

ARTICLE

The leadership kaleidoscope: How organizations can help leaders meet their new mandate

To meet the growing demands of—and from—leaders, corporations need to rethink how they develop and manage their executives.



Stakeholders evaluate leaders against a triple bottom line ... and those expectations are coinciding, and sometimes colliding, with what leaders themselves now want.

The concept of corporate leadership is fundamentally different—and more complex—than it was two years ago. It's not news that corporate leaders face growing expectations. Stakeholders evaluate leaders against a triple bottom line: people (employees, customers, suppliers, and communities), planet (sustainability and net-zero emissions), and profit. And those expectations are coinciding, and sometimes colliding, with what leaders themselves now want for their lives and from their organizations as they reassess their own purpose. All this requires companies to redefine what it means to be an effective leader—and how to find and develop those people within the organization.

We know that four capabilities are particularly tied to successful leadership over time: leading through influence, driving execution, creating possibilities from new thinking, and having an ownership mindset (see, "Capabilities for future-ready leaders"). Now, though, leaders need to apply those capabilities in a new context, one that can become a personal crucible. Leading with purpose and empathy is more critical than ever. Corporate leaders must credibly demonstrate their commitments to sustainability and diversity, equity, and inclusion. Personal elements of leadership and connectivity have risen to the fore, and digital fluency has become a table stake. Leaders must manage trust, collaboration, and interdependencies among leaders, teams, and business units. And they must do so while considering the individual interests and strengths of their team members and, of course, while delivering on traditional business imperatives.

These fundamental changes mean that companies need to reassess the foundations of how they develop and retain leaders. Success requires rethinking how leaders build trust with internal and external stakeholders; personalizing career development and team building; and supporting and rewarding much broader collaborative networks than ever before. This goes deeper than a redesign of formal organizational structures or processes. It takes a deep dive into interpersonal dynamics and applying mindsets that have not always been at the core of traditional leadership styles: being aware of one's strengths and capability gaps, ecosystem thinking (that is, the understanding that any action can have broad, and unexpected, ripple effects), and a willingness to learn from the present and challenge the solutions that worked in the past.

Companies that help leaders build their own unique leadership kaleidoscopes and dynamically refocus them over time will be most ready to face the future, whatever it brings.

Instead of following a steady path, leaders now need to pull into focus an array of distinct and individualized components, both in their own leadership styles and their management and development of others. Much like a kaleidoscope, these personal and interpersonal elements interact in many different ways and constantly shift in relation to one another. Companies that help leaders build their own unique leadership kaleidoscopes and dynamically refocus them over time will be most ready to face the future, whatever it brings.

Taken together, these four capabilities allow leaders to build strong, trusting, inclusive relationships across their firms, which helps everyone's new ideas get heard and supports resilience on their teams.

Capabilities for future-ready leaders

We have identified four capabilities that are particularly critical for leaders to meet the expectations of stakeholders inside and outside the organization and deliver on its purpose:

- **Leading through influence.** Leaders who exhibit this capability collaborate well and are able to rely on influence rather than authority to get things done. This helps them work well both with more senior executives and with their teams, as well as within the wider ecosystem in which their companies operate.
- **Driving execution.** Leaders with this capability deliver results efficiently and effectively. Leaders who are good at execution are able to make tough decisions that benefit the whole system as well as progress on pressing topics and in the face of complex and novel challenges.
- **Creating possibilities from new thinking.** Leaders who demonstrate this capability are personally curious and identify novel angles and hidden possibilities. This helps them solve problems and spot opportunities for innovation and positive impact more widely than just within their organization. The most curious and creative leaders bring others into their thinking as well, gathering together complementary people and ideas to problem solve.
- **Having an ownership mindset.** Leaders with this capability take personal responsibility not only for results but also for the environment around them and its success or failure. This mindset is central to resilience, one of the key elements of agility. These leaders understand that they have the ability to make a difference, rather than feeling at the whim of a bureaucracy.

Taken together, these four capabilities allow leaders to build strong, trusting, inclusive relationships across their firms, which helps everyone's new ideas get heard and supports resilience on their teams. We call these leaders future-ready because they are ready for anything.¹

¹ For more on the capabilities of future-ready leaders, see TA Mitchell and Sharon Sands, "Future-ready leaders: Finding effective leaders who can grow with your company," Heidrick & Struggles, on heidrick.com.



