

From Career Pyramid to Career Diamond

Why Leadership Systems Are Becoming a Competitive Liability

- 1 Implications of a New Career Architecture
- 2 Redefining Leadership Potential
- 3 Resetting How Potential Is Tested
- 4 Expanding Access to Experiences
- 5 Maximizing Managers' Finite Capacity

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A New Career Architecture

1

Buckle Up, Change Cycles Are Accelerating



Change Leaders More Important as Companies Adapt More Frequently

93%

Of senior executives say they must **reinvent their business model** or operating approach every 5 years, with **65% doing so every two years** or more frequently

71%

Say the ability to **lead in constant change environments** is more important, **up from 58%** the year before

40%

Say **leading change and transformation was more important** in 2025 than the year before



More than ever, organizations will compete based on their ability to learn and change, and the speed with which they do it."

Harvard Business Impact, 2025 Global Leadership Development Study

Where Change Happens (and Fails)



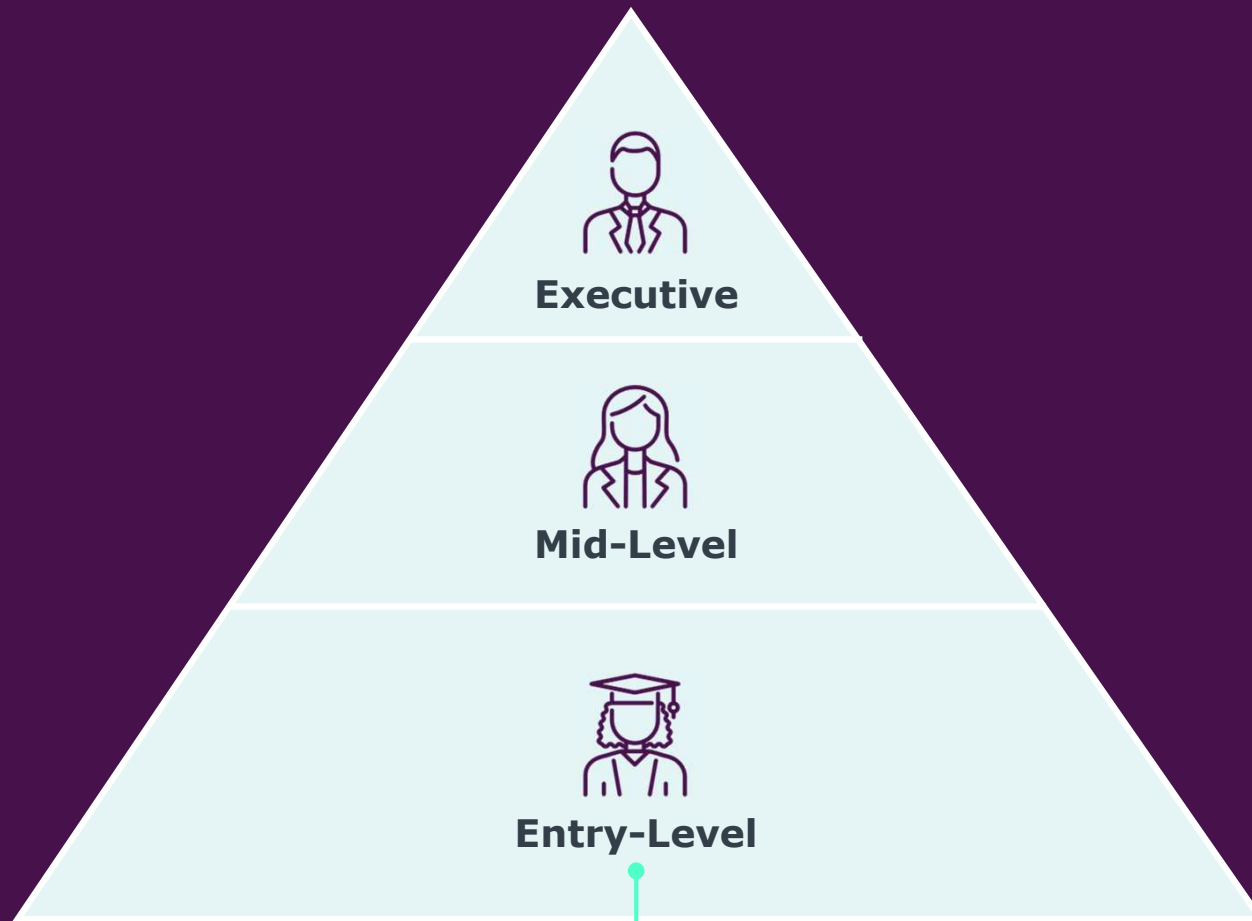
Managers Critical to Translating Strategy into Execution



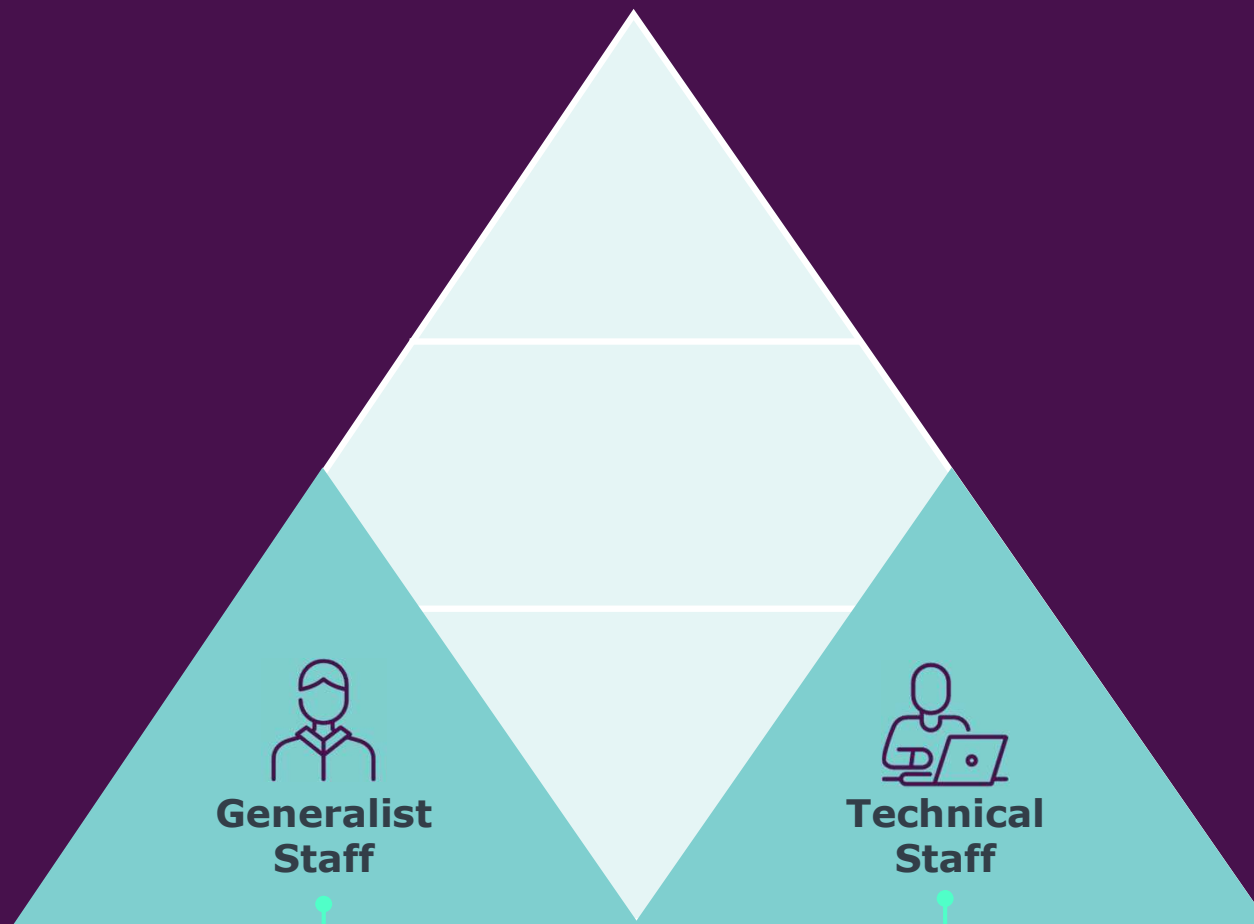
To Bridge the Gap, Managers Must:

