



Future-ready leaders: Finding effective leaders who can grow with your company

Expectations for leaders are constantly evolving, perhaps faster than ever, but still the most effective leaders share a few fundamental capabilities. Too often, however, hiring processes focus on other strengths. A few straightforward steps can help more companies shift their focus and find the leaders who will help them thrive now and deliver a sustainable and resilient future.

As companies wrestle with new business models and ways of working and make stronger commitments than ever to purpose, sustainability, and diversity and inclusion, they need leaders who are constantly ready for anything, who can have impact today and also evolve with the organization. In part, that means leaders who consider the impact of their strategy across a triple bottom line: people (employees, customers, suppliers, and communities), planet (sustainability and net-zero emissions), and profits.

Such mandates go well beyond the traditional qualifications for leaders. And we know that many companies' executive hiring processes haven't kept up with these evolving expectations. Too often, companies put more focus on finding people with qualities that are necessary, such as functional knowledge and a proven track record on financial results. But these qualifications are no longer sufficient given that financial performance alone no longer meets shareholders' or other stakeholders' expectations.

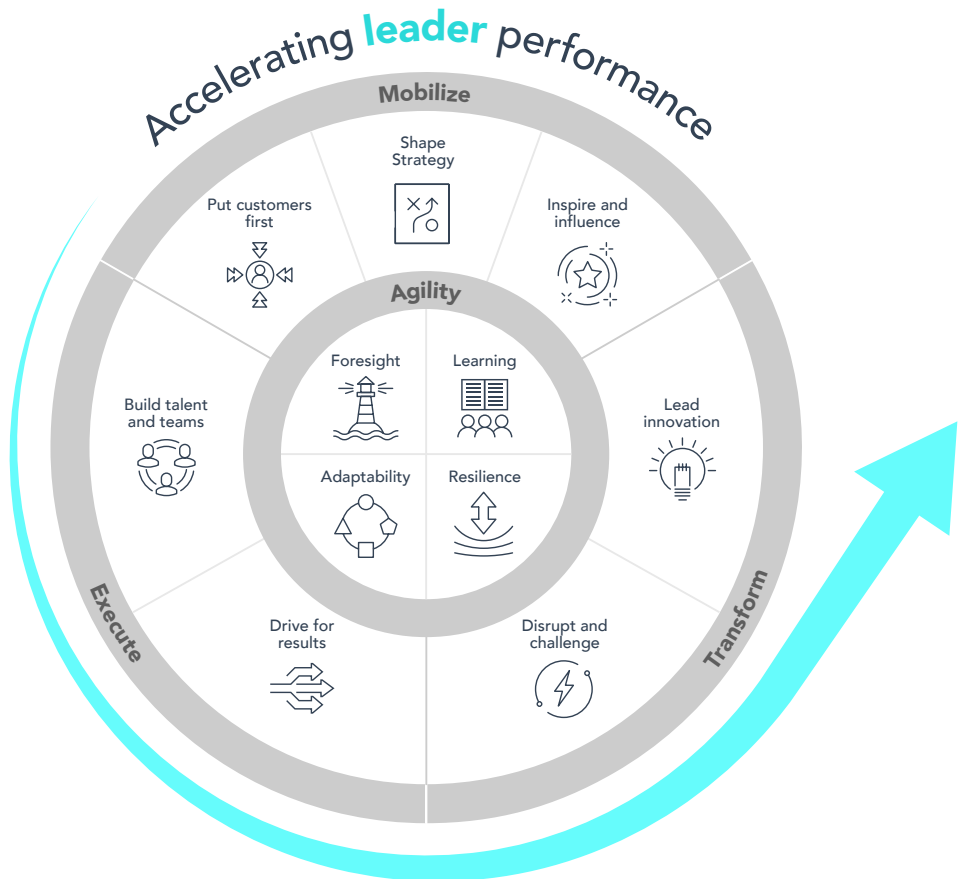
However, it is possible to find leaders who can do it all, and some companies are leading the way. Through our extensive work with organizations globally and our in-depth research on how leaders lead, we've developed a holistic and data-driven understanding of the capabilities executives possess when they are seen by their colleagues as having both impact today and potential for future growth.

