: inspire commitment, lead change, manage performance, and develop talent. How do you get those leaders? One approach is to create leadership programs that focus on these competencies. But what if individual competencies cannot easily be developed in this way? What if these competencies are instead a *byproduct* of a leader's stage of development?

In an intriguing research study, Harris and Kuhnert (2008) looked at 74 leaders made up of Officers, Directors, Vice Presidents, Presidents, and General Managers. Each had their leadership skills evaluated using 360-degree feedback. They then took a vertical stage assessment. The researchers compared the relationship between the leader's vertical assessment and their 360 ratings on 8 measures:

- Inspiring commitment
- Leading change
- Managing performance
- Cultivating and retaining talent
- Catalyzing teams
- Creating a compelling vision
- Personal grounding (resilience)
- Seeing a broader context

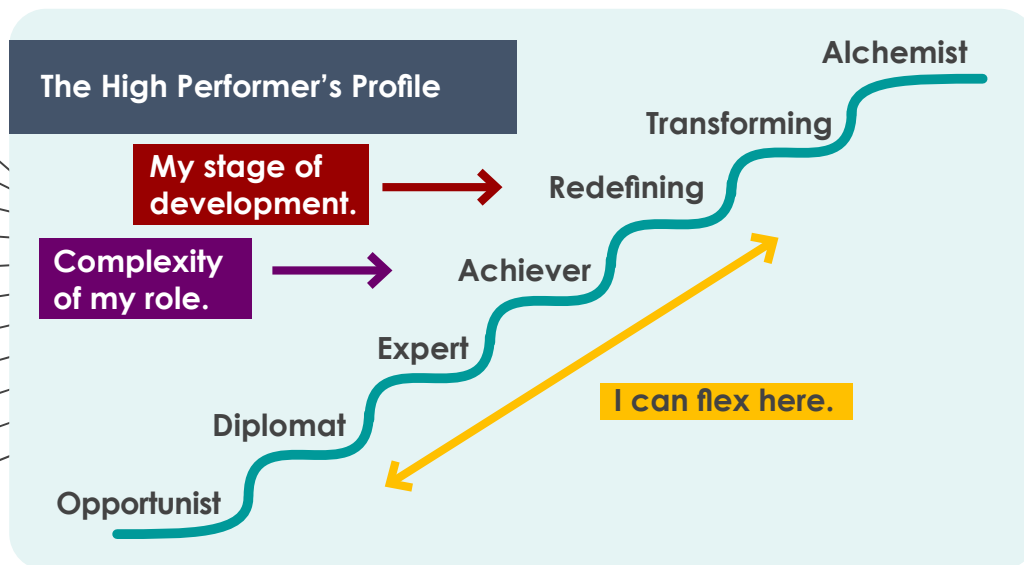
The results showed that later stages of vertical development predicted higher leadership effectiveness in all 8 competencies. Rooke and Torbert found similar results in their research on leading organizational transformations. It appeared that enhanced competencies were an *outcome* of greater vertical development.⁴

If this is the case, why target a bunch of competencies when you can target the one lever that lifts all boats?

⁴ <https://hbr.org/2005/04/seven-transformations-of-leadership>

Yes, but...

When I saw these results, I was intrigued but also skeptical. I had seen leaders who were assessed at later stages who didn't seem that effective. I was interested in how a leader's vertical range and the complexity of their role affected performance. By looking at the data we were gathering, some interesting patterns started to emerge. If I were to summarize the patterns we observed in one visual, it would look like this:



- The best performing leaders were usually those whose stage **matched or was just above** the complexity of their role. Their inner complexity was a good match for their outer complexity.
- Leaders whose stage was **below** the complexity of their role tended not to be high performers. They were in over their heads.
- Leaders whose stage was **well above** the complexity of their role were not high performers either, unless they could flex their approach and mindset to fit the context they found themselves in.
- The clearest pattern we saw was that leaders who displayed the **most vertical range** were the ones most likely to be high performers.

