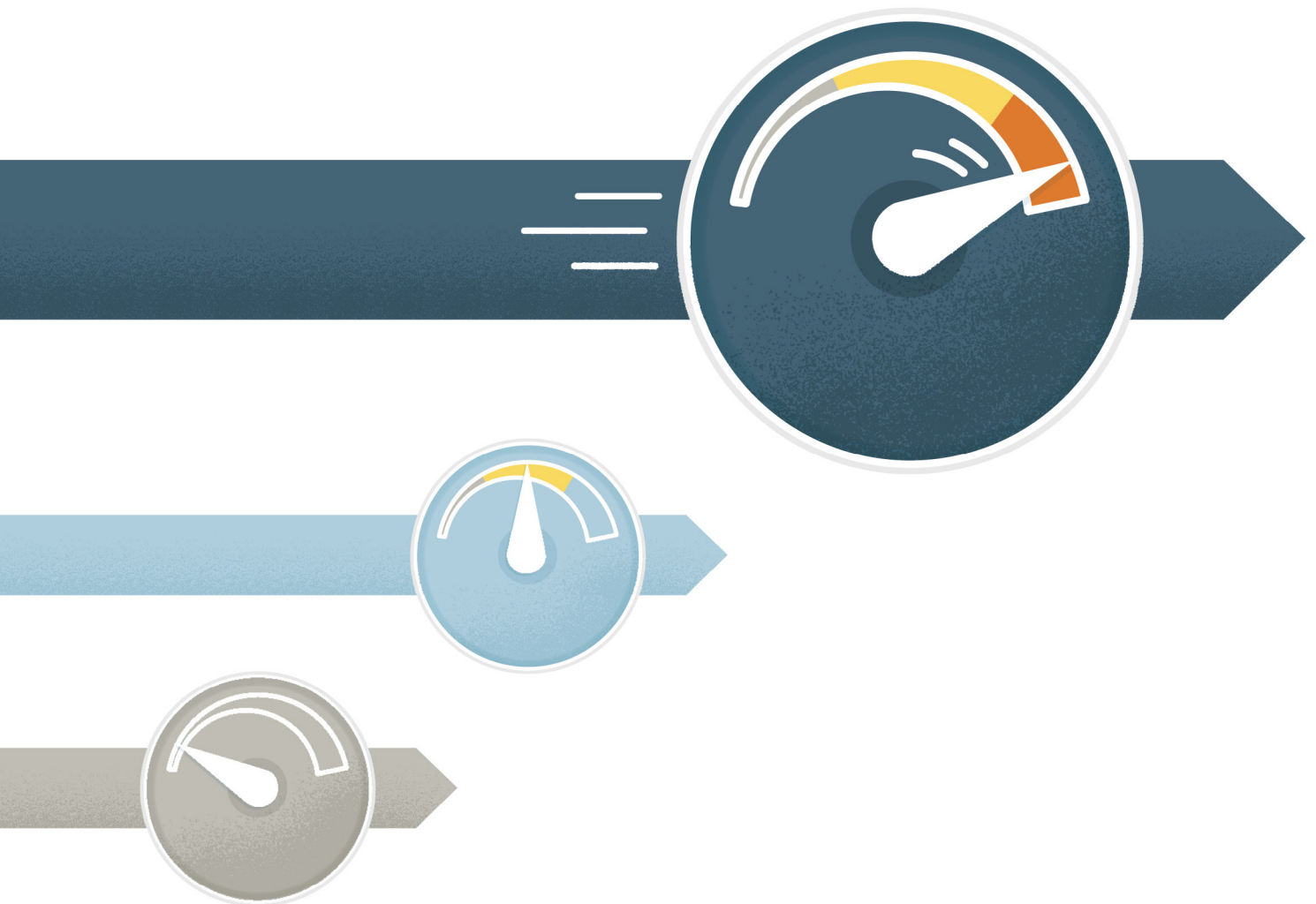


Bringing your organization up to speed

What separates today's high-performing organizations from those unable to keep pace with the new demands of leadership?



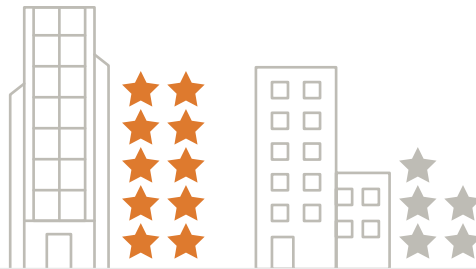
Executives are facing unprecedented pressure in today's business landscape, not least of all when it comes to talent. By 2030, up to 375 million people globally may need to change roles and update their skills because of automation, threatening productivity and innovation.¹ Digital disruption is upending every industry, increasing the need for new business and organizational models. And next-generation leaders must be willing to adapt by adopting new capabilities and revised roles.