In this article, we explain which leadership capabilities matter most and offer suggestions based on our work with clients for how more companies can adjust their executive hiring processes to build stronger leadership teams both for today and the uncertain times ahead.¹

Capabilities for today and tomorrow

Over the past two years as part of this research effort, we have assessed more than 3,000 high-level executives, gathering the views of more than 30,000 of their colleagues on how they lead, the impact they have, and how much potential they have. We based this analysis on a model of the capabilities that we know accelerate organizational performance: to mobilize, execute, and transform with agility (META). At a high level, organizations that succeed across all the aspects of the META model are able to adapt and pivot faster than competitors in areas where doing so adds value—critical capabilities in an ever-changing world.

Leadership drive factors to mobilize, execute, and transform with agility (META)

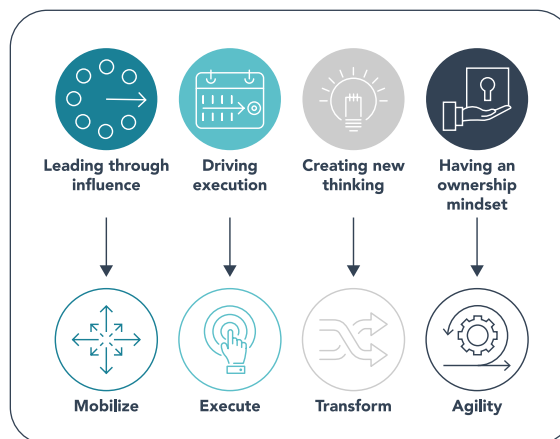


¹ For more on how to develop leaders with these capabilities, see TA Mitchell and Sharon Sands, "Developing future-ready leaders," Heidrick & Struggles, on heidrick.com.

We have identified four capabilities that are particularly critical for leaders to meet the expectations of stakeholders inside and outside the organization, and to be able to evolve so they continue to have impact in the future.

Among 33 leadership capabilities that make up a leader's ability to mobilize, execute, and transform with agility (underlying the broad categories above), we have identified four capabilities that are particularly critical for leaders to meet the expectations of stakeholders inside and outside the organization, and to be able to evolve so they continue to have impact in the future. They fall one in each of the four areas of the META model: leading through influence (mobilize), driving execution (execute), creating possibilities from new thinking (transform), and having an ownership mindset (agility).

Critical capabilities for future-ready leaders



While many leaders are seen by colleagues as having more impact or more potential, leaders who are seen by their colleagues as having the most impact *and* potential more often than their peers score relatively highly on each of these four capabilities:

- **Leading through influence:** These are leaders who 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 their teams, as well as within the wider ecosystem in which their companies operate. It also makes them more effective at encouraging people both inside and outside the organization to connect to the organizational purpose, which in turn energizes everyone.²
- **Driving execution:** These are leaders who deliver results efficiently and effectively; this builds trust across the organization, with partners, and in wider communities. 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:** These are leaders who 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.
- **Having an ownership mindset:** These are leaders who take personal responsibility not only for results but for the environment around them and its success or failure. This mindset is central to resilience, one of the key elements of agility. It matters because feeling that they can take responsibility rather than being buffeted by events helps leaders continue to move forward. These leaders take into account factors such as how well the organization treats employees and other stakeholders and how well it is meeting expectations in addition to financial metrics. This builds trust across the organization, bolsters inclusion on the team, and establishes the organizational reputation as accountable for their impact.

The factors fall one in each of the four areas: leading through influence, driving execution, creating possibilities from new thinking, and having an ownership mindset.

We call these leaders future-ready because they are ready for anything. Indeed, the fact that these capabilities were the same before and throughout the COVID-19 pandemic underscores this point—and just how fundamental they are.

When taken together, these four capabilities allow leaders to build strong, trusting, inclusive relationships across their firms, which helps their new ideas get heard and supports resilience on their teams. We call these leaders future-ready because they are ready for anything. Indeed, the fact that these capabilities were the same before and throughout the COVID-19 pandemic underscores this point—and just how fundamental they are. It is also notable that future-ready leaders are well rounded: they can mobilize, execute, and transform, all with agility.³ Many leaders known for delivering financial results and leading admired companies share a mix of these traits, such as Melissa Reiff, who recently retired as CEO of The Container Store retail chain in the United States, and Doug Merritt, of the software company Splunk.

