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The connecting leader: Five imperatives for leaders today

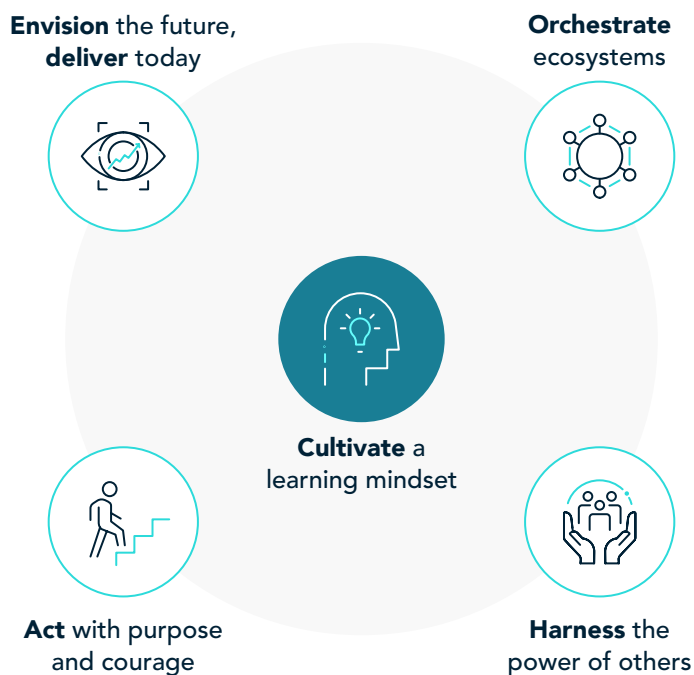
How leaders around the world are leveraging connecting capabilities to help their organizations thrive



In a world where more is expected of corporations and leaders than ever before, where more is uncertain and more is at stake, where more are demanding access, and where organizations are being unmoored by AI, climate change, war, pandemic, changing attitudes about work, and increasing stakeholder expectations for responsibility and inclusion, new perspectives are emerging on what it takes to lead successfully.

We know that a few specific capabilities have been associated with leaders who are seen to have both impact today and potential for the future.¹ But now the boundaries of organizations are blurring, thanks to many of the forces listed above, in ways that make connections among people and organizations more important than ever—while also making them more complicated than ever. In that context, our recent work and research have found that a few additional leadership capabilities, focused on connection, particularly matter now: inspiration and influence, learning, adaptability, and building talent and teams. All of these have to do with a leader's ability to connect, person to person, both within and across their organization's ecosystem, even as it changes. They help leaders bring together a diverse mix of people with the right skills, capabilities, and mindsets to build a purpose-driven organization that can deliver on an agenda that is bigger than any one of them or any single organization. And such capabilities matter even at the top: in other work, we have seen that for CEOs to succeed now crucial capabilities include being motivated to serve the organization, learning, and leading across boundaries.²

Through our work, we have identified five imperatives through which leaders can focus these connecting capabilities and, over time, become what we call connecting leaders. **These imperatives are:**



In what follows, leaders from around the world will explain how they are meeting these imperatives every day.

1 Those capabilities are leading through influence; driving execution; creating new thinking; and having an ownership mindset. For more on why these capabilities and what they entail, see TA Mitchell and Sharon Sands, "Future-ready leaders: Finding effective leaders who can grow with your company," Heidrick & Struggles, heidrick.com.

2 For more on CEOs specifically, see *Route to the Top: Today's CEO: The growing importance of character, learning, and leading in a contested world*, Heidrick & Struggles, February 28, 2024, heidrick.com.



Envision the future, deliver today

It has long been true that if a leader is not able to deliver today, they will not have the permission to build future capabilities and offerings—yet, if they neglect to look ahead, others will overtake them tomorrow. Leaders must now do both simultaneously: given the current pace of change and innovation, they don't have the option of focusing first on the now and then on the future, or favoring one over the other for a time.