Why did the later-stage leaders in the Harris and Kuhnert study get higher 360 ratings? I suspect it was because they were in highly complex executive roles. These challenging roles were likely a good fit for leaders who could operate from later stages of vertical development. It isn't that later stages are automatically better, it's just that many leaders are facing unprecedented complexity in their organizations. The ones who have the range to meet the challenges are the ones who have the best opportunity to lead their organizations forward.

Application for Practitioners

While developing a competency framework is helpful, the more important question is how to help leaders develop these competencies. The research above suggests that vertical development is critical, yet it is something that most leaders and organizations are unaware of. One role you might consider is whether you are the person to bring vertical development ideas into your organization. If so, the next question is what is the best way to introduce these ideas to leaders?

LESSON 3: DON'T TEACH LEADERS, LET THEM STUMBLE OVER THE TRUTH

When you bring vertical development ideas into your organization, one challenge is how to teach leaders about the stages of development (the Developmental Map). We found that some leaders would understand them immediately, but others would be skeptical or fail to grasp them. This changed when we stopped teaching the leaders and instead let them 'stumble over the truth' for themselves. The Center for Creative Leadership, in partnership with Global Leadership Associates, created a set of [Transformations cards](#) to help leaders experientially learn about their development. The images and words on the cards show visually the different stages of development that leaders grow through. Using these, we were able to let the leaders tell stories to each other about times in their life when they experienced the different stages ("When I joined the company, I was all about being the expert who had the answers.").



During the debrief, when they discussed what they learned, they would share insights like, “I am not static, I keep evolving and growing.”, “All the stages are valuable, it just depends on the context you face.”, and “Later stages are not always better, you need people at all different stages in the company.”

These were all things I used to ‘teach’ to them. With the Transformation cards, these were no longer ‘my’ ideas, they owned them.

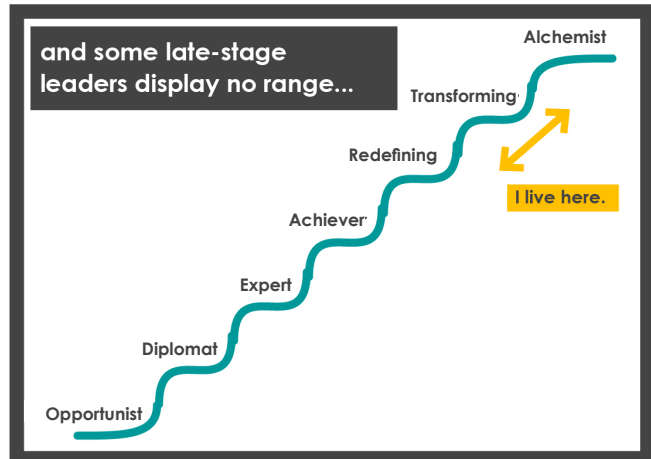
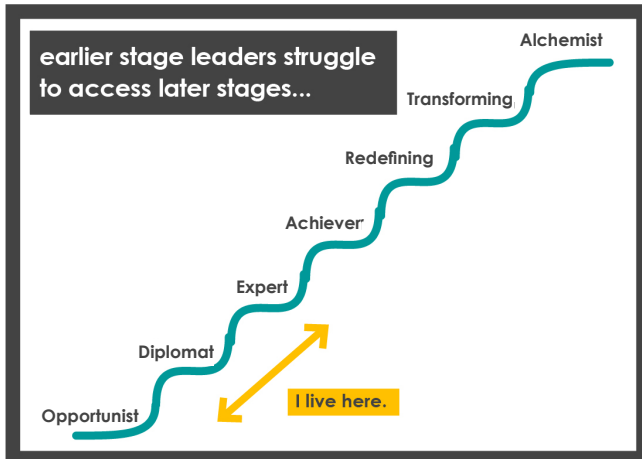
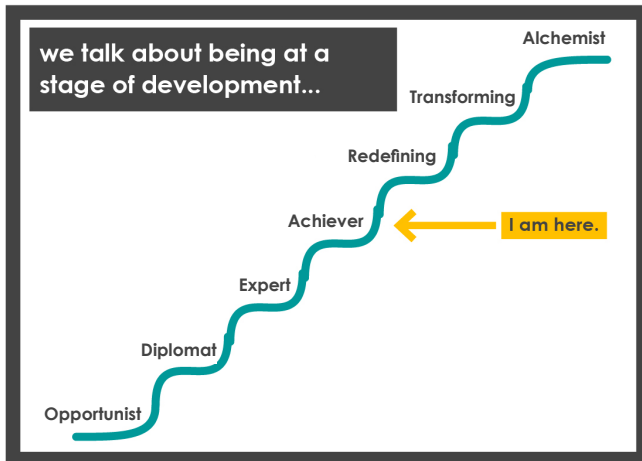
Application for Practitioners

