The Next Frontier of Leadership Development: Internal, Not External

HR Executive | Peter Carnochan | June 23, 2026



Leadership development has long been one of the most difficult challenges in HR. Some of the most successful CEOs of the past have tried hard to solve it in different ways: General Electric's Jack Welch built a system of internal contenders developed over years of service and rotation, aiming to turn leadership success into a continuous production line, with Procter & Gamble pursuing a similar model. IBM's legendary Tom Watson Sr. tried to expose his son to every part of the business in an effort to build deep, end-to-end organizational understanding.

The challenge is that those mentoring approaches were designed for a different era—when people were often happy to join a company and stay for most of their careers. Today's workforce is far less stationary, and for some leaders, the goal is to step away, build something of their own or move across multiple organizations.

But if an entrepreneur is on their fifth start- or scale-up, or trying to bootstrap a new category out of the metaphorical garage, those traditional mentoring "harnesses" aren't there to support them.

An option increasingly used by entrepreneurs and CHROs to fill this next-generation leadership gap is executive coaching, which has more than doubled since 2016 and is now an estimated $16 billion industry in the U.S. alone.

That coaching approach is valuable, but many of these conversations focus primarily on business execution and operational decision-making. And when dealing with the challenges of scaling from, say, five people to 50, other executive development approaches may need to be considered.

What leaders have started to recognize is that genuine leadership development moves beyond discussions around business mechanics. It becomes about confronting deeper, more complex questions: What is all of this for? What do I want my legacy to be?

Building emotional resilience

Executives who seek a therapeutic approach are often open to these more existential questions, and to a style of coaching that draws on clinical psychotherapy.

This emerging form of executive coaching sits at a new frontier between traditional post-MBA in-house executive mentoring and something far richer—but also more uncomfortable, challenging and demanding, because that is how therapy works.

What does that look like in practice? It is often a revelation to founders how emotionally enmeshed they are with their work, for example. Many innovators do not experience a clear boundary between themselves and their companies, so failure of the latter can feel deeply personal and psychologically devastating.

A conventional business coach might offer reassurance in response, or simply feel somewhat out of their depth. By contrast, therapeutic coaching invites clients to sit with that possibility: to open the door to what a genuine company failure would feel like, and then to build the emotional resilience needed to hold and move beyond even the worst-case outcome.

That often circles back to a recurring theme in therapeutic coaching: facing the biggest questions in life, including mortality. Yes, the coach will work with the executive to build sources of happiness and recovery through the conscious cultivation of non-work meaning—relationships, hobbies, creativity, spirituality, family and community—but unless all of that is grounded in the recognition that we are not here forever, and that life is not a rehearsal, it is difficult to call it authentic living, let alone authentic leadership.

A path for those on the way up … or those spinning wheels

Perhaps another way to understand the value of this form of executive development is through work with co-founders who have ended up in unproductive conflict. In many cases, this is driven less by strategy than by shifting interpersonal dynamics, and time spent in a "talking cure" can help both sides step back and recognize how easily they had become caught up in a cycle of resentment.

What is increasingly clear is that senior leaders and executive coaches are turning toward more personalized, psychologically informed approaches to support the next stage of development. This less conventional form of executive coaching offers a way to explore emotional patterns

and earlier formative experiences that many have simply not had the time or space to engage with, despite their relevance to how they lead their companies today.

For a CHRO considering what new tools might help unlock the potential of a promising candidate, or, just as importantly, refresh or reboot a senior manager who feels stuck, this more psychologically informed form of leadership development may be worth exploring.