Peter Attfield, former chief talent and learning officer at Jardine Matheson, articulates this well: “One of the conversations we’ve been starting to have is around ambidextrous leadership, to give it a name. [Meaning,] not only do you need the core to perform, but you need to transform the future as well at the same time. I saw recently, from a fairly large data set of senior leaders around the world, that they said that about 12% of senior leaders have this ambidextrous capability—that’s a really low number.”³

Our research and work have highlighted five key characteristics that help leaders envision the future while delivering today. Leaders should be:

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Strategic and forward-looking—envisioning and planning for multiple futures, developing flexible strategies, and making choices to profit from uncertainty and turbulence in the market
- 
Digital and AI savvy—becoming digitally attuned enough to ask the right questions, stay ahead of emerging technologies such as AI, and adapt (personally and organizationally) at the speed of digital transformation
- 
Transformational—thinking and building for exponential growth and anticipating the impact of change on employees and customers, while remaining laser-focused on organizational purpose
- 
Simplicity-focused—distinguishing between necessary and needless complexity and becoming ruthless about reducing or even eliminating organizational clutter
- 
Decisive and data-focused—ensuring a foundation of financial excellence, business acumen, and real-time analytics to support making decisions and trade-offs at pace

Andrés Gluski, president and chief executive officer of AES, a global energy company, announced last year a bold commitment to a forward-looking renewable energy vision without compromising on short-term objectives: “Through 2027, we expect to significantly increase the capacity of solar, wind, and energy storage to our portfolio, while simultaneously delivering annual rate base growth of 10% at our US Utilities.”⁴ Many have questioned this aggressive position, including AES’s intention to close nearly all its coal plants by 2025, yet AES remains focused and is advancing its role in leading responsible transitions, mitigating impacts of climate change, and improving lives. Tish Mendoza, AES’s CHRO, shared the passion the company’s leaders feel for a clean energy future, which traces back to the company’s founders, who were environmentalists. Today this motivates the purpose and passion that everyone has for “playing a role in reducing climate change and improving lives.”

3 Grace Gu and David Hui, “Developing forward-looking leaders: An interview with Peter Attfield, former chief talent and learning officer at Jardine Matheson,” Heidrick & Struggles, heidrick.com.

4 Will Norman, “AES to triple renewables capacity by 2027 and ditch coal by 2025,” PVTech, May 9, 2023, pv-tech.org.

Mendoza also explained that today the company has “a lot of curious and strategic people on our leadership team who deployed forward-looking leadership tools” to envision the future while meeting current needs. The company used scenario-planning processes that brought together economics, geopolitics, and a host of other external forces to “envision the best case, worst case, and a range of possibilities that could impact our company’s strategic aspirations.” With these future possibilities in mind, AES leaders are prepared to learn and adapt. They set up what they call a “watch tower” system with designated teams to monitor likely scenarios. “These small, agile strategy teams, comprised of key players from across AES, analyze trade-offs and adapt short-term tactics as scenarios unfold or change,” Mendoza explained. For example, “it was difficult to predict the level impact of Covid-19 and geopolitical challenges on global supply chains, but we were able to adapt and leverage our global footprint and close supplier relationships to ensure we didn’t have project impacts.”



Act with purpose and courage

In the face of permacrisis, uncertainty, and geopolitical upheaval, we can put our heads in the sand or blame others—or we can have the courage to lead with purpose and take a stand for what we think is right. Many leaders today talk about purpose at a surface level, but few have the conviction to live their purpose when the going gets tough. Personal purpose can become a compass that allows leaders to navigate through crisis, make courageous decisions, take risks, and stay resilient. It is sustaining for a leader and compelling for a team when it comes from a deep place.

Leaders who are able to connect to themselves truthfully, and understand their passions, strengths, and weaknesses, are better able to identify their personal purpose, what truly fulfills and energizes them. When that personal purpose aligns with the organization’s purpose, as it does for many AES leaders, it can energize the whole.