- Learn and internalize the proposed change themselves
- Introduce and communicate the change to frontline staff
- Develop department/unit-specific timeline and milestones
- Implement new policies, procedures, and process steps
- Help staff understand how their actions impact goals
- Monitor and track adoption of the change over time
- Keep costs within or below budget

The Old Career Ladder



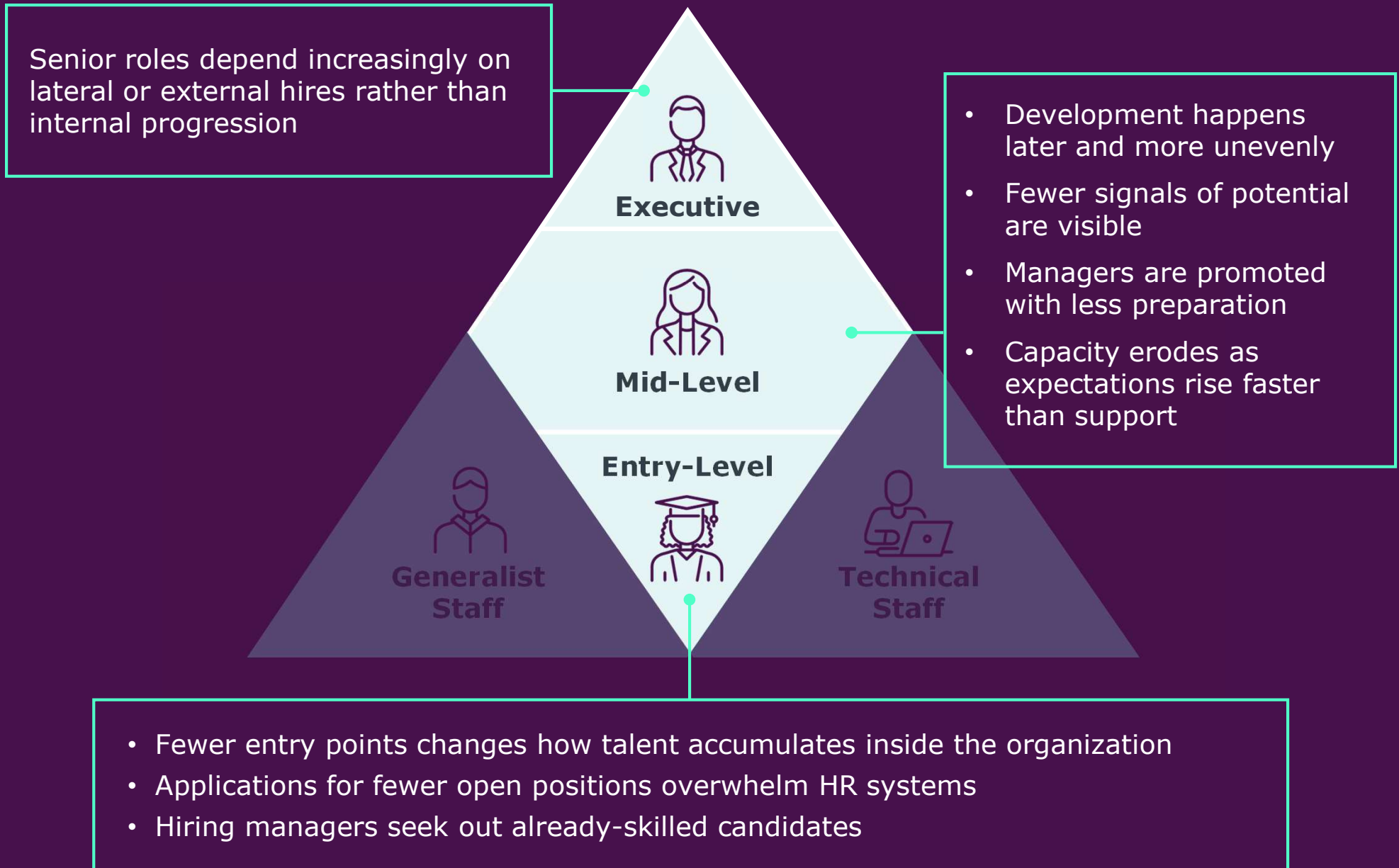
- Abundant, accessible starter jobs
- Attainable with minimal professional experience or polish
- Progression assumed—time and loyalty yield advancement
- Employers expect to train and socialize junior hires



Broad pool of unskilled generalists disappear first as routine, low-complexity work is automated or outsourced

Technical specialists are squeezed out as AI tools replicate or outcompete narrow expertise once seen as entry pathways

From Pyramid to Diamond





Three Signs the Bench Is Under Strain

Weaker Management Baseline

Managers are less prepared, less effective than expected

59%

Of respondents rate mid-level leaders as highly effective, vs. **63%** for senior leaders¹

1/3

Of managers feel unprepared for people leadership²

40%

Of employees say their manager lacks the skills needed to lead effectively³

42%

Of workers say they are not interested in moving up⁷

6%

Of Gen Z say their primary goal is to reach a leadership role⁸

72%

Of Gen Z prefer an individual contributor path over management⁹

Shrinking Leadership Pipeline

Fewer want management roles

On the Verge of Hemorrhaging Talent

Managers are increasingly disengaged and considering an exit

51%

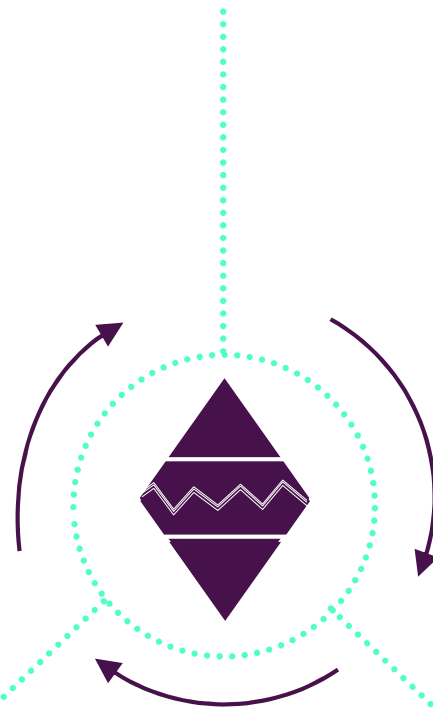
Of managers are watching for or actively seeking a new job⁴

27%

Of managers are engaged, down from **30%** the prior year⁵

2.9M

Projected manager shortage by 2032⁶



Costs of an Overextended, Underdeveloped Bench

Execution, Succession, and Bottom Line All At Risk

Strategy Takes Longer To Deliver



35%

Of executives cite a disconnect between planning and execution as the biggest obstacle to change

50%

Of projects meet the modern definition of success

13%

Of projects fail outright

Succession Plans Are Non-Existent



20%

Of HR professionals expressed confidence in their bench in 2024

49%

Of senior leadership positions could be filled by an internal candidate immediately

Estimated Employer Cost of Poor Leaders

70%

Of variance in employee engagement is attributed to managers

50%

Of employees quit due to a bad manager

\$126,000

Annual cost of one poor leader due to low productivity, turnover, and staff dissension

Legacy Leadership Systems Won't Fix the Problem



The Traditional Approach



High potential employees are slated as possible successors, given targeted development



Wider-reaching programs cohort based and rooted in evergreen webinars and just-in-time workshops

Typical Assessment Practices Inaccurately Identify Potential

18% Of managers were the right selection

Legacy Leadership Development Programs Don't Test for Capability

75% Of organizations rate their L&D programs as not very effective

Systems Exclude Talent that May Generate Value

44% Of managers say they have received formal management training

Managers Don't Have Time for Development

20% Of managers say they have too much to do



Sources: Beck, Harter, "Why Great Managers Are So Rare," *Gallup*, Feb. 16, 2026; Robinson, "The Antidote to Manager Burnout," *Gallup*, Jan. 22, 2022; "State of the Global Workplace," *Gallup*, 2025; Seramount interviews and analysis.