Of course, when it comes to being up to the challenge, not all organizations are created equal. Big-box behemoth Walmart, for example, has successfully evolved from a brick-and-mortar retailer into an e-commerce juggernaut. One-time industry icon Blockbuster, on the other hand, went from earning nearly \$6 billion in revenue to declaring bankruptcy in less than a decade.

So what separates today's high-performing organizations from those unable to keep pace with the new demands of leadership?

Heidrick & Struggles research has identified 13 factors that enable organizations to consistently outperform their competitors.² Ranging from resilience to adaptability, these variables can have a sizable effect on profitability and growth by allowing companies to mobilize, execute, and transform with agility—what we call "META" (see sidebar, "META defined"). Indeed, our research shows that the high-accelerating teams we analyzed had, on average, a 22.8% higher economic impact than other senior teams, while the performance ratings of high-accelerating organizations were twice as high as those of their low-accelerating peers.

The performance ratings of high-accelerating organizations were twice as high as those of their low-accelerating peers.



META defined

Our research found that it's not industry, geography, or strategic focus that differentiates high-performing organizations (indeed, many were trying to do the same sensible things: put customers first, adopt clear management structures, and so on.) Rather, what differentiated them was their ability to mobilize, execute, and transform with agility. At its core, this means that the company's employees help it to adapt and pivot faster than its competitors in areas where doing so adds value. This framework can be applied at three levels: the organization, teams, and leaders.

Here's what META means in practice:

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

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

Transform: Encourage experimentation and innovation to create new growth engines and to reinvent existing businesses ahead of the market.

Agility: Enable teams to spot opportunities and threats, adapt, and pivot at a faster pace than competitors to create competitive advantage.

1. James Manyika, Susan Lund, Michael Chui, Jacques Bughin, Jonathan Woetzel, Parul Batra, Ryan Ko, and Saurabh Sanghvi, *Jobs Lost, Jobs Gained: What the Future of Work Will Mean for Jobs, Skills, and Wages*, McKinsey Global Institute, November 2017, mckinsey.com.

2. Colin Price and Sharon Toye, *Accelerating Performance: How Organizations Can Mobilize, Execute, and Transform with Agility*, Hoboken, NJ: Wiley & Sons, 2017.