Garry Ridge, who, for more than 20 years, was the CEO of WD-40, a US-based household products manufacturer, passionately believes leaders and businesses must understand the responsibility they have to ensure they support happy people who go home to build happy families, who in turn support happy communities that create a better world. Ridge talked passionately about how WD-40 exists “to create positive lasting memories, solving problems in factories, homes, and workshops around the world.” Its purpose is “to make life better at work and at home”—and better means for everyone, including all the employees, whom Ridge calls “tribe members.” Based on this belief, WD-40’s leadership team does what it takes to create an organization with the culture, talent, and teams all aligned with that purpose.

Our research and work have highlighted five key characteristics that will help leaders act with purpose and courage. Leaders should be:



Self-aware—understanding their own personal drivers, motivations, and biases, able to objectively evaluate personal emotions, strengths, and weaknesses, and being aware of the perception of others



Purpose-driven—being strongly grounded in a sense of purpose, aligning personal and organizational goals with a socially meaningful purpose



Inspirational—energizing others with a vision for the future that helps them ascribe greater meaning to their roles, resulting in heightened engagement and focus



Courageous—willing to make tough decisions in an uncertain environment, even when actions may have unpredictable outcomes, and ready to take risks and learn from failures



Resilient—adapting to and overcoming adversity in the face of turbulences, recovering quickly from difficult situations

However, while a shared and clearly articulated purpose is important, it comes to life through values and behaviors that together create organizational culture. WD-40's values were ranked by employees. The first is "doing the right thing," followed by "creating positive lasting memories for customers, employees, or even competitors." At number six is "sustaining the WD-40 company"—necessary to ensure it can continue to be a place for employees and customers to belong. Values, Ridge says, drive employees' decision making, hiring, and feedback at all levels. He likes to cite the example of how his team would react if a supplier suggested replacing a chemical with a lower-cost alternative that would increase health risks. He asserts that his teams would immediately "do the right thing" and would not need management to dismiss the idea. In addition, employees don't shy away from tough conversations with colleagues not living the values. Instead, they use the values as a foundation to enable them to confidently act with purpose and courage. Every team member is empowered by their values. Ridge sums up: "Corporate values must protect people and set them free."

In a very different industry, Kevin Keller, the CEO of CFP Board, a nonprofit organization that certifies financial planning professionals in the United States, describes his purpose as getting "satisfaction from bringing people with common business interests together to accomplish something they couldn't do on their own." He loves building teams with a clear purpose to deliver on that mission, noting enthusiastically that what non-governmental organizations (NGOs) do is bring passionate people together to serve a specific objective that helps other people. "That's why I do my job! That's what I like!"

At the beginning of his tenure as CEO, 17 years ago, Keller knew that the Certified Financial Planner (CFP) certification was valuable for people who were certified, but he also realized that not enough other people, the general public in particular, knew about the certification. So he set the inspirational goals of establishing the CFP certification as the standard for financial planners and of demonstrating to

the public that CFP-certified professionals are competent and ethical by virtue of their tested financial planning skills and commitment to the ethical standards of CFP Board. To begin to fulfill this purpose, he wanted to run advertising campaigns to raise visibility—but the cost doubled the certification fee. It took courage even to test the idea with CFP members. However, Keller found out that a large majority were supportive, so he mobilized his team and traveled across the United States with board members to make the case. As of now, CFP Board has doubled the number of certified CFP professionals in the United States, increased the retention rate of its certificate holders, and positioned itself as a must-have credential for new advisors.



Harness the power of others

To solve today's problems at pace, leaders must draw on a wide range of people with diverse skill sets, perspectives, and backgrounds. As workforces are becoming more diverse in many ways, the complexity of leading an increasingly diverse workforce is intensifying. When stakeholder considerations, partnerships, and ecosystems are involved, the complexity multiplies.