A New System for Today's Career Architecture



Redefine Leadership Potential

- Customized Potential Definition
- Outcomes-Focused Assessment



Reset How Potential Is Tested

- Potential Monitoring Assignments
- Manager-Sourced Business Solutions



Expand Access to Leadership Experiences

- Company Champions
- Blended Performance Levels
- Alternative Career Growth Paths



Maximize Managers' Finite Capacity

- Capacity Caps
- Project Stop Triggers
- Level-Setting Expectations

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Redefining Leadership Potential

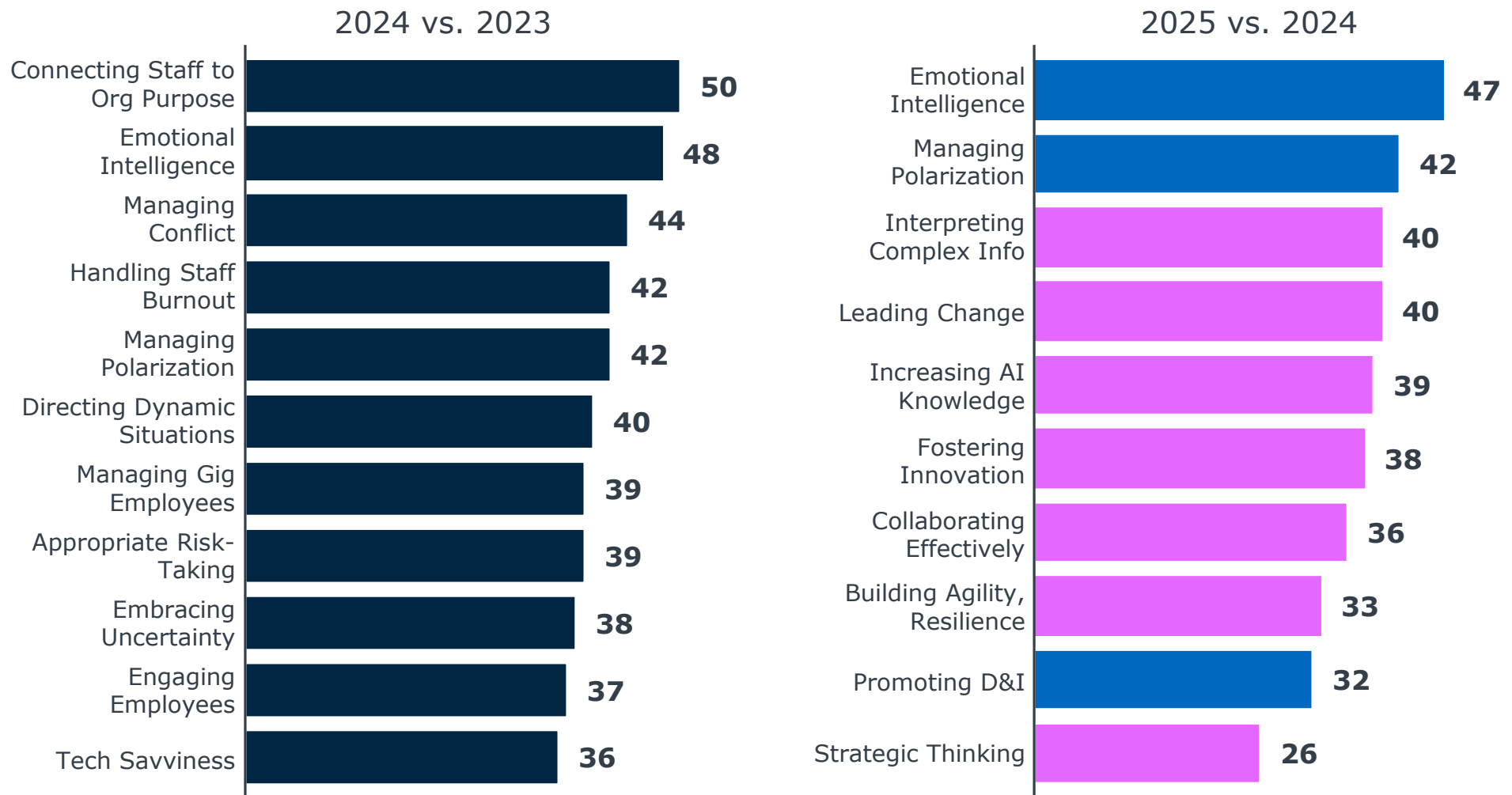
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What Makes a Strong Leader Today?

Increased Emphasis on Driving Impact

Leadership Capabilities That Are More Important than the Year Before

Percent of Respondents Saying Capability is "Important and More Important"



Sources: "2024 Global Leadership Development Study: Time to Transform," Harvard Business Impact, 2024; "Fast, Fluid, and Future-Focused: Building the Collective Intelligence of Humans and Machines," Harvard Business Impact, 2025; Seramount interviews and analysis.

Ideally, Future Leaders Are Among Top Performers



But the Performance Management Process Is an Imperfect Screen



Performance Management

65%
Of employees say their performance review isn't relevant to their job

95%
Of managers feel dissatisfied with their performance management system

90%
Of HR leaders don't believe reviews yield accurate information

Concerns with the Typical Performance Review

-  Based on expertise in previous role, not demonstration of future potential
-  Many companies struggle with ratings inflation
-  Reviews often perceived as popularity exercise

“I Know It When I See It”

Common Biases When Evaluating Potential and Evaluating Leaders



Mini-Me

A younger version of current leaders, with similar qualities and experiences



Old Faithful

Long-time employee loyal to leaders with deep institutional knowledge



The MBA

A highly intelligent candidate who may hold several degrees



The SME

A candidate who knows the topic, product, or process inside out



The Talker

The employee who commands the most airtime

Create a Customized Definition of Potential



Small Group Session

Gather senior leaders well know for developing strong leadership pipelines



Define Characteristics

Leaders pick general signs of potential, unique traits for specific talent types



Distribute

Embed standardized worksheet in performance management process to help all supervisors identify talent



Ensuring the **same definition is applied** when evaluating an individual's "potential" is more important than selecting the most scientific definition of potential

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Forthcoming Resources

STAKEHOLDER EDUCATION	DECISION SUPPORT	IMPLEMENTATION SUPPORT
Executive brief on the CHRO's mandate to reposition HR as a driver of competitive strategy	Diagnostic to assess your HR function's readiness for change	Toolkit to help teams redefine potential at your organization
HR Executive Board-facilitated session for leadership teams on how HR must redesign systems to remove structural drag	Diagnostic to determine where your company stands as a skills-based organization	Toolkit to develop a capacity tracker for teams across your org

Forthcoming Toolkit

- Step-by-step instructions to guide senior leaders through the exercise of building a common definition for leadership potential
- Accompanying worksheet to facilitate and fill out during senior leader group session
- Outcome: A final checklist to be distributed to all managers to use as the standard criteria when identifying leadership potential