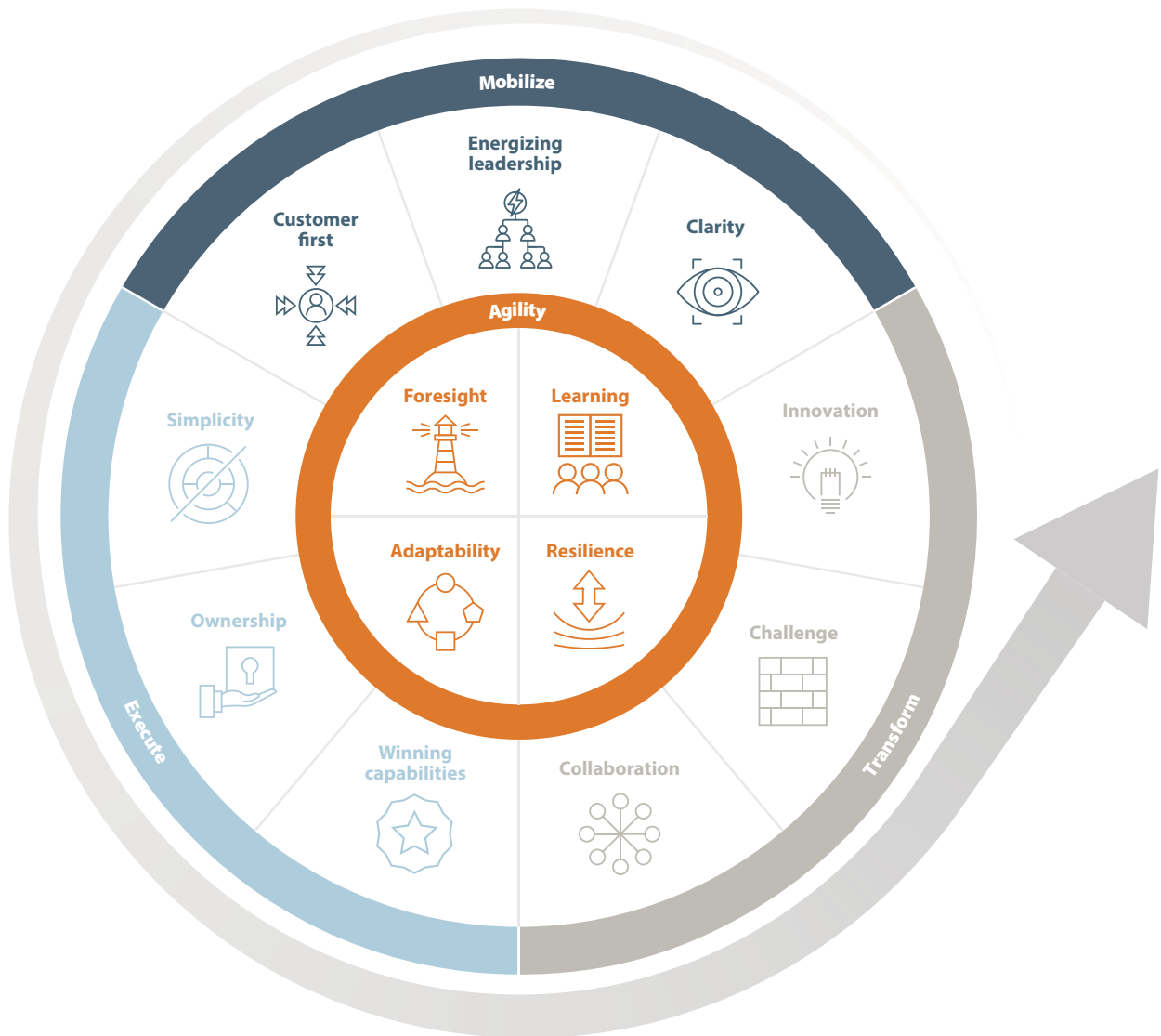
Getting from drag to drive

Given today's highly competitive landscape, excelling in these 13 factors (shown in Figure 1) has never been more critical—nor more challenging. In fact, we have found in our recent work with a range of organizations that only 27% managed to pull ahead of the pack. However, our research shows that even those organizations that successfully accelerate their performance find it more difficult to create foresight, winning capabilities, and simplicity than to carry out the other 10 drive factors. Simply put, getting these three dimensions right should increase competitive advantage significantly.

Getting foresight, winning capabilities, and simplicity right should increase competitive advantage significantly.

Figure 1.

The drive factors for accelerating organizational performance



The power of foresight

The pace of change is swifter than ever as new technologies disrupt deeply embedded business models and customer expectations evolve. And most organizations find it hard to keep up. For example, in a survey of 1,200 leaders conducted by faculty at Wharton Executive Education, some 60% of respondents said high-impact events had repeatedly blindsided their organization, and 97% said their organization lacked an adequate early-warning system.³

Clearly, by finding effective ways to think ahead, anticipate change, and scan the environment for untapped opportunities, organizations can gain a keen competitive advantage. High-accelerating organizations prioritize foresight to a larger extent: more than half of their employees (59%) feel that they spend enough time preparing for the future compared to only 24% of employees in low-accelerating organizations.

If most companies are getting foresight wrong, what are those few that are spending enough time on the future doing to get it right?

Scenario-based planning can help. For example, an insurance company we know had been facing an uncertain regulatory environment, changing consumer dynamics, and a plethora of competing products. In response, its market leadership teams worked to identify the factors most likely to shape the company's future—for example, how trends in immigration might lower the average age of the population and thus alter demand for insurance policies in the country.

After interviewing leaders and identifying the most dominant market uncertainties over a five-year horizon, the company created four different scenarios, ranging from consumer interest in new product lines to channel disruptors. It then created multiple strategies to address each scenario and pressure-tested them to determine the steps needed, and investments required, to stay ahead of fluctuating market trends and consumer preferences.

But foresight shouldn't stop at storyboarding the future. Executives must know what to do with the insights they gain and adjust strategies and processes accordingly.

The demand for winning capabilities

Skilled individuals, deployed in the right positions, are critical to successful strategy execution, and this makes the battle to attract, retain, and develop talent in a highly competitive labor market a top priority. Indeed, our research indicates that 57% of employees in high-accelerating organizations felt that they attracted the best talent in their market compared to just 26% of low-accelerating organizations' employees.

However, recruiting and retaining the right individuals is only getting harder. Digital talent, for example, is scarce and expensive, especially in highly specialized areas such as artificial intelligence and virtual reality. These technologies demand that employees have skills in machine learning, computer modeling, and cybersecurity. New roles are also emerging: once considered statisticians, today's data scientists are critical corporate assets, and many IT professionals are shifting from ancillary roles in server rooms to strategic partnerships in the boardroom.⁴

Unfortunately, less than a third of companies are sure they have the talent they need to thrive through digital transformation, according to a recent survey we conducted.⁵ That problem is compounded by the fact that organizations often overlook the contributions of teams to organizational performance, preferring to focus on the entire enterprise or the impact of individual leaders. In fact, almost a third of individuals working for low-scoring leaders feel that poor performance in the team is not addressed.