As illustrated in the stories above, leaders must take the time to understand what inspires and connects team members to each other and to the collective purpose. People want to belong, feel valued for their contributions, and feel like their leader cares. A connecting leader builds relationships that foster trust by raising the bar on their own openness, transparency, and vulnerability. This can be a challenge for leaders who are naturally reserved or prefer to focus purely on business results. But getting it right can unlock creativity, empowerment, and resilience.

Our research and work have highlighted five key characteristics that help leaders harness the power of others. Leaders should be:

-  **Human-centered**—authentically connecting with every individual in the ecosystem: customers, employees, partners, or stakeholders; listening to, caring for, and empathizing with them; able to practice situational leadership based on both individual needs and contextual dynamics
-  **Inclusive & collaborative**—creating an environment in which everyone shares information and capabilities to engage the right people to solve problems; seeking different opinions, backgrounds, experiences, and capabilities to inform decision making and embracing diversity of thought as second nature; fostering psychological safety and belonging while leveraging influencing skills to build consensus across stakeholders
-  **Empowering**—creating space for others to experiment, test, and learn in order to build self-confidence, develop individual capabilities, and drive innovation; promoting a culture of trust and autonomy
-  **Talent-focused**—attracting the best talent and cultivating a development-focused culture by providing opportunities, setting high expectations, and enabling continuous growth
-  **Unifying**—building high-performing teams that rally around a shared purpose or North Star, transcending individual contributions; inspiring others with a compelling vision that brings greater meaning to their work, resulting in deeper engagement and stronger focus

Garry Ridge explained how he was able to harness the power of others at WD-40 by turning the typical hierarchical model on its head, implementing a model in which leaders and managers have been transformed into coaches who help and learn from the team. He says: “A tribal leader needs to be a learner and a teacher.” Individual responsibilities and accountabilities are clarified when necessary through regular, real-time feedback and learning moments. This is underpinned by the WD-40 Maniac Pledge, with which all employees pledge their responsibility to one other: “I am responsible for taking action, asking questions, getting answers, and making decisions.” Today, the company has 93% employee engagement, 98% of employees love to tell people they work there, and 97% say they respect their manager. And, over 22 years, the company quadrupled revenue and delivered compound annual total shareholder return growth of 15% a year, increasing market capitalization from \$300 million to \$2.7 billion.

Harnessing the power of others can go well beyond a single organization and beyond reaching specific business goals. Beth Ford, the CEO of the US-based dairy cooperative Land O’Lakes, has tapped the collective mindset of the company’s farmers (it has 9,000 employees and 2,809 member-owners), retailers, and producers to launch initiatives to further rural broadband access, reduce the company’s carbon footprint, address food supply concerns, and promote environmental stewardship. She has been clear that such efforts simply make good business sense.⁵ At global energy company AES, CHRO Tish Mendoza explained how the company works “to connect people with our purpose, both current people and future talent. When we built a wind farm in a pretty remote part of Brazil, for example, we went into the community and developed a training program for the women to be operators. We also built a childcare center, enabling women to actively participate in the sector, leaving no one behind in this transition and helping their communities thrive.”



Orchestrate ecosystems

Ecosystems have long been a competitive strategy. But today, many forces are blurring the boundaries of the enterprise in ways that require leaders to go beyond harnessing the power of others to build lasting ecosystems to address more complex challenges. Majid Al Futtaim (MAF), the largest retail conglomerate operating in the Gulf countries, for example, partnered with the Dubai International Financial Center, AstroLabs, and Microsoft to create the Launchpad, an ecosystem of local start-up companies, to drive outside-in innovation.⁶ The Launchpad has supported companies competing to innovate in areas such as waste-to-energy technology, digital customer experience, homegrown fashion brands, and hydroponic farming. Innovations are presented along with a business plan to a panel of MAF executives, who award the winners the ability to test and implement their solution at MAF’s retail outlets and shopping malls. This type of ecosystem not only provides new solutions to MAF’s customers but has also established MAF as a champion for local economic development. Furthermore, the initiative has given a range of MAF top executives an opportunity to understand how to work with a large ecosystem to focus on sustainability and outside-in innovation.