Performance Still a Dominant Factor in Decisions

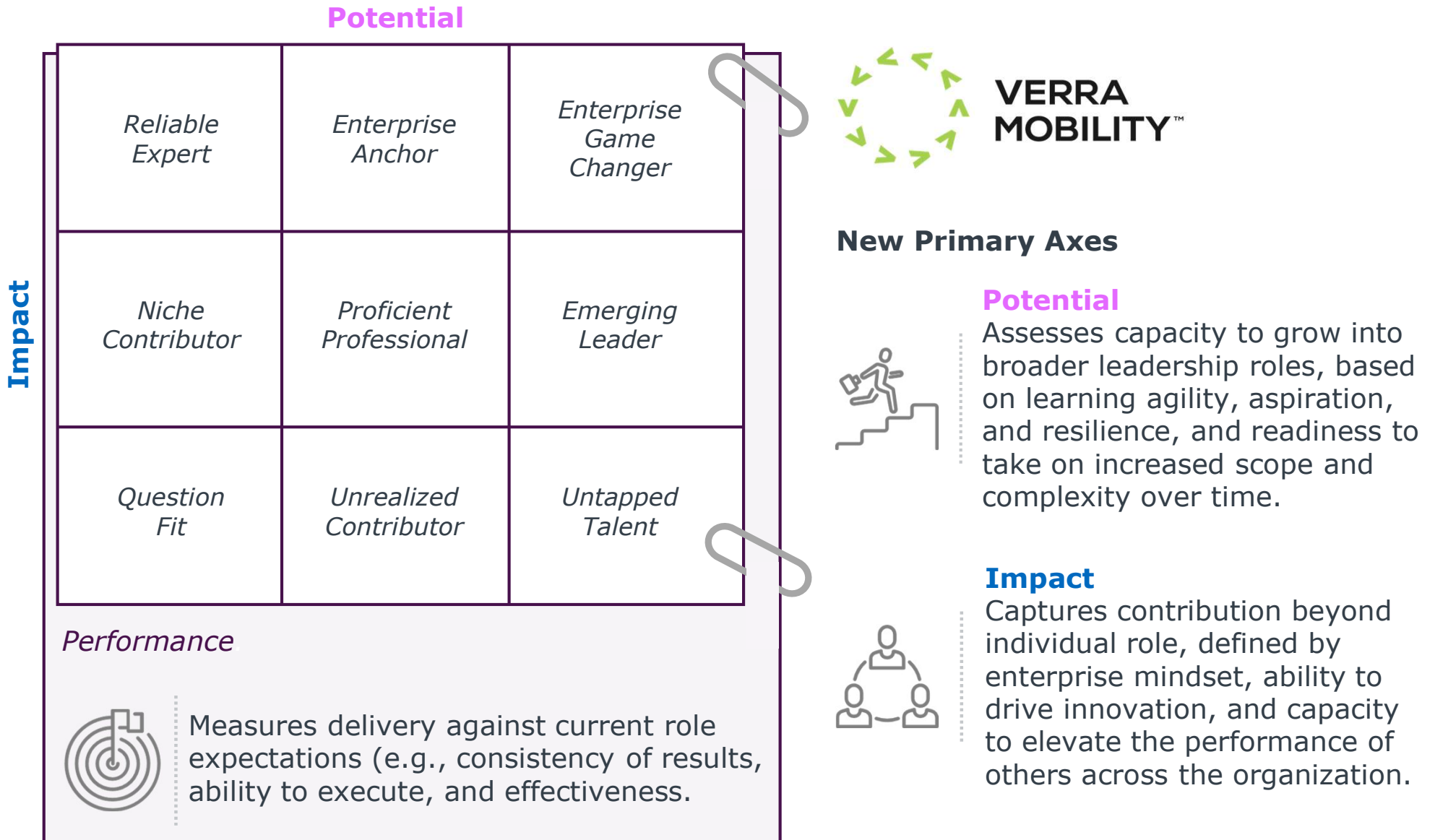


Potential 	High	<p>Untapped Talent <i>High Potential, Low Performance</i> Not yet delivering; strong upside Fix performance issues; reassess fit</p>	<p>Rising Star <i>High Potential, Moderate Performance</i> Emerging leader; strong in role Develop with stretch and coaching</p>	<p>Exceptional Talent <i>High Potential, High Performance</i> Exceeds role; future leader Promote and accelerate development</p>	
		<p>Inconsistent Performer <i>Moderate Potential, Low Performance</i> Uneven results; capability present Improve performance; close gaps</p>	<p>Core Teammate <i>Moderate Potential, Moderate Performance</i> Solid contributor; limited ambition Retain and develop in role</p>	<p>High Performer <i>Moderate Potential, High Performance</i> Strong results; not yet a leader Develop for future</p>	
	Low	<p>Underperformer <i>Low Potential, Low Performance</i> Not meeting expectations Exit, reassign, or improve</p>	<p>Average Performer <i>Low Potential, Moderate Performance</i> Reliable but not leadership track Maintain or lateral move</p>	<p>Individual Contributor <i>Low Potential, High Performance</i> Expert in role; not a leader Retain and recognize</p>	
		Performance 			High

1) Grey boxes indicate good candidates for future succession plans.

Adding Business, People Impact to the Equation

Verra Mobility's Screens Provide More Complete View of Leadership Capability



Provocations for Reactions and Discussion

To what extent do you agree or disagree with each?

1

Management expectations will further align with business outcomes—not people oversight—as companies respond to a more competitive landscape

2

“Durable” (or so-called “soft”) skills become the the differentiator in leadership selection, but remain the hardest to define

3

Succession planning will become an enterprise-level imperative, not just an HR function, as leadership gaps are treated as a genuine strategic risk

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Resetting How Potential Is Tested

3

Leadership Development Programs



Episodic Touchpoints rather than Sustained, High-Impact Reinforcement

NOVEMBER						
mo	tu	we	th	fr	sa	su
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5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Example Program Cadence

Cohort Kickoff

A one-time session that introduces program content and sets expectations

Webinars

Passive, standalone sessions that deliver content on specific topics

Check-ins

Periodic touchpoints to follow up on progress over time, only sometimes drives sustained behavior change

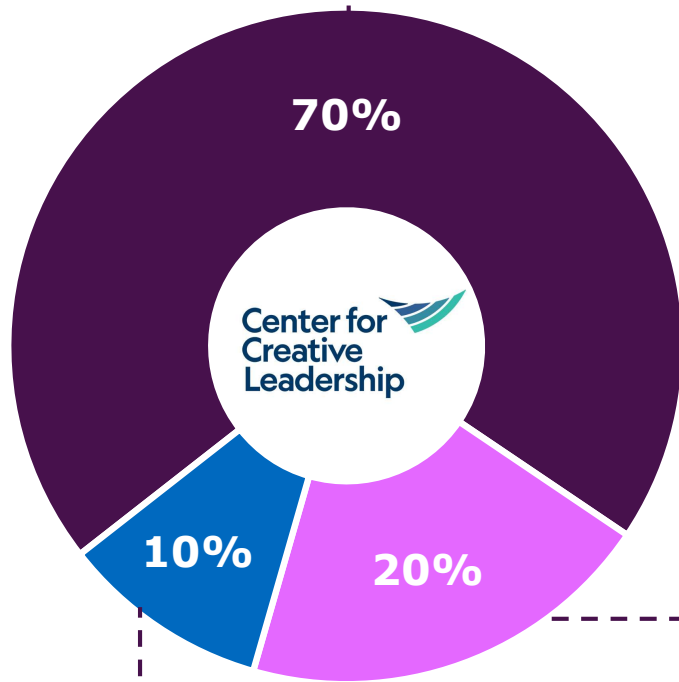
5-10% Of participants apply what they learn without reinforcement



Most Learning Happens Outside the Classroom

Experience, Not Training Alone, Drives Growth

How Leaders Learn



Experiences



- Learning through challenging job assignments
- Builds capability through real decisions and problem-solving
- Reinforced through practice and feedback in role

Relationships



- Feedback from managers and peers shapes growth
- Mentorship provides perspective and guidance
- Learning is reinforced through ongoing interaction

Topics



- Courses introduce core concept, frameworks
- Content delivered through trainings, workshops
- Provides a foundation; limited on its own

“Experiential opportunities are where true leadership skills show up.”