Rather than teach leaders about vertical development, give them experiences and have them discuss insights with their peers. Because vertical development is such a personal journey, you want people to focus on their own experiences, not on you. Your role is to observe keenly and fill in any gaps at the end that the group has not yet uncovered. The lessons of vertical development are within the leaders. They will be revealed if you just let them stumble over these truths for themselves.

LESSON 4: FOCUS MORE ON RANGE THAN STAGE OF DEVELOPMENT

When you use the cards above or introduce vertical assessments, you give leaders a map and location of where they are mostly operating from. While most leaders are intrigued by the stages, some worry about ‘what stage’ they are at. I feel this is a problem we have created for ourselves. Faculty and coaches are always talking about people being **AT** a stage. While leaders have a center of gravity they are most comfortable operating from, in the real world the best leaders operate from many different stages, depending on the situation.





The best leaders I observe are not the ones 'at' the highest stage, but the ones who have the most range and the most skill at each stage.

Range – How many stages you have access to. Since later-stage leaders have developed through more stages, they have the *potential* to move between many different mindsets.

Skill – How good you are at leveraging each stage. Whether you have the ability and confidence to effectively lead from various altitudes when the situation calls for it.

Many leaders don't exhibit much range. They have not grown beyond the Achiever stage, so the solution is always to work harder and get their teams to do the same.



In contrast, leaders with high Range x Skill adjust their approach and mindset depending on what the context calls for. For example:

STAGE	HOW AN EXECUTIVE MAY FLEX THROUGHOUT DAY
<i>Diplomat</i>	Is diplomatic and accommodating when dealing with the board.
<i>Expert</i>	Leads with deep knowledge when helping fix the supply chain and operations.
<i>Achiever</i>	Is goal-driven when deciding revenue targets and dealing with their teams.
<i>Redefining</i>	Seek perspectives from staff on new innovations and markets to enter.
<i>Transforming</i>	Co-creates game changing strategies and leads culture change in the company.

Leaders love the idea of range because it doesn't put them in 'a box' and is much closer to their lived experience. One other subtle change which leaders like is when you talk less about 'stages' and more about 'mindsets.' We found that leaders were already familiar with growth vs fixed mindsets and it felt easy for them to flex into different mindsets in different contexts. We use both 'stage' and 'mindset.' Choose what works best for your leaders.

Why smart leaders downshift stages when they change roles

I once learned a valuable lesson on 'range' from a Fortune 500 executive. While discussing the results of his vertical assessment with the group, he shared that whenever he changed roles and departments, he would shift down several vertical stages.

"I didn't realize this until I saw these stages, but whenever I start a new role, I fall back to the diplomat mindset. I want to fit in and get accustomed to how they do things around here. Once I am settled, I take on the expert mindset and try to learn everything I can about the operations, products, systems, and customers. Once I have the required expertise, I switch into achiever mode and start driving hard for results. I will stay in this mode for a good period, but there will come a point where I'll make a switch to the redefining mindset. I then challenge the status quo, question our market approach, and push my teams to find more innovative methods. You can't come straight in and do that, or the business will reject you. You need to work your way through the stages to earn the right."

These are the types of brilliant insights you hear from leaders once you give them a vertical map, a vertical assessment, and you let them start talking. This is all new territory for the leaders, and they love it.