⁵ Alicia Wallace, “As the CEO of Land O’Lakes, she’s changing the rules of American farming,” CNN, November 21, 2023, [cnn.com](https://www.cnn.com).

⁶ “Majid Al Futtaim announces second edition of its Launchpad programme in partnership with AstroLabs, Microsoft and DIFC Launchpad,” AstroLabs, May 16, 2023, insights.astrolabs.com.

In this context, our research and work have highlighted five key characteristics that will help leaders orchestrate ecosystems. Leaders should be:



Customer-centric—deeply understanding customer segments, looking at products and services through the lens of the customer to improve overall customer experience and understand how their interests are evolving



Externally networked—connecting and building relationships with leaders of organizations with complementary capabilities, whether the company is currently working with them or not



Invested in external innovation—driving innovation through teaming within and across organizations, as well as across industries



Committed to solving the big problems, such as sustainability—adopting business practices that consider social and environmental impact, only partnering with ecosystem actors who embrace responsible business practices



Culturally adept—navigating diverse cultures seamlessly, balancing global and local capabilities, understanding differences among global and local customers, regulators, and suppliers

Capgemini, the French-based IT consulting firm, has developed a network of 20 “applied innovation exchanges” where clients, local start-ups, technology partners, and regulators meet to brainstorm and create innovative solutions to unresolved business challenges. Challenges have included considering how the metaverse could be leveraged for the Tommy Hilfiger Brazil sales convention and developing a more accurate earthquake prediction system by improving the accuracy of a data-based algorithm for AETA, an earthquake forecasting company in China.

This innovation ecosystem is so powerful that a significant part of Capgemini’s innovation-driven business originates from it. Andreas Sjöström, VP and director of the San Francisco exchange, explained that “the Applied Innovation Exchange (AIE) network is a great lever for finding creative solutions to clients’ business challenges and strengthening our relationship with them. When they leave the AIE with a new business solution, we have become their trusted advisors.” Sjöström adds that specific leadership capabilities are required to successfully orchestrate ecosystems: “For me, leaders who run ecosystems must be able to influence without authority, build trust and credibility, and remain agile and flexible.”

The biopharmaceutical company Merck has built an extensive ecosystem of external manufacturing capabilities over the past couple of decades to support its diverse manufacturing needs. Historically, Merck relied primarily on its own robust and high-quality manufacturing expertise to support its supply of lifesaving products. However, as new, innovative products were being introduced, along with increasing demand for certain blockbuster products in oncology and or human papillomavirus (HPV), the manufacturing leaders expanded the company's capabilities through contract manufacturing organizations (CMOs) to handle the increasing complexity of manufacturing requirements around the world as well as increased demand. Now, a significant percentage of the company's products are manufactured by CMOs in areas where Merck may not have specific expertise or internal capacity, without sacrificing quality and safety to the patient.

According to Tony Martinez, Merck Learning and Development, a challenge for Merck's manufacturing leaders has been that they cannot simply impose Merck's internal standards and ways of working without disrupting the CMOs' processes and operating methods. So, to prepare its leaders and teams who oversee these supplier partnerships, Merck designed a learning and development experience to instill new ways of working, thinking, and behaving in a collaborative manner, which creates strong alignment and win-win outcomes with its CMO network. The teams build new muscles in strategic thinking, outside-in ecosystem partnering, trust building, agility, and influence. Dozens of teams, each focused on a single ecosystem partner, have now participated in this learning journey, and it has become a key to the success of supplier expansion, quality control, supply chain optimization, team building, and talent development.⁷



Cultivate a learning mindset

A learning mindset underpins all the preceding leadership imperatives. Whoever learns the fastest has a major competitive advantage. This starts with the curiosity to stay open to embrace change. One senior executive we know proclaimed, "We must embrace a fail-fast mentality that empowers leaders to take risks and provides the space to learn from and correct missteps." She went on to describe how her company revamped its after-action reviews to infuse a spirit of curiosity and humility about what can be learned from success or failure versus the blame game that previously dominated discussions when something went wrong.