Building trust

Trust is the foundation of successful leadership, and the pandemic only increased the importance of leader trustworthiness to organizational resilience. Now, amid geopolitical upheaval, the ongoing uncertainty of the pandemic, the growing urgency of addressing climate change, and the resurgence of demands for social justice, stakeholders are demanding trustworthy leadership on many more fronts than just business results.

Business leaders as a group are trusted: the *2022 Edelman Trust Barometer* found that while overall trust in institutions around the world is low, business is the most trusted (ahead of non-governmental organizations, government, and media), with 77% of respondents reporting that they trust their employers.¹ However, leaders cannot take this trust for granted. We all know that trust can be shattered in a moment, and the work of building and maintaining trust is never finished.

Indeed, we know of a recent conversation among members of the executive team of a large public company during which the team realized that several of them had been asked by the CEO to address the same issue. The CEO thought he was getting different ideas of how to address the problem, but the executives felt that he didn't trust any one of them to own it and was instead fostering competition among them—so, completely inadvertently, the CEO lost his team's trust. The executives brought this to the attention of the CEO, who explained his intention. But his initial lack of clarity about *why* he acted as he had meant wasted time for his top team and disengagement rather than the greater engagement he'd hoped for.

This kind of experience is far too common. Many leaders we know of still tend to just tell others what to do, rather than ask their thoughts or preferences or even be transparent about context. In a time when empathy and humanity are moving to the fore in corporations, these ways of leading will create disengagement, at best, and cause good people to leave, at worst.

On the other hand, leaders who have a strong ownership mindset, and encourage that in their teams, tend to be very good at understanding what actions are aligned with the organizational purpose and how to put those in context for their teams. They connect with each person where they are and seek dialogue, rather than relying solely on broadcast communications. Leaders who lead with influence are also typically successful in building and maintaining trust over time because they tend to focus on meeting individual needs and empathizing with individual perspectives. For example, one leader built a team with specialist capabilities necessary to the organization but outside its main lines of business. As part of a broader reorganization, she allowed the team to decide where it made the most sense for them to sit in the organization, and gave them the latitude to establish the mandate to make their solution work. The team is succeeding in delivering better work more efficiently than ever before.

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1 2022 Edelman Trust Barometer, Edelman, January 2022, [edelman.com](https://www.edelman.com).

It is crucial for leaders to be curious and willing to learn—core elements of agility and capabilities that are particularly central to understanding how to rebuild trust when a leader has lost it from their team, their board, their organization, or other stakeholders.

That said, even with the best of intentions, what it takes to exemplify trustworthiness—for example, through leading on ESG reporting standards, meeting DE&I commitments, or, in healthcare, contributing to global vaccine equity—is constantly changing. Most glaringly, perhaps, at the beginning of 2022, few if any corporate leaders considered that doing business with Russia would become a flashpoint for trust and require them to make tough, fast decisions about businesses that may have taken years to develop.

One positive for leaders is that the same behaviors that can build trust in the first place can also rebuild it when it's been damaged—when leaders are authentic in and committed to remedial actions. For example, in early March 2022, after Shell bought Russian crude oil at a huge discount, legally but after most international companies had stopped doing so, the company came under heavy criticism. Four days later, the CEO personally apologized, explained the company's thinking, and committed profits from the oil to humanitarian aid for Ukraine.² The company's stock price fell on the day of the purchase, and then rose on the day of the apology. The co-founder of BrewDog, a Scottish brewery, publicly apologized and put in place an independent review of the culture after public complaints of bullying and misogyny.³ Among the outcomes of the review were a company-wide pay raise, the appointment of "mental health ambassadors," and a new review structure including a focus on well-being.

In these contexts, it is crucial for leaders to be curious and willing to learn—core elements of agility and capabilities that are particularly central to understanding how to rebuild trust when a leader has lost it from their team, their board, their organization, or other stakeholders. In this case, learning helps leaders refocus their kaleidoscope on a new set of actions to take and people with whom to build influence-based relationships.