Senior Vice President, HR
Energy, Utilities, and Waste Industry

Early Potential Monitoring Assignments



Finding Potential at the Frontline with Targeted Tasks, Real-Time Observation



Multiple points of view, including direct supervisor, task force members, and other leaders



Evaluated on task force management and deliverables as well as leadership competencies



Particular attention paid to original areas of unknown potential (e.g., influence and persuading)

Scalable Assessment via Real Business Challenges

All Managers Get the Chance to Showcase Ideas, Contribute to Goals



Provocations for Reactions and Discussion

To what extent do you agree or disagree with each?

1

Leadership readiness will increasingly be defined by demonstrated business impact, rather than just participation in development programs

2

Exposure and social validation will reign supreme in promotion and succession decisions

3

Orgs will continue to label employees as hi-po before they have been tested in the conditions that actually define leadership

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Expanding Access to Experiences

4

Leadership Development the Most Common Offering 28

But Only Reaches a Select Few Hi-Po Employees

☆
Widespread Investment...

71% Of organizations offer leadership development

\$60B Spent globally each year

☆
...But Many Managers Underserved

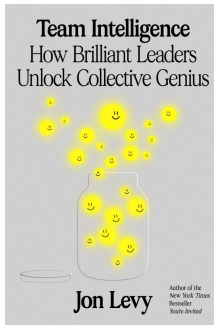
85% Of new managers receive no formal training at transition

☆
60% Of first-time managers receive no leadership training

Sources: Carucci, Chamorro, "85% of new people managers receive no formal training. This is why you can't fake it," *Fast Company*, April 10, 2024; Yemiscigil et. al., "What Makes Leadership Development Programs Succeed?," *Harvard Business Review*, Feb. 28, 2023; "The Importance of Employee Recognition: Low Cost, High Impact," *Gallup*, Jan. 12, 2024; "Workplace Learning Report 2025," *LinkedIn*, 2025; Seramount interviews and analysis.

Cultivate the Company Champions

Program Creates Advocates More Likely to Step Into Leadership Positions



“A company might have a list of values, but that does not show how to apply them. A story makes those values real, guiding decisions and showing how culture comes alive. Stories connect daily tasks to a bigger purpose, keeping teams aligned.”



Key Details of Crum & Forster's Brand Ambassador Program



In-depth training on business, culture, values, and company history



Social media training and opportunities to represent C&F externally



Access to senior leadership and visibility across the company



Special project assignments and corporate visits

Blend Performance Levels in Leadership Programs



Engagement Survey Helps Uncover Typically Overlooked Participants



Manager Certification

- 9-month program with weekly 90-minute sessions
- Homework between sessions
- Content covers financial basics, communication, feedback, and more
- Supervisors sign off on participation, clearing way for time commitment
- 2-3 cohorts per year



LEAD Program

- 6-month program
- Intended for Directors, VPs, and SVPs
- Content focuses on executive presence and strategy
- Sessions reinforce communication and leadership skills
- One cohort per year

Mixed Cohorts Improve Outcomes

Programs Also Help Confirm Right-Fit-Talent



90%

Of below-average managers improve performance after participating in one of the leadership programs



Pace Setters

High-potential employees act as informal “pace setters” for managers that score below average on engagement scores, motivating improved performance.



Natural Turnover

Among the participants that don’t demonstrate improved performance, programs serve as a reflection point on culture fit.

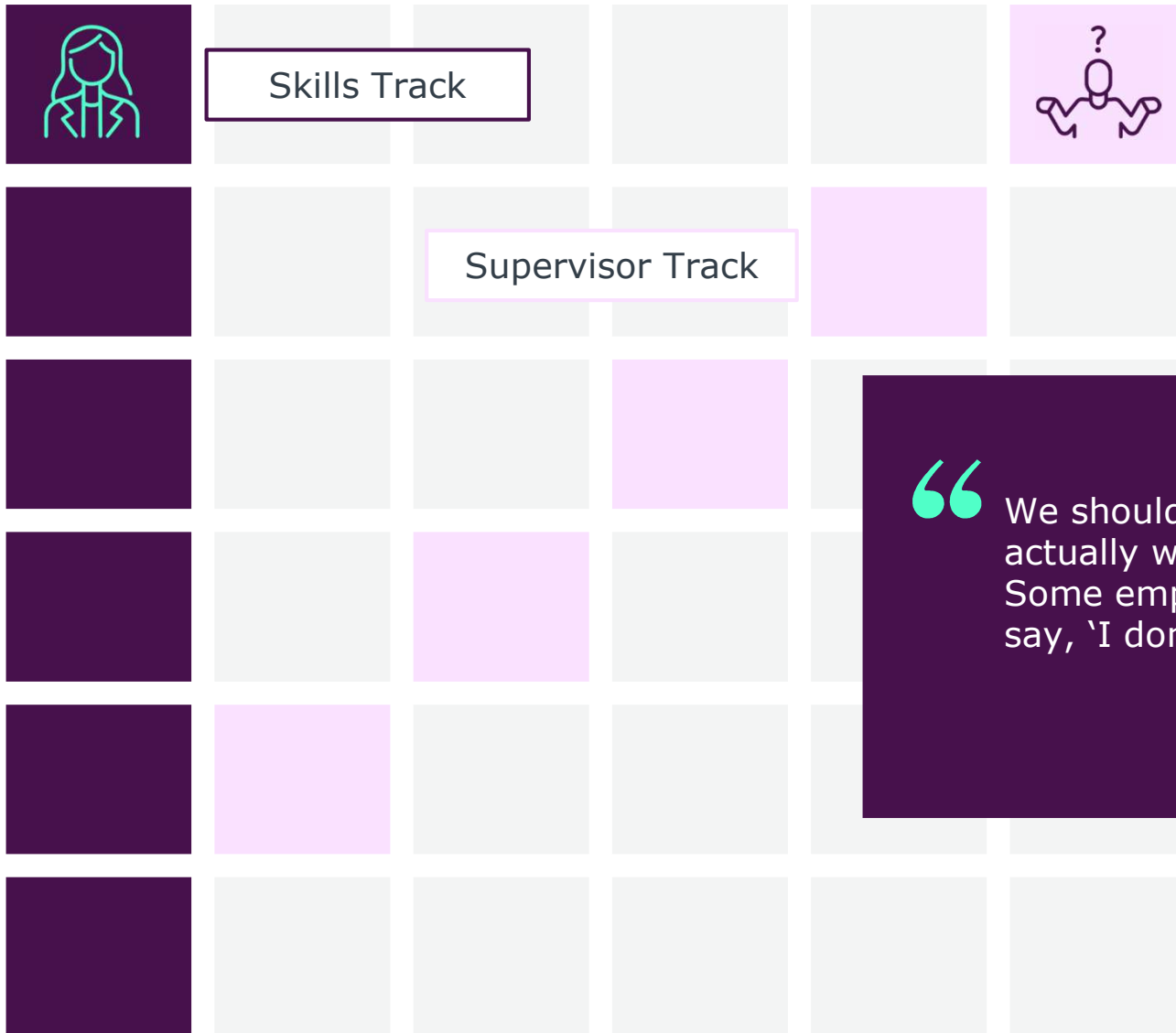


Validated Results

The HR team tracks performance of participants after the program, showing graduates are among the strongest leaders at the company.