LESSON 5: BEWARE THE CULTURE BUNGEE



Late Stage Leaders Who Cut the Cord

"Over time, in my career, the more I developed, the more alienated I felt from my colleagues. When I tried to explain my view of the world, I would see perplexed faces. People assumed that I was either over-intellectualizing, making it complicated, or they just didn't understand what I was talking about. The only reason I stayed so long was because I developed a network of external contacts, mainly consultants, who, when I called them, would reassure me that I was not going crazy. Eventually, I realized it was time to go."

Individuals tend to have a vertical center of gravity, but so do the organizational cultures they work in. Some companies are very Diplomat-orientated ("Fit in and don't rock the boat."), others are Expert-oriented ("Who is the most qualified here?"), while others are Achiever-oriented ("It's about the results you deliver.").

This is important because an organization's culture is like a bungee cord. The more an individual tries to pull out ahead of it, the stronger it pulls them back. I have watched many leaders grow beyond the leadership culture that they are working in. Some find a way to pull the organization forward, but most get worn down and either revert to acting like everyone else, or they cut the cord and leave. Sadly, organizations lose their most vertically developed leaders at an alarming rate.

There are two solutions that can help. The first is to help leaders explore strategies for working in a culture whose vertical center of gravity is different than their own:

- **When Your Stage Is Higher Than the Organization's** – These leaders often feel constrained and held down. Many feel frustrated that peers don't 'get' things the way he or she does. Some learn to communicate with people from the full spectrum of stages, though it takes energy. Organizations should identify late-stage leaders and make sure they feel supported and well utilized. Those who find the right roles can be visionaries and transformational leaders. Those who do not often feel isolated and leave.

- **When Your Stage Is the Same as the Organization's** – These leaders often feel comfortable, energized, and a good fit. They are surrounded by like-minded people, so it is easy to form strong bonds and feel like they belong. However, while the culture may feel comfortable, it may not challenge and provide opportunities to stretch beyond one's familiar mindset. To grow these leaders, organizations need to give them more heat experiences and expose them to diverse groups of people across and outside of the organization.
- **When Your Stage of Gravity Is Below the Organization's** – These leaders often feel that the organization pushes them to think and act in ways which stretch them. Leaders may feel a combination of challenged, anxious, and in over their heads. They need support and encouragement from their bosses and peers. Cultures like this often cause you to grow, whether you want to or not.

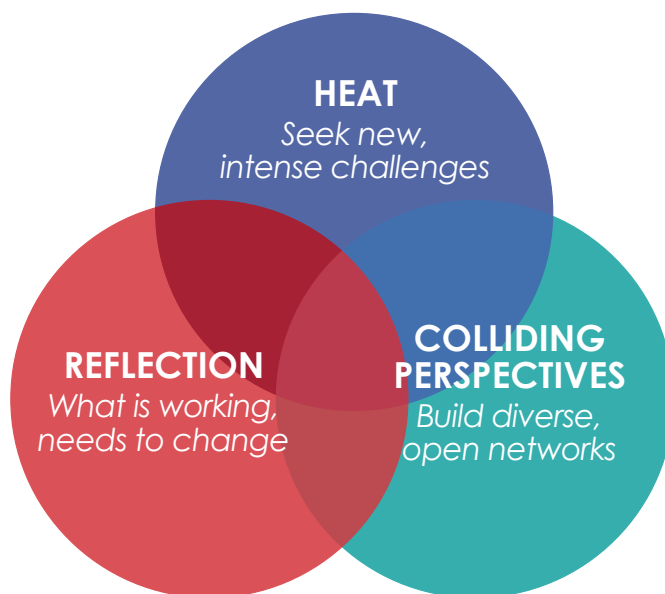
While it is important to help individuals to navigate their culture, the second (and harder) solution is to develop the organization's culture itself. In my experience, to evolve the culture, the senior most leaders, including the CEO, need to 'go first' and practice modelling the new culture. This happens first in private or in leadership team meetings, and then in public, in front of employees. It takes courage, but the impact can be seen surprisingly fast. To see the process that four organizations used to vertically elevate their cultures, see my whitepaper ['Stretching the Culture Bungee'](#).

