Developing leaders for the 21st century

How leaders can mobilize, execute, and transform with agility
From changing consumer demands to pervasive social media to digital disruption, today’s pace of change and innovation has no precedent. But there are too few leaders equipped to navigate this volatile, uncertain, complex, and ambiguous world. The most common refrain we hear from executives today is, “We need to develop more transformative, agile leaders.” The worry—which for many companies is becoming a reality—is that, without these leaders, the organization will struggle to spot and seize opportunities, lose its competitive edge, and ultimately fail.

So how can companies develop leaders capable of accelerating performance in today’s fast-changing environment? Accelerating performance means building and changing momentum to get results more quickly than competitors. In a world in which capital is effectively priced at zero, value creation resides in the leadership process of harnessing and implementing ideas better and faster than competitors.

Our study of this process, based on decades of work and years of research, finds that the single biggest force behind acceleration is the quality of leadership. Top performers are up to four times more productive than their peers, while leadership accounts for as much as 30% of bottom-line performance. Yet many companies say that their leaders rarely elicit the full potential of their people. Only 11% of more than 500 executives surveyed worldwide “strongly agreed with the statement that their leadership development interventions achieve and sustain the desired results,” according to recent McKinsey & Company research.

As part of our research, we identified four factors that correlate with superior business results and growth that outpaces the competition. Individual leaders either drive accelerated performance or create drag effects through how they mobilize, execute, and transform, and whether they do those things with agility. These four qualities comprise what we call the META framework.

In this paper, we will look more closely at the framework and how it informs the assessment and development of leaders who can outpace shifting demands and accelerate performance. We will review the drive and drag factors for acceleration that underpin META and that, taken together, offer the foundation of a winning set of leadership development and succession strategies. Finally, we will highlight examples of organizations that are using the thinking to identify leadership challenges and shape their approaches—while, along the way, creating meaningful shifts in business performance.

Accelerating leaders: The META framework

Reducing the time to value is an essential characteristic of high performance in a time of rapid change. Let’s examine the dimensions of META and their application to the development of winning leaders (Figure 1).

1 Our study comprised a survey of 20,000 global leaders, investigation into the performance of 3,000 teams, and deep research into the FT 500, including interviews with senior executives at top performers we call “superaccelerators.” For more, see Colin Price and Sharon Toye, Accelerating Performance: How Organizations Can Mobilize, Execute, and Transform with Agility, Hoboken, NJ: Wiley & Sons, 2017.

Mobilize

Inspire aligned action based on a compelling purpose and a simple set of strategic priorities.

Execute

Fully harness and streamline resources to consistently deliver excellence in the core business.

Transform

Experiment and innovate to create new growth engines and to reinvent existing businesses ahead of the market.

Agility

Spot opportunities and threats; adapt and pivot at a faster pace than competitors to create competitive advantage.

Mobilize

Mobilizing requires leaders to inspire aligned action based on a compelling purpose and a simple set of strategic priorities. That means putting the customer first. By contrast, organizations that are dragging may be overtaken by market disruptions and experience chronic service failures and high customer attrition because they have fallen out of step with their customers. BlackBerry, for example, struggled to adapt to changing customer expectations for the added capabilities of the smartphone, while electronics stores such as RadioShack, among many others, could not keep pace with Amazon. Such companies will see lagging performance indicators and may lose their compass or misunderstand the changing tastes of consumers.

To turn drag into drive, leaders must create processes to put the customer at the center of all strategic decision making and energize the organization behind a customer-driven mission so powerful that everyone owns it and wants to make the vision a reality. A customer-first story must be easy to understand, told at every opportunity, and powerful enough to speed up decision making. For example, Anne Wojcicki, cofounder and CEO of 23andMe, set an inspirational vision to empower customers and “revolutionize healthcare.” To date, the company has provided more than five million customers with direct access to user-friendly genetic testing.3

Elon Musk, in his creation and leadership of the electric carmaker Tesla, has been a towering force mobilizing a company, an industry, and a rapidly expanding customer base. Musk set a bold, inspiring, and demanding vision for Tesla to promote clean energy while designing cars that customers feel passionate about. The challenge now is not whether people want electric cars but whether Tesla can keep up with customer demand.