Alternative Career Growth Paths

Not Everyone Was Meant (or Wants) To Be a Manager

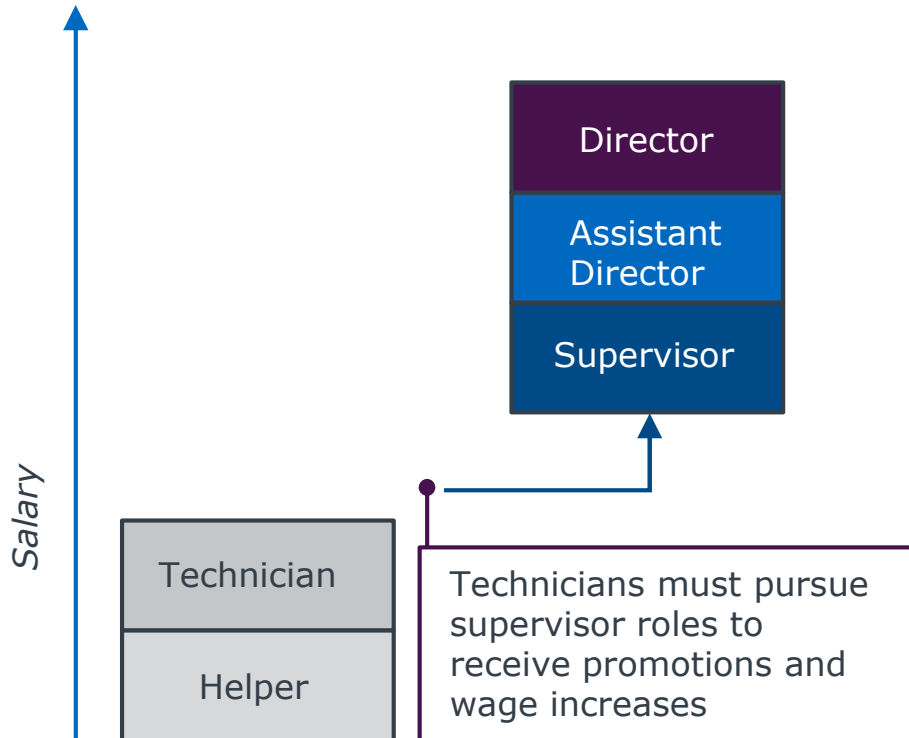


“ We should be asking people if they actually want a leadership position. Some employees are self-aware, they’ll say, ‘I don’t want to be a manager.’ ”

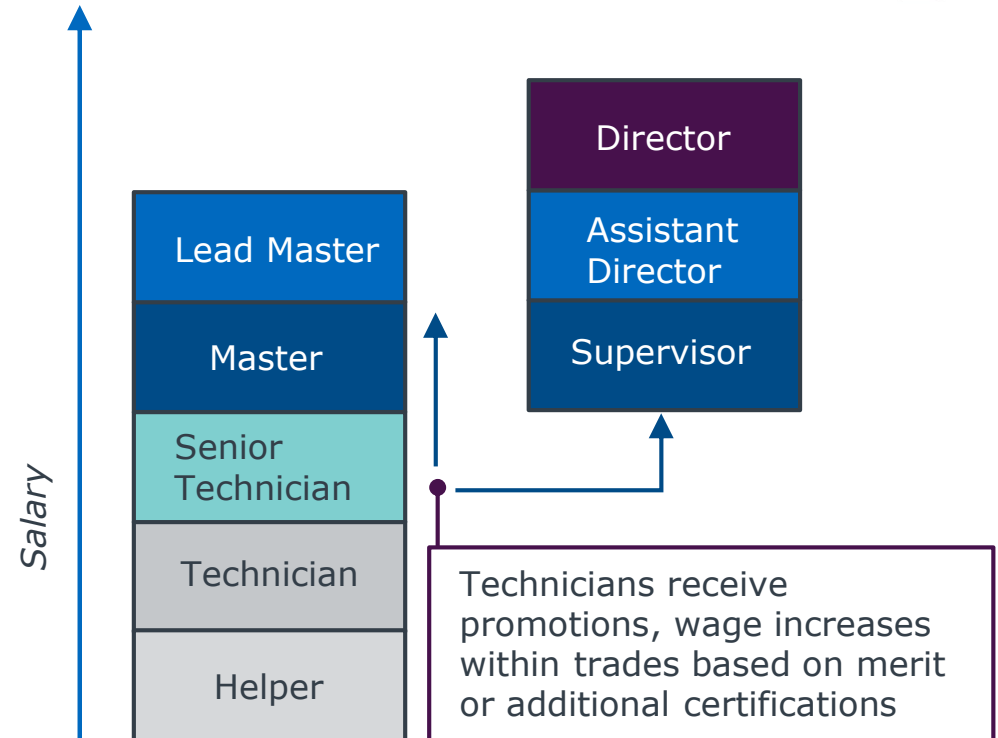
Chief People Officer

Non-Supervisory Paths Retain High-Performing Staff

Traditional Promotion Model: Supervisory Career Ladder



New Promotion Model: Bifurcated Career Ladders

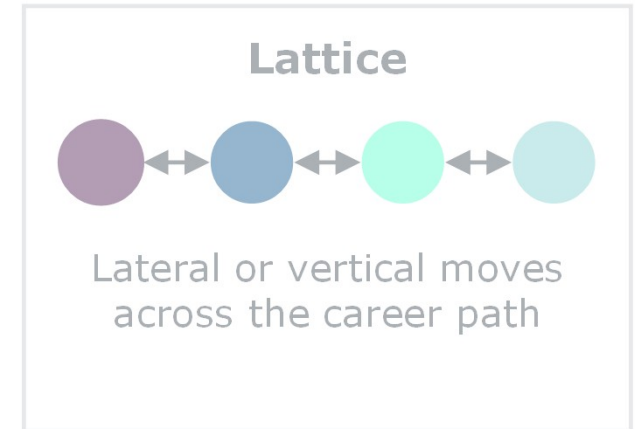
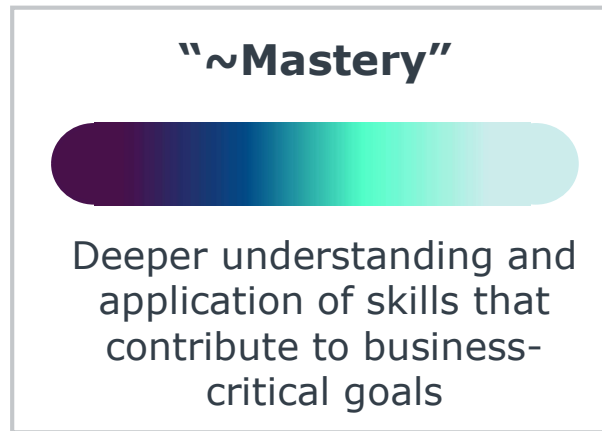
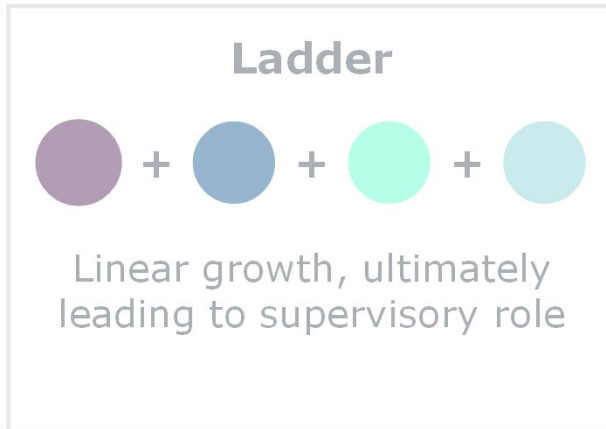


Benefits of Non-Supervisory Career Ladders Outweigh Costs



- Implementation may require additional recurring funds for new upper-level technical roles
- Facilities units with bifurcated career ladders see fewer ineffective supervisors and increased staff retention and morale

Promotions Rooted in Demonstrating Skill and Impact



Rewarding Staff Who Excel In Their Craft and Contribute to Business Outcomes

Craft Excellence

A measure of the skills employees possess and develop

+

Net Impact

A measure of how skills are applied to the company's mission

= **~Mastery Score**

- ✓ Employees that increase their ~Mastery score receive promotion, which comes with a pay raise
- ✓ Shopify anticipates this will be the most "common and celebrated" form of promotion going forward

