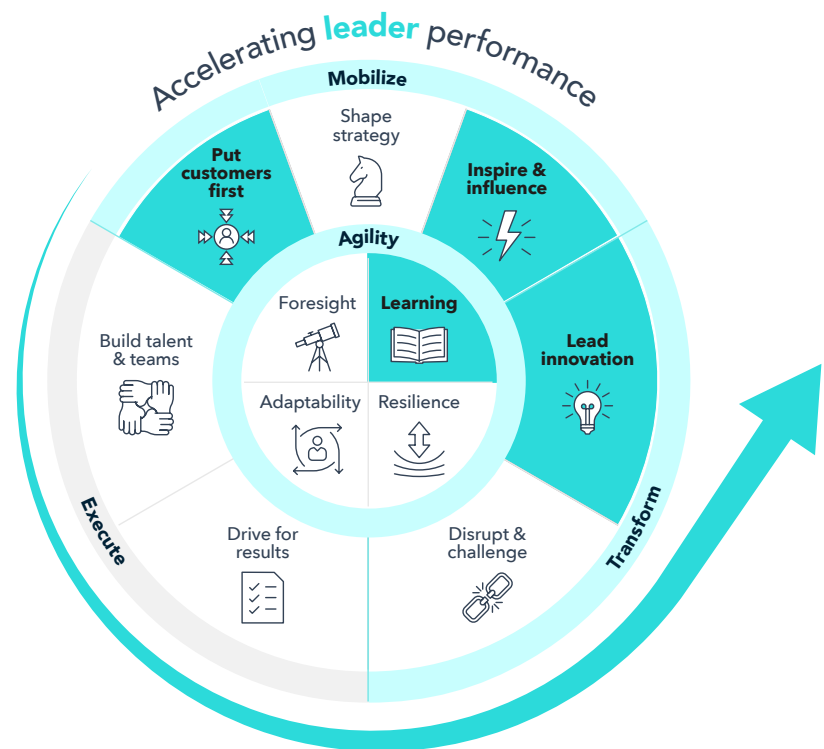


ARTICLE

# Financial services focus: Leadership capabilities for the future

Building on their current strengths, financial services leaders should focus on a few key areas of leadership development—both for themselves and for the future leaders they are developing in their institutions: learning and creating new possibilities, customer-centricity, inspiring and engaging, and self-awareness.

Our analysis of more than 10,000 assessment results of CEOs and C-level executives across industries has provided insights into how they lead, the impact they have on others, and their level of self-awareness. We based this analysis on characteristics we know accelerate organizational performance: mobilizing, executing, and transforming with agility (see exhibit, “Accelerating leader performance”).<sup>1</sup>



## Methodology

Heidrick & Struggles performed a global data analysis of more than 10,000 assessment results of CEOs and C-level executives across all industries, examining both self-assessments and 360-degree feedback assessments, and compared results across industries.

The data is from 2019, 2020, and 2021. Sixty-one percent of the executives assessed are based in Europe and Africa, 26% from the Americas, and 13% from Asia Pacific.

In the following charts, the data represents the share of executives assessed who are seen as having the capability or exhibiting the derailer.

### Data key:

■ Capabilities (the higher the better, %)

■ Derailers (the lower the better, %)

☑ Best in class

☐ Worst performing

Financial services leaders, analysis shows, are seen as best in class when it comes to balancing long-term and short-term priorities, looking at underlying root causes instead of symptoms, and identifying opportunities and threats facing the business. But they have significant gaps when it comes to **mobilizing**, **transforming**, and **acting with agility**; these leaders are more often seen as lacking leadership capabilities such as learning and creating new possibilities, customer-centricity, inspiring and engaging, and self-awareness.

<sup>1</sup> The characteristics we know accelerate organizational performance are mobilizing, executing, and transforming with agility, or META. At a high level, organizations that succeed across all the aspects of META are able to adapt and pivot faster than competitors in areas where doing so adds value—critical capabilities in an ever-changing world. For more, see TA Mitchell, Sharon Sands, and Naomi Record, “Developing future-ready leaders,” Heidrick & Struggles, heidrick.com.

**The through line is culture:** a recent Heidrick & Struggles survey of 500 CEOs around the world found that how people work together, through purpose and culture, is seen as a top influence on financial performance.<sup>2</sup> Inspirational and engaging leadership is an important way to ensure meaning, purpose, and culture all thrive, and is one leadership capability our analysis suggests financial services leaders should focus on to better mobilize their teams and organizations. The next capability is self-awareness, which will help with both mobilizing and transformation. Finally, strengthening their capabilities in learning, creating new possibilities, and being customer centric will all help executives lead through the continuous transformation the industry is facing today.

## Learning and creating new possibilities



Results from assessments find that financial services executives are more often seen to **lack learning agility** and **the ability to create possibilities from new thinking**, compared to leaders in other sectors.