3 23andMe, “About us,” accessed on February 8, 2018, mediacenter.23andme.com/company/about-us/.
Mobilize: Drive factors

<table>
<thead>
<tr>
<th>Put customers first</th>
<th>Shape strategy</th>
<th>Inspire and influence</th>
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<tbody>
<tr>
<td>Understand and shape customer needs</td>
<td>Anticipate and interpret market changes</td>
<td>Cocrete meaning and purpose</td>
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<tr>
<td>Create distinctive value for customers</td>
<td>Envision the future</td>
<td>Engage and energize the organization</td>
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<tr>
<td>Build deep customer relationships</td>
<td>Decide strategic priorities</td>
<td>Lead through influence</td>
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Mobilizing in action

Set a bold vision to mobilize your organization. Then hold informal dialogue sessions with groups across the organization to get input on your direction. See how clear and energized they are about the vision. Ask how you can engage them more and what they would find inspirational.

Show the primacy of the customer through your actions. Talk about customers immediately in conversations, and inspire your team to put information and issues about customers first on meeting agendas.

Identify your least-satisfied customers or customer segments. Initiate a conversation with these customers to better understand the sources of their dissatisfaction. Use the knowledge gained to shape a more customer-first strategy that anticipates changing customer needs.

Look to start-up companies for inspiration. Study their behavior to learn how they anticipate and act on emerging trends, and use this as a model for shaping your strategy and inspiring your team to mobilize in new directions.

Execute

Execution is about harnessing and streamlining resources to better manage the core business. Execution excellence demands a shared understanding of the critical strategic capabilities required to improve performance, the extent to which those capabilities exist in the organization today, and the feasibility of closing gaps. Leaders must explicitly consider trade-offs and risks and be willing to simplify the organization to ruthlessly focus on the priorities that spur the most important business results—even as areas of focus change quickly. Great executors focus relentlessly on their strengths and stop initiatives that are not strategic...
or distinct. Tencent Holdings, a “superaccelerator” in our research, rose to dominate China’s Internet market and achieve consistent, superior results when leaders such as its president Martin Lau divested from the company’s search and e-commerce businesses to focus on what it does best, which is connecting people online.

Execution drags when employees and resources are stuck in complex, hierarchical structures, waiting for sign-offs; when there is little or no diversity of thought among decision makers; and when there is poor talent development. Leaders can tackle that drag and turn it into drive by simplifying the organization, setting fewer priorities, and getting the team focused on the most critical results. Leaders who demonstrate execution excellence reduce bureaucracy and push for a culture of meritocracy in which people are accountable for both how they perform and how they engage others. Such growth-oriented leaders are talent magnets who challenge those around them to accelerate performance.

### Execute: Drive factors

<table>
<thead>
<tr>
<th>Build talent and teams</th>
<th>Drive for results</th>
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<tbody>
<tr>
<td>Develop leaders</td>
<td>Drive execution</td>
</tr>
<tr>
<td>Build and develop teams</td>
<td>Continuously improve the core</td>
</tr>
<tr>
<td>Strengthen organizational capability</td>
<td>Reallocate resources at pace</td>
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</table>

### Executing in action

Review goals, scorecards, and key performance indicators at each level of your organization to ensure cascaded alignment, with clear roles and accountability.

Identify what your team or organization should stop doing in order to devote more resources and time to higher-priority goals.

Identify your top emerging leaders. Provide chances for them to present to your leadership team on a specific business opportunity or to accelerate results, and provide them with actionable feedback, coaching, and mentoring.

Create specific plans to develop and personally mentor a diverse, strong bench of succession candidates for key roles.

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4 For a closer look at how we identified these top performers, see Colin Price, “VUCA, meet META: The 2017 list of superaccelerators,” Heidrick & Struggles, June 13, 2017, heidrick.com.