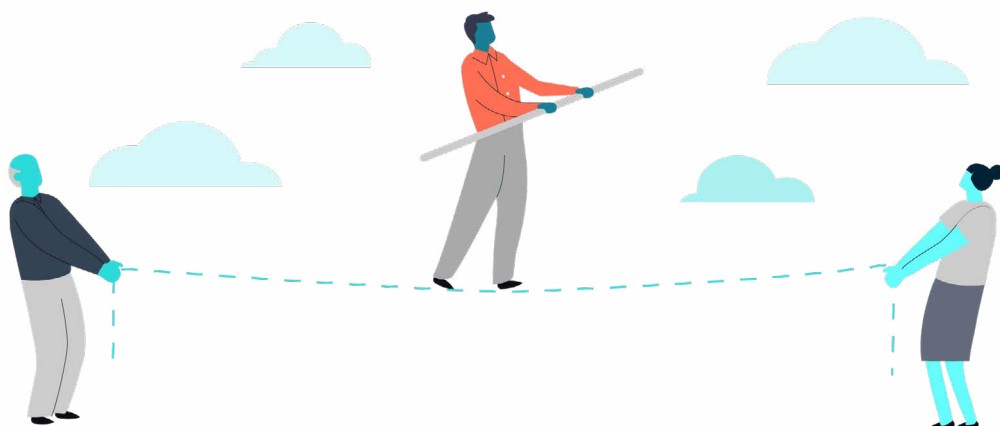


Questions leaders can ask:

What new areas do our stakeholders want to trust us in?
How do those expectations align with our purpose?
What actions can we take to build trust broadly?

How focused are we on building trust among our developing leaders?
Do we need to be more focused?

Are we, as individual leaders, aware of how our actions affect trust on our teams? Do we ask more often than we tell?
Do we listen to our teams and our stakeholders?



² Matt Clinch, "Shell to stop all Russian oil and gas purchases, apologizes for buying shipment after Ukraine invasion," CNBC, March 8, 2022, cnbc.com.

³ Former BrewDog staff accuse craft beer firm of culture of fear," *The Guardian*, June 10, 2021, theguardian.com.

Personalizing career paths with agile teaming

The leaders who rise to the top, as we are already seeing, are not the ones who tick all the traditional boxes. They are those who understand their strengths and play to them, are authentic and coherent in their purpose, and collaborate with other leaders to solve new problems.

Leaders individually are becoming more self-aware and willing to seek career paths that work for them rather than sticking to a plan laid out in a central headquarters. Organizations that don't meet expectations for development, personalization, and flexibility are struggling to retain strong talent. At the same time, organizational structures and teams need to flex with agility and speed to meet fast-changing business needs. This combination of trends has significant implications for all aspects of professional development, from capability building to mentorship and succession planning.

It's well known by now that employees at all levels are reassessing what they want from work and life. Greater self-awareness has many seeking more meaning from their careers and to make contributions to society broadly, which affects what they expect from their employers. But other factors are also contributing to a need for more personalized career paths. One of the less noticed of these is that the retirement age in many countries is going up, meaning that people will work longer but more often want to take time out at different stages of their career in order to recharge and reenergize. Given the increased competition for talent, companies will no longer be able to view with suspicion and dismiss people who take such career breaks. In addition, more and more professionals are choosing to work on demand, rather than build a career in a company, often because they are seeking more control.⁴

At the organizational level, companies will need to consistently innovate in unforeseen ways to solve both business and societal problems that we can't yet even define. This will take agility at all levels.⁵ It will drive organizational structure change as well as changes in which roles are needed and how people work together. As these changes happen, the leaders who rise to the top, as we are already seeing, are not the ones who tick all the traditional boxes. They are those who understand their strengths and play to them, are authentic and coherent in their purpose, and collaborate with other complementary leaders to solve new problems.⁶ Their success builds energy and broad engagement with continuous change.



⁴ For example, in 2022, the number of senior executives joining the on-demand network of Business Talent Group (BTG) doubled from 2021. See *2022 Talent Lens: Insights from the Rapidly Growing High-End Independent Talent Economy*, Business Talent Group, March 2022, resources.bustalentgroup.com.

⁵ For more, see Steven Krupp and Becky Hogan, "Agility for the long term," Heidrick & Struggles, on heidrick.com.