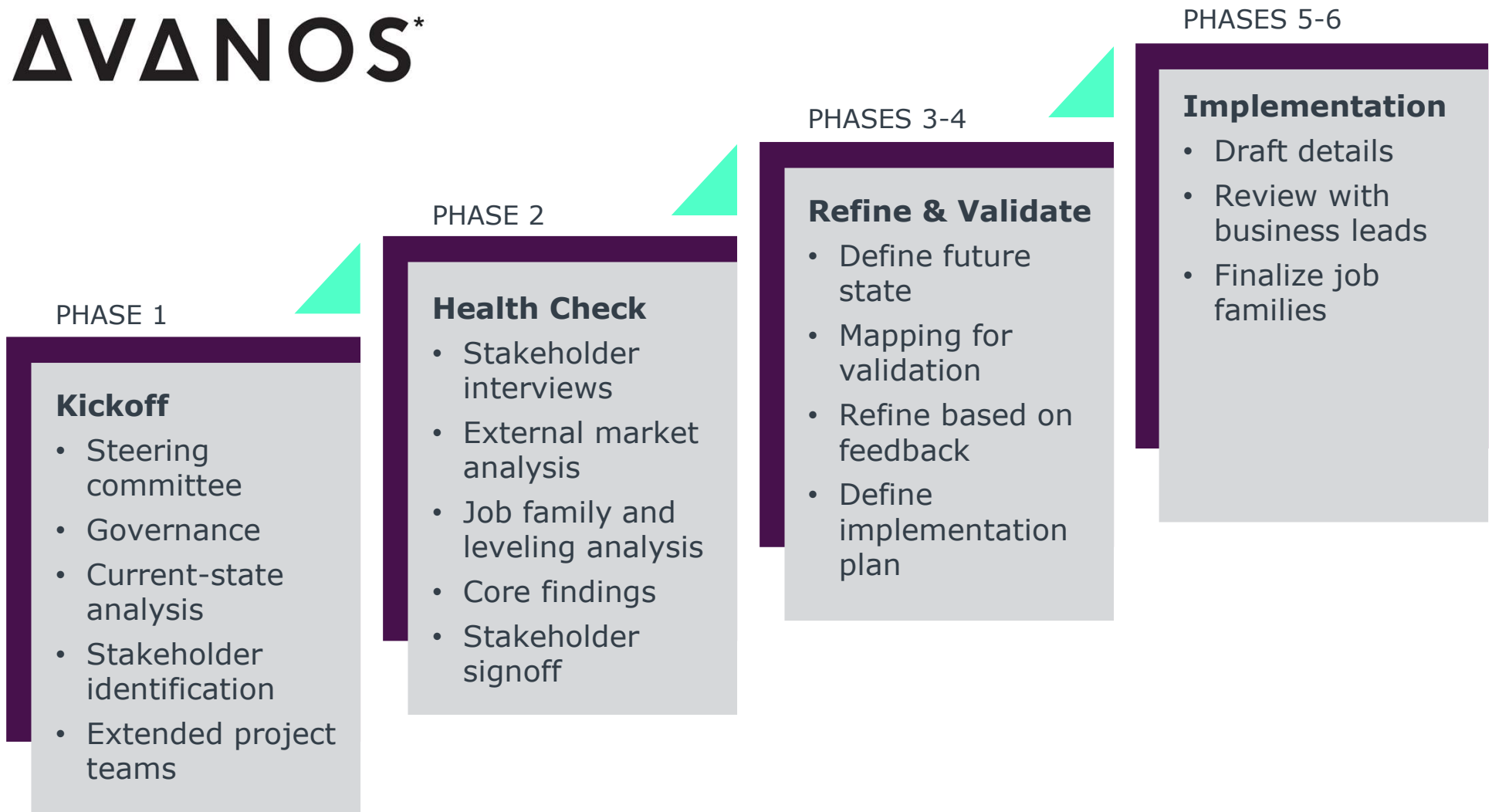
Sources: Broomfield, "['Craft excellence' | Shopify offers employees pay raises for upskilling as alternative to unwanted 'corporate ladder' promotions,](#)" *HR Grapevine*, April 24, 2024; "[Mastery: How we're kicking down the corporate ladder,](#)" *Shopify*, Feb. 26, 2024; Seramount interviews and analysis.

Key Steps to Redesigning Career Architectures



How One Partner Shepherded Major Change

ΔVANOS*



Provocations for Reactions and Discussion

To what extent do you agree or disagree with each?

1

To win the best entry-level talent, companies will pull leadership systems upstream to partner colleges, triaging new grads directly into them

2

Humans will increasingly report to AI agents, reverting today's managers to individual contributors and opening the door for more skill-based promotions

3

Employees will select and follow prescribed career paths from onboarding through retirement

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Maximizing Managers' Finite Capacity

5

Everything Flows through the Manager

Big or Small, All Initiatives Pass through the Middle, Adding to the Overload



40%

Of managers' time spent on administrative tasks and handling daily issues

15%

Of a manager's time is spent on strategic planning; just 13% on staff development

2.8x

Increase in the average number of direct reports a manager has from six years ago

51%

Managers are responsible for 51% more responsibilities than they can manage

Sources: Basu et. al., "[4 Reasons Why Managers Fail](#)," *Harvard Business Review*, April 11, 2024; Flynn et. al., "[2025 Global Human Capital Trends](#)" *Deloitte*, 2025; "[Top HR Trends and CHRO Priorities for 2026](#)," *Gartner*, 2026; Seramount interviews and analysis.

By All Means, Help Yourself

Organizations Address Symptoms Of Overload, Not Root Causes

▶ “I feel completely burned out.”



Mental Health Days

Short-term relief for stress



Wellness Programs, Mindfulness Apps

Focus on coping instead of workload



Manager Support Resources

Toolkits or guides without reducing expectations

▶ “I have too much on my plate.”



“No-Meeting” Fridays

Existing demands usually override



Focus Time, Calendar Blocks

Protected time eroded by urgent requests



Reduced Meeting Cadence Initiatives

Less structure, same volume of work

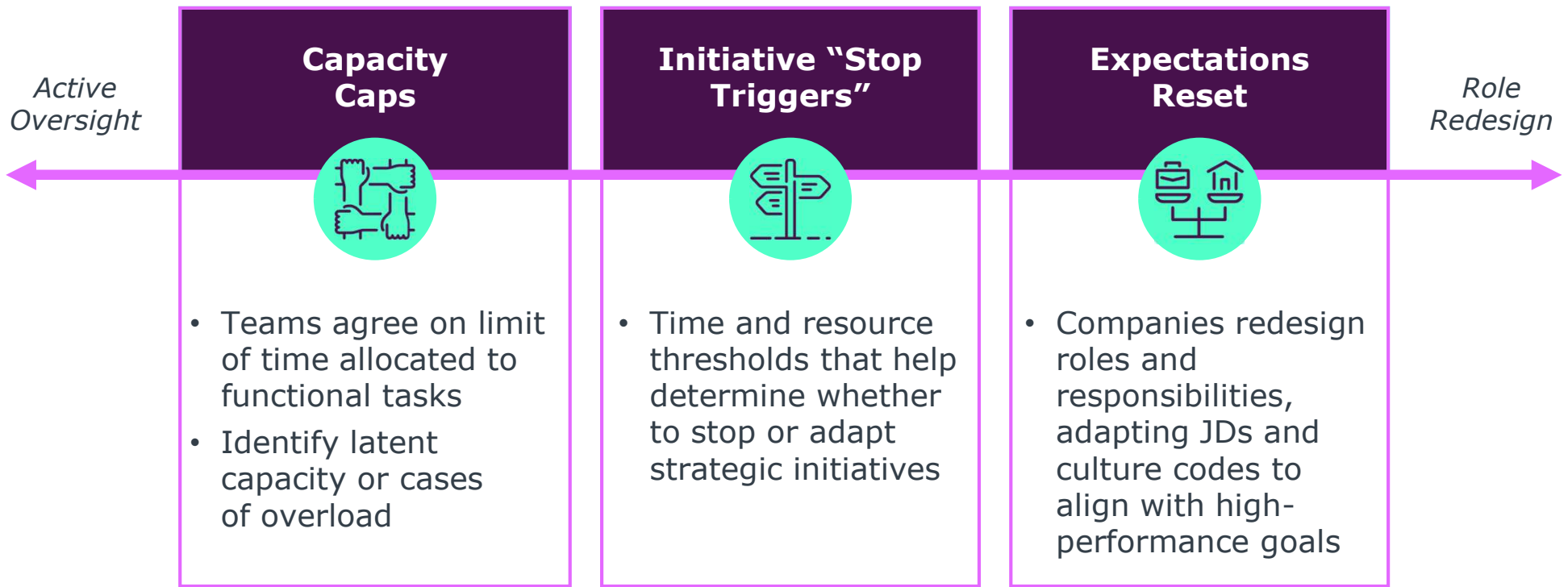
Yet the Systems Remain Unchanged...