And, at a time when stakeholders—including consumers and employees—are demanding real change in terms of people and planet, leaders with such capabilities are crucial. Today, having an organizational purpose tied to social good and working actively on sustainability, employee wellbeing, and diversity, equity, and inclusion (DE&I) is no longer a matter of individual conscience or public relations—it is central to how many stakeholders assess corporate performance. Failure to address these areas has real business consequences.⁴

Rethinking hiring processes

Companies need to evolve their executive hiring processes to reflect the shifting expectations and qualifications for leaders, including the ability to lead through influence, create possibilities from new thinking, have an ownership mindset, and drive execution. By taking straightforward steps to refocus, companies can give themselves the best chance of having the leaders they need in order to thrive today and in the future. We have seen that sitting CEOs and executive teams may have to shift their own mindsets as part of this process, from one of seeking successors and teams in their own mold to seeking people who may be quite different.

How efforts are falling short

When senior executives are hiring, our data shows, they most often seek new leaders who drive for results, and they focus on particular skill sets or areas of expertise related to a leader's function. While results are crucial, they are necessarily backward-looking, not future focused. And they are only part of leaders' responsibilities today. And while it's true that every organization needs people with deep expertise in some areas regardless of broader considerations, this narrow focus neglects the many other capabilities needed to succeed as a leader. With their current approach, companies may struggle to bring in executives with the capacity to innovate, influence, and sustain agility over time.

Getting future-ready: A comprehensive approach

Some progressive companies are taking a more comprehensive approach to hiring and developing leaders, paying attention to leadership skills and behaviors as well as functional competence and results and taking a broad view of what the company needs in new leaders. A few steps can help more companies think about building leadership teams in this more comprehensive way:

² For more on the capabilities of inclusive leaders, see Karen Rosa West and Megan Herbst, "What inclusive leaders do—and don't do," Heidrick & Struggles, on heidrick.com.

³ Colleagues also consistently note three behaviors that hold leaders back now and undermine their potential: not taking ownership for shaping the work environment, having difficulty flexing between detail and the big picture, and being disorganized.

⁴ For example, in 2020, the gap in CEO succession rates in the S&P 500 was 2.2 percent (12.7 percent of poorly performing companies minus 10.5 percent of better performers), down from 8.9 percent in 2019. But while the gap between succession rates at higher and lower performing companies is narrowing, succession due to poor ethical performance is increasing: of the 18 unplanned CEO successions announced in the Russell 3000 in 2020, 38.9 percent were due to situations of personal misconduct—whether sexual harassment or abuse of power or other types of violation of the company's code of conduct. For more, see Francine McKenna, Jason D. Schloetzer, and Matteo Tonello, *CEO Succession Practices in the Russell 3000 and S&P 500: 2021 Edition*, The Conference Board, June 22, 2021, [conferenceboard.esgauge.org](https://www.conferenceboard.org).

For the best and most accurate results, companies should start with a blank slate.

This big-picture view will help ensure that the team can work effectively together and that, even when some leaders' capabilities skew in one direction or another, as a full team they are offering the company the best leadership.