⁶ For insight on how multinational consumer companies are moving toward a more flexible talent development model, see Nancie Nataille, Catherine Lepard, and Kate Rankine, "Consumer focus: An emerging model for developing global leaders in a hybrid world," Heidrick & Struggles, on heidrick.com.

Job design and leader development are shifting from the traditional model in which companies identify high-potential leaders and shape them over many years for a role, to one in which companies realize that the leader who can solve the next problem—and the role that person will be in—may not yet exist.

By focusing broadly on the complementary nature of the best teams, leaders should bring together enough different perspectives, backgrounds, and ways of thinking to also improve diversity.

One CEO we know, for example, had left his organization when he was a director because he found the culture toxic. Although the company had a meaningful purpose—getting medicines to patients—the top team culture pitted the leaders of various functions and business units against each other. This not only made the company an unpleasant place to work, but the competition was hindering the company in reallocating resources to growth areas. When the company hired a new CEO, this person was intrigued by the opportunity of being able to reshape the culture. He started with his top team, which saw several people leave amid the changes. The CEO put new leaders in place who were committed to creating a new culture. The CEO was able to reenergize the top team, and then the rest of the company, around the organization's purpose—which had become even more important during the pandemic. By refocusing his kaleidoscope, and the company's, on meeting that societal need, the CEO was able to build alignment on changes to funding and resourcing, to bolster parts of the company most important to meeting that need, and to reduce funding in areas that were less important but where influential leaders had blocked change in the past. The CEO also got buy-in on a broader set of metrics, which now start from the foundation of meeting the societal need for medicines and then flow into business metrics across the business as a whole rather than in silos. This renewed focus on growth and purpose has built morale across the company and improved business performance.

All this means that job design and leader development are shifting from the traditional model in which companies identify high-potential leaders and shape them over many years for a role, to one in which companies realize that the leader who can solve the next problem—and the role that person will be in—may not yet exist. At the front end of the talent pipeline, while many corporations still hire large groups of new graduates at the same time, these cohorts are not as important as they were before the pandemic. As companies identify high-potential and emerging leaders, they should continue to focus on developing the four core leadership capabilities of future-ready leaders and then have the courage to support young leaders in finding their own strengths and development areas and in developing their own expectations of the company. At some companies, these personalized considerations are already taking the place of general metrics such as time from hire or number of expatriate placements. Even companies with an up-or-out corporate culture are offering more flexibility around defining strengths and success.

Leading companies are also supporting more senior executives in building teams (potentially with members from outside the organization as well as inside) designed to complement their strengths and capability gaps, rather than meeting the needs of a corporate plan, and that can change composition from goal to goal. By focusing broadly on the complementary nature of the best teams, leaders should bring together enough different perspectives, backgrounds, and ways of thinking to also improve diversity. One CEO described his choices for his top team as “people I’d like to go on a long-haul flight with”—not because they are entertaining but because they are interesting and have a point of view they are willing to express.

Companies are reconsidering the need for mobility in succession planning and job opportunities broadly; building agile, borderless learning and support systems, including cross-regional mentoring; and upskilling people at all levels so they can thrive in digital and virtual settings.

In today's flexible and rapidly changing environment, this one-on-one sponsorship model is being displaced by a model in which broader networks of professionals, facilitated by a hybrid or remote work environment, play a larger role in identifying and growing the leaders of tomorrow.

It's notable that the hybrid work environment offers new ways for companies to build an agile, talent-first career development model. Companies are reconsidering the need for mobility in succession planning and job opportunities broadly; building agile, borderless learning and support systems, including cross-regional mentoring; and upskilling people at all levels so they can thrive in digital and virtual settings. Some are creating new thinking to address specific problems the organization is facing by taking advantage of the ability to pull together teams of people from different functions, regions, and levels. These efforts often yield innovative solutions to a given problem;⁷ now they also often create new opportunities and relationships for participants. Each of these levers requires leaders to pay close attention to the needs of individual employees and meet employees where they are.⁸

Making these diverse, agile teams work, though, takes active effort at inclusive leadership. According to our analysis of more than 2,200 proprietary surveys of leaders and their teams, the most inclusive team leaders build deep purpose and engagement, value individuality, and create a deep sense of belonging. And their teams are far more often than others disciplined in their decision making, full of people with an ownership mindset, and comfortable with a robustly challenging environment.⁹ Leading with influence and creating new ideas are among the capabilities that help many leaders do all this well.