16% Of organizations have redefined managers’ roles to address overload

Remediation Options Span a Wide Spectrum



From Monitoring Workload to Redesigning Roles for Higher Productivity

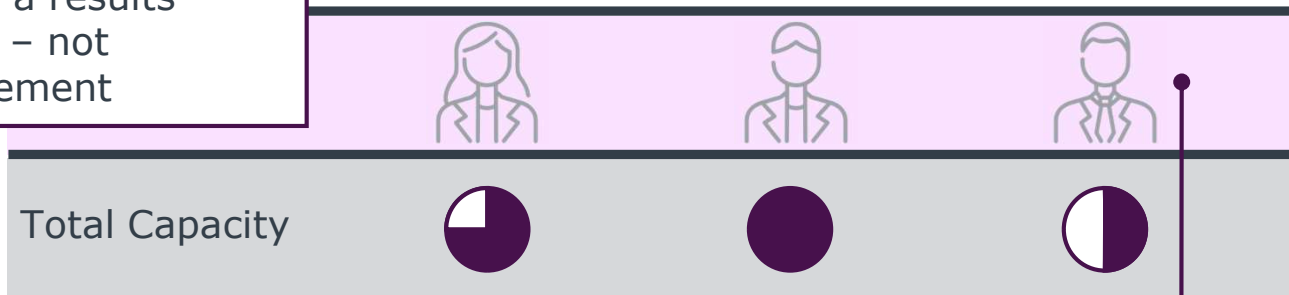


Establish a Capacity Cap

Ensuring Talent Isn't Overloaded or Improperly Allocated

Goal:

- Move toward a results environment – not micromanagement



Task 1

Task 2

Task 3

Outcomes:

- Identify latent capacity or cases of overload
- Confirm teams have the right skills to do their jobs efficiently
- Identify batches of tasks taking up too much time

Process:

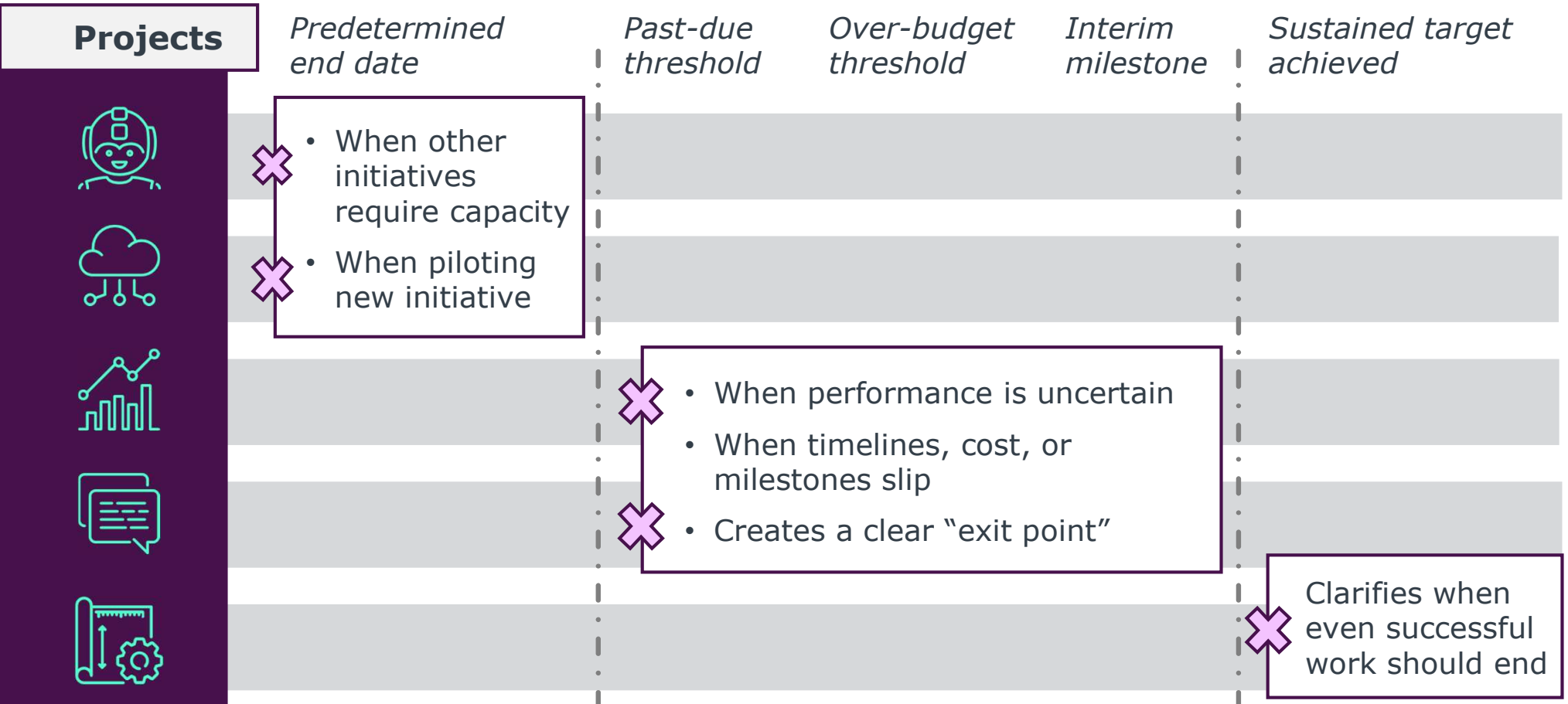
- Every "task type" is assigned a point value based on the average time it takes
- Employees accrue points when tasks are assigned
- Teams agree on a max number of points

Forthcoming Toolkit

- Step-by-step instructions and template to help teams build a task-based capacity tracker

Set Project “Stop Triggers”

Potential Triggers and When to Use Them



What To Do

- ▶ Reapply prioritization criteria to decide whether to continue
- ▶ Communicate decisions clearly across teams
- ▶ Pause or stop initiatives that no longer meet thresholds
- ▶ Celebrate and formally close completed initiatives



High Performance Culture Code

- Hire, reward, and tolerate only fully formed adults
- Tell the truth about performance
- Managers must build great teams
- Leaders own the job of creating company culture
- Talent managers should think like businesspeople and innovators first, and like HR people last



Turnover, by Definition

- Reworking the manager profile and job description
- Some current managers to be ineligible under new expectations
- Affected managers will need to requalify for the position

Company Profile

- *Industry: Advertising and marketing*
- *FTE: 1,600*

Provocations for Reactions and Discussion

To what extent do you agree or disagree with each?

1

Companies will forgo typical middle manager titles in favor of roles like “player-coaches” as responsibilities blend and AI shifts how work gets done

2

AI will dramatically decrease capacity concerns as “agents” assume (or extend) managerial capabilities—and the bar for human output moves ever higher

3

Much like the split of people and project management responsibilities, companies will soon divide and conquer people, project, and AI management



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