Transform

To transform, leaders experiment and innovate to create corporate growth engines and to reinvent existing businesses. Comcast, a leading cable company and another superaccelerator, expanded its portfolio in the content business with its acquisition of NBCUniversal. Continuing to push the envelope, Comcast is also now the fourth-largest venture capital investor in the US, with leaders exploring adjacent businesses and technologies to stay innovative and fend off disruptive rivals in the fast-moving telecommunications sector.6 Sometimes, transformation results from a dramatic breakthrough, while other times the change comes from a steady, long-term effort; for example, the superaccelerator Alphabet, Google’s parent company, is innovating in the autonomous vehicle market via its subsidiary Waymo. Its research team began experimenting with self-driving vehicles in 2009; Alphabet’s Astro Teller rightly called the effort a “moonshot.” Today, these autonomous vehicles have been driven more than three million miles on public roads and may pose a competitive threat to traditional automakers such as BMW, Ford, General Motors, and Volkswagen.7

More than the other areas of META, transformation implies a change in the way that leaders think about and reallocate resources. Transformative leaders break with tradition and eliminate internal fiefdoms, reexamine the ways in which things are done, and embrace disruptive innovation. Charles Schwab, a superaccelerator, seeks to shake up the financial advice industry so that the firm does not become a victim of disruptive start-ups. Walt Bettinger, president and CEO of Charles Schwab, ties success to a relentless focus on innovation: “Our strategy will continue to modernize and disrupt the industry on behalf of the investor.”8

Transform: Drive factors

<table>
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<tr>
<th>Disrupt and challenge</th>
<th>Lead innovation</th>
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<tbody>
<tr>
<td>Create possibilities from new thinking</td>
<td>Experiment</td>
</tr>
<tr>
<td>Generate disruptive change</td>
<td>Collaborate across boundaries</td>
</tr>
<tr>
<td>Lead change</td>
<td>Scale and invest in new ideas</td>
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</table>

Transforming in action

Form a “SWAT team” to explore ways to disrupt your business before a start-up does. Give them resources, and have them present back to your top-level team.

Foster diversity of thought and constructive challenge by appointing a devil’s advocate to deliberately contest conventional thinking in team problem-solving meetings.

Develop a formal innovation-ventures program in which team members with new ideas can access funding, resources, and sponsorship from senior leadership.

Cocreate with your customers or joint venture partners. Seek out opportunities to experiment around the edges of your current business offerings with nonconventional, contrarian thinkers in your network.

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6 Developing leaders for the 21st century
Agility

The most differentiating element of acceleration, agility comprises four drive factors: foresight, learning, adaptability, and resilience. Agility implies the ability to spot opportunities and threats and to adapt and pivot faster than peers. Agility also means preparing for, withstanding, and recovering from setbacks quickly.

A leader is dragging if he or she is slow to adapt to changes in the market, suffers from “analysis paralysis,” and keeps applying old solutions to new problems. This sluggishness affected the leaders at Kodak, the photographic film maker destroyed by digital photography (which the company had, in fact, invented), when they could not get their organization to switch gears, and to Blockbuster, the movie-rental company whose leaders missed the shift to online streaming. To ensure this inadaptability does not happen, leaders must decode the weak signals indicating that change is coming, be nimble enough to adjust, and then act quickly when the time is right.

The evolution of Netflix illustrates the four drive factors of agility. Reed Hastings, Netflix cofounder and CEO, had the foresight to see not only the commercial possibilities of delivering videos to homes through the mail but also how powerful Internet video streaming would become. Along the way, there were costly strategic missteps. Hastings got ahead of customers by splitting the traditional and streaming businesses, leading to the loss of 800,000 customers in one year and a cratering share price. However, Hastings quickly learned from his mistakes, publicly apologized for his decisions, and changed course—an excellent example of leadership learning and resilience. This resilience helped fuel a company rebound and paved the way for Netflix to adapt and reinvent itself as a powerful content business, with major hits in original programming such as Orange is the New Black. Hastings is now focused on the company’s global strategy and adapting to diverse needs around the world while displaying resilience in the face of competitive challenges from the likes of Amazon, Disney, YouTube, and numerous regional rivals.