Create possibilities from new thinking	<b>Financial services</b>	69	⊖
	Best in class	74	⊕
Scale and invest in new ideas	<b>Financial services</b>	65	⊖
	Best in class	69	⊕



This is unsurprising, given that these leaders are also **more often seen to be entrenched in traditional ways of working** and more often are seen struggling to fully understand the impact of new technologies.

⊖	<b>Financial services</b>	12	Becoming stuck in a mind-set of 'this is how we have always done things'
⊕	Best in class	6	
⊕	<b>Financial services</b>	9	Operating as though they have nothing more to learn
⊖	Best in class	6	
⊖	<b>Financial services</b>	11	Investing little time in learning about the world around them
⊕	Worst performing	6	
⊖	<b>Financial services</b>	9	Struggling to fully understand the impact of new technologies
⊕	Best in class	6	
⊕	<b>Financial services</b>	15	Struggling to fully understand the impact of new technologies
⊖	Best in class	9	
⊖	<b>Financial services</b>	16	Struggling to fully understand the impact of new technologies
⊕	Worst performing	6	

2 "Aligning culture with the bottom line," Heidrick & Struggles, heidrick.com.

Looking ahead, with new technologies constantly emerging, cultural and working norms shifting, stakeholder expectations rising and macroeconomic parameters evolving faster than ever, best-in-class leaders will be those with a future-oriented focus and a mindset of innovation, learning, and openness to change, curiosity, and humility.

**Considerations for leaders:**

-  How can we better cultivate a mindset of openness and curiosity in our culture and working norms?
-  How can we encourage a learning mindset and a culture that fosters the boldness to try new things?

**Customer-centricity**



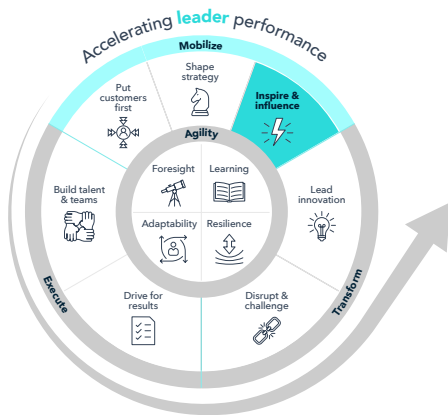
Financial services executives are more often seen as **too internally focused** when compared to their best-in-class peers and **show significant room for improvement at creating value for their customers**.

<input checked="" type="checkbox"/>	<b>Financial services</b>	<b>15</b>	<b>Being too internally focused, neglecting the customer</b>
<input type="checkbox"/>	Best in class	10	
<input type="checkbox"/>	Worst performing	18	
<b>Create distinctive value for customers</b>			
	<b>Financial services</b>	<b>69</b>	<input type="checkbox"/>
	<b>Life sciences</b>	<b>74</b>	<input checked="" type="checkbox"/>

In order to rebalance their internal versus external focus, financial services leaders should consider how they can initiate a significant mindset shift toward customer-centricity. Winning financial institutions will be the ones able to navigate regulatory constraints and complex legacy IT systems, for example, to create value for customers.



## Inspiring and engaging



Financial services executives are less often seen creating meaning and purpose, central though that is to leading today.

Financial services executives are also **more often seen as weaker in interpersonal skills.**

Co-create meaning and purpose	Financial services	69	⊖
	Best in class	74	⊕

Financial services	21	Creating relationships that are only task and transaction focused
Best in class	17	
Worst performing	24	

In addition, most financial services executives feel that they are empathetic, but their assessments paint a slightly different picture.

Our analysis shows that, much like leaders across all industries, financial services leaders can be seen as **making it difficult to provide feedback**. Combined with their scores on **talking too much, rather than listening** to understand others, as well as their other interpersonal skills, it's no surprise, then, that their **ability to collaborate across boundaries is seen as limited**.

Financial services	21	Making it difficult for others to provide feedback
Best in class	21	
Worst performing	25	





Financial services	17	Talking too much rather than listening to understand others
Best in class	12	
Worst performing	18	

Collaborate across boundaries	Financial services	70	⊕
	Best in class	73	⊕
	Worst performing	69	⊖

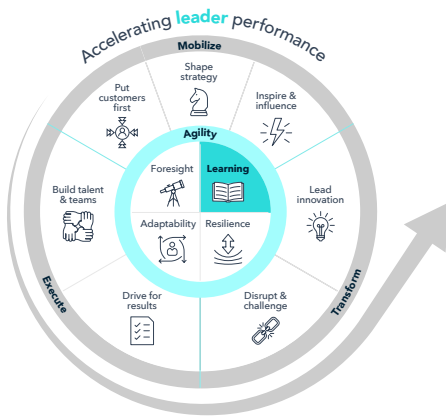
All this comes together to create a sector with much progress to make when it comes to developing future leaders. Financial services leaders must be able to inspire and engage today's teams and future leaders through shared purpose and inclusive leadership if they are to thrive.