- Start with the company's purpose and strategy. To know what leadership skills and experiences will be most important, a company needs to understand in detail how it will create value and fulfill its organizational purpose. This can lead to marked change when a company is changing strategies. A new CEO we know, for example, found that as he set out his strategy for the organization, he needed to put equal time into realigning current executives and the development pipeline with the new priorities. The incoming CEO of a global bank began with a new corporate purpose and restructured his senior team to deliver it, including removing roles.
- Define the leadership roles the company needs to be future-ready. Based on how a company will implement its strategy and fulfill its purpose, leaders can then define both the areas of expertise and the capabilities that can help them get there. For the best and most accurate results, they should start with a blank slate rather than thinking about the current leadership team, as the bank CEO mentioned previously did. Thinking about roles rather than people can be a hard shift for any leader, particularly those with a relatively strong team today. It's also an issue in M&A, where there are typically duplicated roles, as well as for PE firms, which often move executives from one portfolio company to another.⁵ Furthermore, CEOs in many industries are finding that as they digitize operations, leaders in some functional areas need more agility or the ability to create ideas from new thinking rather than function-specific skills. Overall, we have seen leaders striking a new balance between hard skills and other leadership capabilities at many companies, one in favor of people who have the capabilities and can learn new skills.
- Determine the blend of skills and areas of expertise the leadership team as a whole needs. This big-picture view will help ensure that the team can work effectively together and that, even when some leaders' capabilities skew in one direction or another, as a full team they are offering the company the best leadership. This can be particularly valuable in smaller, fast-growing companies that have had a cohesive leadership team through their early years. There's the benefit of trust, but the downside of groupthink can be a reduced ability to challenge one another.⁶ But the blend of skills is important to consider for all leadership teams.
- Consider the four capabilities that underlie effectiveness. The aspects of leadership that matter most for a company will depend on what is required to deliver the strategy and, to some extent, the type of business it is or leadership role it's hiring for. But these four capabilities have consistently been cited as critical in terms of impact and potential across organizations even through a crisis; leaders should not underestimate them.
- Build long-term relationships with potential leaders. Once companies have a clear sense of their goals and the skills and expertise they need, they can start looking for the best candidates to fill or grow into the role. A mix of taking a more comprehensive perspective on succession planning and development, alongside mapping and benchmarking external options, will be the best approach for most. A benefit for many companies as they move beyond specific areas of expertise to equally valuing underlying leadership capabilities is that it broadens their pool of talent from their own sector to people from other sectors who have the right capabilities and can learn the necessary skills. Many companies will benefit from developing long-term relationships with internal and external executives who are well on their way to having the right leadership capabilities and can develop deeper functional skills where needed.

⁵ Andrew LeSueur, Krishnan Rajagopalan, and Sharon Sands, "Navigating top talent decisions for mergers and acquisitions," Heidrick & Struggles, on heidrick.com.

⁶ For more on the value of executives who constructively disrupt and challenge, see Paul Gibson, Karen Rosa West, and Ryan Pastrovich, "Disruptive leaders: An overlooked source of organizational resilience," Heidrick & Struggles, on heidrick.com.

As companies transform their business models and ways of working, respond with agility to internal and external change, and make stronger commitments than ever to purpose, sustainability, and diversity and inclusion, having effective leaders is critical. Beyond specific skills and areas of expertise, these leaders should possess the four capabilities that are a hallmark of the most effective leaders—that is, the ability to lead through influence, drive execution, create possibilities from new thinking, and embrace an ownership mindset. Companies that start today to seek and cultivate relationships with leaders with these capabilities will not only be better prepared for today but ensure they're ready for whatever the future holds.

About the authors

TA Mitchell

is a principal in Heidrick & Struggles' London office and a member of Heidrick Consulting.

tmitchell@heidrick.com

Sharon Sands

is the leader of Leadership Development, Assessment, and Coaching for Heidrick Consulting and a member of the CEO & Board Practice; she is based in the London office.

ssands@heidrick.com

Acknowledgments

The authors wish to thank Jenni Hibbert and Ryan Pastrovich for their contributions to this article.

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.

Managing Partners of Heidrick Consulting

Global	Andrew LeSueur New York alesueur@heidrick.com
Europe and Africa	Dustin Seale London dseale@heidrick.com
Asia Pacific, Middle East, and Emerging Markets	Markus Wiesner Dubai mwiesner@heidrick.com
CEO & Board and Team Acceleration	Alice Breeden London abreeden@heidrick.com
Organization Acceleration, Culture Shaping, and Diversity & Inclusion	Rose Gailey Costa Mesa rgailey@heidrick.com
Leadership Assessment, Development, and Coaching	Sharon Sands London ssands@heidrick.com

WE HELP OUR CLIENTS CHANGE THE WORLD,
ONE LEADERSHIP TEAM AT A TIME®

Copyright © 2021 Heidrick & Struggles International, Inc.
All rights reserved. Reproduction without permission is
prohibited. Trademarks and logos are copyrights of their
respective owners.