Application for Practitioners:

When developing leaders, consider both the individual's stage of development and that of the culture. If you believe that most of the leaders in a program are already more vertically developed than the culture, be wary of pushing them to vertically elevate even further. Instead, focus on developing range so that they can skillfully navigate the current culture and lead others forward. If you have access to senior leaders, consider the appetite for evolving the culture itself. I have found it is easiest to start with these individuals and build enough wins and partners to then move on to the culture.

LESSON 6: CREATE THE THREE CONDITIONS OF VERTICAL GROWTH

If range and skill are what leaders need, the next question is how to develop that. In my research and practice, I started to see three conditions that supported vertical growth:



Heat Experiences (The What): The leader faces a complex situation that disrupts and disorients their habitual way of thinking. The leader discovers that their current way of making sense of the world is inadequate. Their mind starts to open and they search for new and better ways to make sense of their challenges.

Colliding Perspectives (The Who):

The leader is then exposed to people with different worldviews, opinions, backgrounds, and training. This both challenges the leader's existing mental models and increases the number of perspectives through which they can see the world.

Reflection (The How): The leader then uses a process or a coach to help them integrate and make sense of these perspectives and experiences from more elevated stages of development. A larger, more advanced worldview can emerge and, with time, stabilize.

One pharmaceutical company I worked with created an 18-month journey for their high-potentials based around the three conditions. The leaders experienced various combinations of:

Heat Experiences: An action-learning project in China, job assignments, lateral moves into new divisions, and overseas transfers.

Colliding Perspectives: New functional areas, outside mentors, and cross-functional pod group meetings.

Reflection: App-based journaling, in house coaching, conversations with the CEO, and peer meetups.

When you design leadership interventions (and workplaces), you want to create holding environments that support the leader's experience of all three conditions. This is true in the classroom, but you also want to think beyond the programs.

Application for Practitioners:

Ask leaders to reflect on how much they experience the three circles in their work and life. Most are surprised to see how out of balance they are ("I have lots of heat, but no reflection"). Your leadership programs are a great place to help people rebalance. Create safe environments for the leaders to reflect out loud on the heat experiences they are having. Continuously set up dialogues where they collide perspectives with others who see the world differently to them. Bring in outsiders who will both challenge the group (heat) and give them worldviews that clash with their own (colliding perspectives).

Where to Next...

You might be thinking, 'This looks great. Now I need more details on what this looks like in practice.' That's perfect. In the next paper, we will focus on how to **design** vertical leadership programs and experiences. You'll see real examples from leading organizations and how they integrated vertical tools, assessments, and practices into their leadership interventions. This will deepen your understanding of Vertical Development in practice and provide you with ideas for your own approach.

I believe we need a critical mass of practitioners who can bring vertical development into the mainstream. Leaders are swimming in complexity and overload right now and it is sure to increase. They need greater capacity and new ways of seeing the world. Helping leaders expand their vertical range and skill won't solve everything. But it will give them access to new capacities to deal with an uncertain future. And for many leaders and the organizations they lead this will make all the difference.



To learn more about the Vertical Mindset Indicator - <https://adeption.io/vertical-mindset-indicator/>. To order your assessment email – admin@nicholaspetrie.com

About Nick Petrie



Nick helps organizations prepare their leaders for a complex world and expand their vertical range. He's worked with global organizations including: Google, Walmart, Home Depot, NASA, TDBank, Wells Fargo, Kellogg's, Delta and Comcast. He has worked across industries including retail, engineering, tech, banking, pharmaceuticals, energy, healthcare, finance, insurance, and television.

His specialty areas are vertical development, leading in complexity, and resilience under pressure.

Nick holds a master's degree from Harvard University and two undergraduate degrees from Otago University in New Zealand. He is the co-author with Derek Roger of the book *Work Without Stress: Building Resilience for Long-Term Success*. He's survived three bouts of cancer, giving him a new perspective on life.

He lives in Austin, Texas with his wife and four boys. Learn more at www.nicholaspetrie.com.





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