Agility: Drive factors

<table>
<thead>
<tr>
<th>Foresight</th>
<th>Learning</th>
<th>Adaptability</th>
<th>Resilience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solve complex problems</td>
<td>Develop your self-awareness</td>
<td>Be authentic</td>
<td>Adopt an ownership mind-set</td>
</tr>
<tr>
<td>Develop ideas</td>
<td>Be curious and open-minded</td>
<td>Show empathy</td>
<td>Have purpose and integrity</td>
</tr>
<tr>
<td>Think expansively</td>
<td>Be courageous</td>
<td>Flex and transform</td>
<td>Persist and sustain energy</td>
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</table>
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How to accelerate leadership

Research has shown us what accelerating leaders need to do well, so how do we assess and develop a leader’s capacity to accelerate? To help answer this question, we developed an assessment tool—the Leadership Accelerator Questionnaire (LAQ)—built upon the principles of META (Figure 2).

The process of understanding leadership challenges and opportunities can begin with the completion of an assessment survey or interviews with target executives (see sidebar, “Foundations of the LAQ”). Analysis from the assessment yields powerful, data-rich insights about the capabilities of a leader to accelerate and where he or she should focus to quickly rise to the challenges ahead. The following examples illustrate how companies addressed their leadership acceleration issues.

Are we ready for leader acceleration?

A European financial services firm had a clear strategy to generate sustainable cash flows and had good overall growth potential. Yet customers were demanding better service, easier access, multichannel relationships, and bundled products that would require more foresight, innovation, and collaboration across the organization. The CEO was skeptical that the company could continue to thrive in coming years—especially given the inroads that digital disrupters were making—if its leaders could not quickly redirect the business.

The CEO wanted the firm to be the disrupter and sought to better understand whether his leadership team was up to the task of rapidly carrying out a digital and business-model transformation. The company assessed its top 250 leaders to determine where they were capable of driving transformation and where they were dragging.

The assessment yielded an overall acceleration score for participants in the “steady” range (third quintile), which fell well below the level of acceleration that the CEO and chief human resources officer wanted to see.

Agility in action

Set aside time at an upcoming meeting to engage your team in developing foresight about future possibilities. Brainstorm the key uncertainties affecting your business. To stimulate thinking, use the acronym STEEPC: Social, Technological, Environmental, Economic, Political, Customer. Prioritize which uncertainties you need to monitor and how you will do so.

Be alert to weak signals on the periphery of your business. Increase your capacity for foresight by examining developments in the external business environment, visualizing the potential ripple effects, and enlisting your team members to scan your business for those signals.

Put in place a process for after-action review tied to success and failure. Focus on the process more than the outcome, and make sure to celebrate lessons learned from failures as well as successes.

Identify the most impactful leadership behavior change you could make to adapt to new circumstances. Share your intent, and ask five people for feedback about the proposed change and how well you do at seeing that the transformation takes hold.
Within this aggregate score were areas of collective strength—including “resilience,” “driving for results,” and a bias toward execution excellence—as well as weaknesses in areas such as “putting customers first,” “leading innovation,” and “disrupting and challenging.”

The CEO realized changes would be needed if the company’s leaders were to become transformers who ultimately redefined the business. To get there, the company has begun applying the lessons gleaned from the analysis—developing a program for delivering targeted and actionable feedback to its top leaders, crafting individualized strategies for coaching them, and implementing a company-wide leadership acceleration initiative. The effort has also helped the company identify which leaders were not prepared to change. The company let go of a sizable group of these executives, which has sent a clear signal to the organization about the types of mind-sets and behaviors the business values, and the seriousness of the overall effort.

While still a work in progress, the effort is already paying off in the form of increased cross-selling (through greater innovation and cross-channel collaboration) and a spate of new digital-product introductions.

**Accelerating leadership development**

The president of a division of a global pharmaceutical company foresaw that gaps in the organization’s leadership pipeline left the business ill-prepared for a future in which industry disruption was all but certain. He recognized that the division needed to get its leaders ready—and ready faster. The goal was to accelerate “time to readiness for succession” for 29 leaders to under two years, from three to five years, for the critical executive roles for which they were under consideration. He wanted to identify capability gaps and close them through specific acceleration strategies. Based on a comprehensive assessment, the most glaring capability gaps were in foresight and anticipation.
In 1999, we developed a proprietary leadership competency framework called LEEED (Learn, Envision, Execute, Engage, Deduce). The framework has been used in more than 10,000 executive assessments.