**Considerations for leaders:**

-  How engaging is our company purpose?
-  How do we evaluate the ability of the leaders in our organization to inspire and engage the workforce?
-  How can we help develop the next generation of our company's leaders?
-  How often do leaders admit mistakes in our organization?

**Self-awareness**





Finally, financial services executives more often believe that they are curious and open-minded, self-aware, influential, and creative than their 360 reviews show. They are seen as less self-aware than leaders in other industries.

Develop creative solutions	<b>Financial services</b>	69	
	<b>Best in class</b>	75	
Empathetic	<b>Financial services</b>	68	
	<b>Best in class</b>	74	
Self-aware	<b>Financial services</b>	68	
	<b>Best in class</b>	72	

Leaders are able to excel when they know their teams and dynamics very well; they know each person's areas of strength and areas of improvement, and how other members of their teams complement and balance those areas out. Similarly, best-in-class leaders know themselves. They are self-aware, able to sense when they are equipped to handle challenges versus when they should ask for help and how they impact others. Through their ability to understand the shadow of their leadership<sup>3</sup> these leaders are best able to lead through influence, inspiring and engaging all those they work with, both directly and indirectly to create thriving organizations. Best-in-class leaders are able to admit when they don't know and when they made a mistake: they show vulnerability, humility and authenticity and through that they connect emotionally with their people and create followership.

**Considerations for leaders:**

-  How do we make sure we create followership among our people?
-  How often do we solicit feedback from our peers and teammates?  
How do we build on such feedback?

<sup>3</sup> Purpose-driven leaders who are intentionally committed to the organization and its culture cast a long shadow of positive influence. For more on the shadow of the leader, see Anne Comer, Priya Dixit Vyas, Rose Gailey, Jenni Hibbert, Adam Howe, Ian Johnston, John McKay, Holly McLeod, and Dustin Seale, "Special feature: The pillars of culture shaping," Heidrick & Struggles, heidrick.com.

## Managing the paradox

Historically, financial services has been a knowledge-based industry requiring the workforce at all levels to demonstrate technical skills as well as accuracy, expertise, careful analysis and discipline. These have been the core promotion principles throughout financial services organizations for generations of leaders. When it comes to balancing long-term and short-term priorities, looking at underlying root causes instead of symptoms, and identifying opportunities and threats facing the business, they are best in class.

Consequently, financial services leaders tend to show high intellectual capacities as well as attention to detail. However, perhaps because of this, they are often seen as less often creating a compelling purpose and engaging the workforce through a human-centered style.

Today's financial services leaders are required to create the financial institution of the future, leveraging digital capabilities, innovating, and focusing on customers.

**There is a paradox between, on the one hand, being creative, anticipating customer trends, and daring to try new things and, on the other hand, having the discipline in your organization to ensure the right controls are in place to meet technical and regulatory requirements. Leaders who will make a difference are those who can manage this paradox skillfully.**

Managing the paradox requires a growth mindset.<sup>4</sup> Best-in-class leaders build purpose-driven organizations, focus on customers and have a human-centered leadership style. These are able to lead their organizations into the future, attracting and retaining the talent they need and releasing their teams' discretionary energy. Last but not least, these leaders positively impact financial performance.

4 For more on cultivating a growth mindset, see Cynthia Emrich, Steven Krupp, and Amy Miller, "Developing future-ready leaders: From assessments to strategically aligned learning," Heidrick & Struggles, [heidrick.com](#); and Alex Libson, TA Mitchell, and Mark Watt, "Making leadership development a team sport," Heidrick & Struggles, [heidrick.com](#).

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# Financial Services Practice

**Heidrick & Struggles' global Financial Services Practice uses our broad and deep experience to find the leaders today who are equipped to address the critical issues of tomorrow.**

Emerging from global crises while adapting to new markets, the global financial services industry needs leaders with the technical skills, creativity, and insight to craft winning strategies in an increasingly data-heavy digital world. With more than 80 consultants in locations around the world, our Financial Services Practice team combines unparalleled search resources with a deeply consultative approach.

We have strong expertise across all financial services sectors, including: asset management; consumer and commercial finance; financial services infrastructure; financial technology; global markets; hedge funds; insurance; investment banking; private equity; real estate; venture capital; and wealth management.

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# Heidrick Consulting

**We partner with our clients around the world to develop future-ready leaders and organizations, bringing together our expertise in:**

- Leadership assessment, development, and coaching
- CEO, board, and team acceleration
- Organization acceleration and culture shaping
- Building diverse organizations and inclusive cultures
- Digital acceleration and innovation

Our proprietary analytical tools use data and technology to bring science to the art of human capital development and organizational design. As one united team, we develop a deep understanding of each client's unique situation and bring together a customized configuration of tools, approaches, and experts needed to build and maintain agile, resilient organizations at every level.

The result: great leaders, effective teams, and thriving, future-focused cultures—and organizations that can accelerate performance, effect transformative change, and boldly create the future they envision.

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ONE LEADERSHIP TEAM AT A TIME®

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