Finally, as companies experiment with new roles and drive innovation, they may also benefit from hiring on-demand executives. These executives have personalized their own career paths, working when they want to and for whom they want to, and they can help companies understand which roles they need in the long term and what kinds of leaders will thrive—or fail—in these roles.

However, there is one way in which personalization is decreasing in importance. Sponsorship—where a more senior person commits to putting themselves on the line to support a promising junior employee—has long been crucial to help employees rise through the ranks. However, in today's flexible and rapidly changing environment, this one-on-one sponsorship model is being displaced by a model in which broader networks of professionals, facilitated by a hybrid or remote work environment, play a larger role in identifying and growing the leaders of tomorrow. Each leader has more perspectives on developing leaders than ever before.



Questions leaders can ask:

How much have our expectations of our leaders changed over the past two years, and how well do our current expectations match what leaders expect from us?

How are we helping our leaders become aware of their strengths and weaknesses? Are we doing enough to support them with individualized leadership development plans? How well connected are those efforts to our strategic planning and succession planning initiatives?

Are we agile enough at helping leaders build more agile, inclusive teams to execute our strategy and solve problems?

7 For more, see Alice Breeden and Brian Klapper, "Successfully shifting mindsets to accelerate performance," Heidrick & Struggles, on heidrick.com

8 For more, see Lisa Baird, Steven Krupp, Cheryl Stokes, and Dorothy Badie, "The overlooked weapon in the war for talent," Heidrick & Struggles, on heidrick.com.

9 Alice Breeden and TA Mitchell, "Six ways inclusive leaders shape better teams," Heidrick & Struggles, forthcoming on heidrick.com.

Expanding leadership networks

As a broader range of stakeholder expectations matter, executives are engaging with larger groups of people than ever before. This is partly the result of simply being able to connect more easily with more people when connecting virtually—and, at this point, almost everyone's comfort with those connections. It's also partly executives' recognition that getting most things done takes collaboration, input from all the affected stakeholders, and transparent communication across whatever ecosystem will be affected by a given corporate action.

The core of any leader's network is still the people who might be part of his or her 360-degree feedback loop, including the leader's direct reports, those to whom the leader reports, and peers with similar functions. But now, around that core are relationships built with other teams and through affinity groups or employee resource groups and also those outside the company—for example, community members, customers, and experts in subjects relevant to the leader's work.

For example, a Dutch company, Tony's Chocolonely, has made slavery-free chocolate its core purpose, to help address child slavery on cocoa plantations. Its longtime CEO built a wide network with other executives and activists to work toward that goal.¹⁰ The fashion brand Gucci has focused on building connections between senior leaders and its most junior employees, most notably through a shadow board of talented young employees from across the company who meet regularly with the senior team and whose views have "served as a wake-up call," as the CEO put it.¹¹ More broadly, companies of many kinds are making moves like those of the medicine company CEO described earlier, shifting from metrics that track the performance of individual leaders or business units to those that track the success of the organization as a whole across a range of financial, cultural, and societal goals.

Companies will find that many of the ways they support individual leaders' development and agile teaming will also help them understand where networks matter most and help leaders build, maintain, and shift these individual connections over time. At the core is leaders' understanding of the ecosystem in which they are working—at whatever level they are working—and organizational trust in, and support for, individuals to build the teams they need to develop the creative thinking they will need to thrive.



? Questions leaders can ask:

Are we doing enough to support our leaders in developing robust networks across our ecosystem, internally and externally?

Do our performance and development metrics reflect the role of networks in getting things done?

Are we, as individual leaders, doing enough to support our teams in building effective networks?

Companies and leaders have had to become far more agile over the past two years. Now, as some changes seem to be sticking, companies and leaders need to challenge themselves to make their leadership development programs reflect our more human, more individual, and more flexible reality.

¹⁰ Oliver Balch, "Tony's Chocolonely CEO on values-based leadership," *Raconteur*, March 26, 2021, raconteur.net.

¹¹ Jennifer Jordan and Michael Sorell, "Why you should create a 'shadow board' of younger employees," *Harvard Business Review*, June 4, 2019, hbr.org.

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