In 2014, we embarked on a new approach to leadership competencies that would incorporate the rich empirical evidence collected through assessments, the emerging knowledge from the accelerating-performance thinking, in-depth interviews with more than 150 leading CEOs in partnership with the Said Business School at the University of Oxford, and close collaboration with clients.

In addition to this research, we developed Leadership Signature, an executive assessment tool that considers the following question: How will this person lead? The online tool consists of 36 questions and provides insight into a senior manager’s style in leading the organization and his or her team.1

The research led to a framework related to the critical areas that can accelerate performance through META. In 2015, we developed and conducted a customized survey to better understand the practices of accelerating organizations, teams, and leaders. The results showed that individual leaders who are accelerating tend to do much better at META and the drive factors than those who are not.

Putting this information and experience together became the foundation of the Leadership Accelerator Questionnaire (LAQ), which can be used to diagnose the level of acceleration that individual leaders are capable of spurring in their organization. Each of the four dimensions of META is associated with several drive factors, 11 in all.

1 To learn about the different leadership styles, see Karen West, Elliott Stixrud, and Brian Reger, “Assessment: What’s your leadership style?” Harvard Business Review, June 25, 2015, hbr.org.

In response, the pharmaceutical company created a yearlong, custom learning journey for each potential successor as well as for the cohort as a whole. The program comprised virtual learning, coaching, mentoring, networking, intensive live workshops, meetings with the division president, and group projects to address business transformation.
A broad spectrum of stakeholders was involved, including managers, coaches, executive sponsors, internal subject-matter experts, and external thought leaders. The results exceeded the divisional president’s expectations. By the end of the program, 5 participants had been promoted to jobs with greater responsibilities in which they were working on projects critical to the future of the business, and 7 were identified as ready for promotion. The assessment found that 14 colleagues would be ready for top leadership positions within only two years. The remaining 3 people were not identified as successor candidates. Overall, the group increased its lowest scores on foresight and ability to anticipate by 24% in less than a year.

Another division of the same company had earlier carried out a similar leadership development program to cultivate foresight and innovation. A subsequent impact report found that its participants had uncovered more than $25 million of revenue opportunity from acceleration projects; extended a product’s sales, with a projected first-year gain of $1.5 million; and developed and implemented a plan to increase investment in a market by $1 million, with an anticipated 300% return on investment.

Accelerating leadership transitions
A US-based energy company with global operations was struggling to keep pace with the changing dynamics of the industry and the need to revitalize both its strategy and operating model. The board of directors had lost patience with the CEO, who had been with the business for years, and concluded that the company needed new leadership. The directors sought a CEO who would accelerate performance, propel the company into new markets, and turbocharge its growth.

The company had two strong internal candidates who the board thought might be capable of leading the transformation but also felt the need to look externally. The board was intrigued by the idea of assessing the two internal executives and the external finalists against the META drive factors, since they mapped so well to the CEO profile that the directors had put forward.

The results were eye-opening for the board. In particular, both internal candidates scored low on agility and showed concerning gaps in their adaptability and in putting customers first—both areas of vital concern given the evolving competitive dynamics. The company ultimately selected its next CEO from the outside, identifying an executive who brought greater agility and a greater customer focus and who had particular strengths in foresight and adaptability, qualities that would be required given the scope of the transformation under way.

Quality of leadership is the biggest factor in accelerating growth. Leadership in volatile times requires the ability to adapt quickly to spot and seize fleeting opportunities—keying in on the factors that drive performance while mitigating the drag factors that impede progress. Individual leaders spur accelerated performance or create drag effects through their ability to mobilize, execute, and transform, and whether they do those things with agility.

In this paper, we have offered actions, tools, and examples that executives can use to assess and then accelerate leadership in their organizations. When companies understand their leaders’ capability or potential to accelerate in a clearer, more fact-based way, they can develop them faster, identify the ones they need, and ultimately unleash the leadership talent in the organization to reach its full potential.
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