At Microsoft, when Satya Nadella became CEO, in 2014, he saw that "innovation was being replaced by bureaucracy. Teamwork was being replaced by internal politics. We were falling behind." At his instigation, Microsoft started consciously examining its work culture and implementing the attitudes of a growth mindset, including valuing innovation even if there's failure along the way—and the company truly transformed.⁸ As one employee put it, "The culture at Microsoft changed from 'know-it-all' to 'learn-it-all.'"⁹ This ultimately helped Microsoft continue to reinvent itself and once again become a transformational business force in AI and beyond.

⁷ For more on ensuring that executive learning programs deliver business benefit, see Regis Chasse, Cynthia Emrich, and Steven Krupp, "Investing in your leaders as a strategic asset: A fresh look at measuring the impact of leadership development," Heidrick & Struggles, heidrick.com.

⁸ Milan Shetti, "Why having a growth mindset is critical for company success," CIO, October 6, 2022, cio.com.

⁹ Milan Shetti, "Why having a growth mindset is critical for company success," CIO, October 6, 2022, cio.com.

Our research and work have highlighted four key characteristics that will help leaders develop a learning mindset. Leaders should be:



Curious—seeking new ideas, having an open mind, challenging the status quo, actively listening to others



Agile—spotting opportunities and threats and then adapting and pivoting at a faster pace than competitors to create a competitive advantage



Entrepreneurial—willing to take risks in an uncertain environment, being resourceful, creative, and solution-oriented



Humble—exhibiting a low-ego leadership style; willing to re-examine personal beliefs in light of new evidence, accepting that they have more to learn and don't know it all

When Garry Ridge became CEO of WD-40, in 1997, it was a successful company built around an iconic brand. Its core product, the lubricant called WD-40, was itself a result of failure and learning: it was the 40th attempt that created the successful formula. But Ridge realized that to avoid complacency he would need to reinvigorate the culture to support the “forever learning” approach. Today, each and every manager within the business acts as a coach, encouraging team members to learn from failure while providing unwavering support.¹⁰

Another powerful example of a learning mindset comes from energy company AES, which has co-created with Google a model to supply 24/7 carbon-free energy for Google's data centers.¹¹ This ambitious undertaking required a first-of-its-kind structure in which AES supplied the data centers' carbon-free energy needs on an annual basis, sourcing energy from a portfolio of wind, solar, hydro, and battery storage resources to be developed or contracted by AES. Developing this project and the ability to deliver on it required entrepreneurship, agility, and learning by trial and error over the course of a year. According to AES's CHRO Tish Mendoza, it involved “a lot of not getting it right before finally getting it right.” This took vision, trust, and bringing people together from diverse backgrounds and experience with a spirit of learning together to co-create, iterate and invent a new commercial product.

Conclusion

The world has changed, and leadership has changed. Connecting leaders, who build human-to-human relationships and can spot patterns and bring together resources, will positively impact all stakeholders and collectively raise their teams, organizations, and ecosystems to the top, in the short and long term. These leaders will leave a lasting legacy on the people they work with, the organization they work for, and the world we live in.

¹⁰ Adam Pacifico, “The tribe of WD40: Garry Ridge,” *The Leadership Enigma Podcast with Adam Pacifico*, June 11, 2022, leadersenigma.com.

¹¹ Richard Foster, “AES to provide carbon-free power for Google's Loudoun data centers,” *Virginia Business*, May 4, 2021, virginiabusiness.com.

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