High-performing organizations, however, have found ways to attract the right people and create teams that deliver on strategy and build winning capabilities.

Anticipating change

Share of employees that felt their organization spent enough time preparing for the future:

59% At high-accelerating organizations



29% At low-accelerating organizations



Attracting the best talent

Share of employees that felt their company attracted the best talent in their market:

57% At high-accelerating organizations



26% At low-accelerating organizations



3. Scott Jacobs, Steven Krupp, Christine Lotze, Colin Price, Sharon Toye, and Stephen Wyatt, "Putting META into action," Heidrick & Struggles, June 7, 2017, heidrick.com

4. Shaloo Kulkarni and Scott Snyder, "Digital acceleration: The right C-suite expertise," Heidrick & Struggles, January 17, 2019, heidrick.com.

5. Todd Hewlin and Scott Snyder, *Goliath's Revenge: How Established Companies Turn the Tables on Digital Disruptors*, Hoboken, NJ: John Wiley & Sons, 2019.

The first step is to understand what capabilities you need to execute your strategy, which of those capabilities you currently have in your company, and whether the people with those capabilities are organized effectively. The next step is figuring out how to find employees with the right skills or how to build them internally. One tactic that can work well is skill grafting: rather than searching for individuals with a particular skill set, organizations create teams of people with complementary skills to cover the gap. This approach has the added benefit of fostering wider collaboration, boosting learning, and, in some cases, retaining valuable employees.⁶

Another crucial factor in putting winning capabilities to work is creating a culture that supports performance and agility. This can require changing mind-sets to help people become more adaptive, strategic, and innovative. Building a culture that supports acceleration often starts with clarity of purpose and has a stronger impact on the company's performance; indeed, our work shows that people at organizations that are better at setting a strong, clear purpose also say their organizations' performance is 2.5 times better than their counterparts at organizations that lag at purpose. This is because purpose creates alignment throughout the entire organization and enables informed decision making to accelerate performance.

Developing winning capabilities extends beyond matching the right talent to the right roles. Brand power also plays a part in attracting talent, especially among younger workers who value sustainability, diversity and inclusion, and purpose. A company's ability to fashion itself into a talent magnet and appeal to people with new perspectives and skills depends not only on its mastery of placing the right people in the right roles but also of rewarding and recognizing them, and ultimately making sure they succeed in their careers.

Simplifying the situation

Hierarchies, mixed product offerings, matrixed organizational structures, and data deluge can easily overwhelm organizations, preventing them from pivoting quickly in times of disruption. Simplicity must be a core organizational feature for teams to accelerate performance and enhance their competitive advantage. And yet, our research shows that only 36% of the employees from low-accelerating organizations felt that their structure and metrics were simple compared to 67% of the employees of high-accelerating organizations.

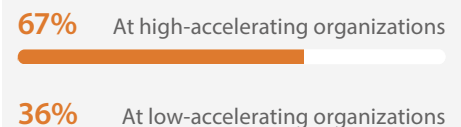
Faced with mounting competition, the insurance company mentioned in our scenario-planning exercise had two primary goals: create an omnichannel experience for customers at a low cost, and move to more sustained growth after a period of cost reduction. But several barriers (including structural complexity, a lack of agile processes, and stagnant innovation) stood in its way.

To overcome those barriers, the company embarked on a multi-year transformation beginning with leadership development. First, senior leaders identified what set the company apart at that time, and what would sustain that differentiation in the future as it moved toward its goals. Next, it determined the leadership behaviors required to drive success, shift mind-sets, and bring about better outcomes, such as a more collaborative approach to work and more efficient workflows. And, finally, a focused leadership development program for the company's top 200 leaders assessed their strengths and offered targeted coaching support to build and embed those behaviors. By simplifying processes and clearing a path to identify winning capabilities, the company reaped enormous benefits, including increased share price, cost savings, higher employee engagement, and significantly improved speed to value.

One tactic that can work well is skill grafting: rather than searching for individuals with a particular skill set, organizations create teams of people with complementary skills to cover the gap.

Structural simplicity

Share of employees that felt their organization's structure and metrics were simple:



6. Scott Snyder, "Developing digital expertise through skill grafting," Heidrick & Struggles, January 31, 2019, heidrick.com.

A smart approach to change

There is one element that foresight, winning capabilities, and simplicity share in common: they're all built on change and play critical roles in ensuring change efforts succeed. The right approach to transformation can more easily move the needle (Figure 2).

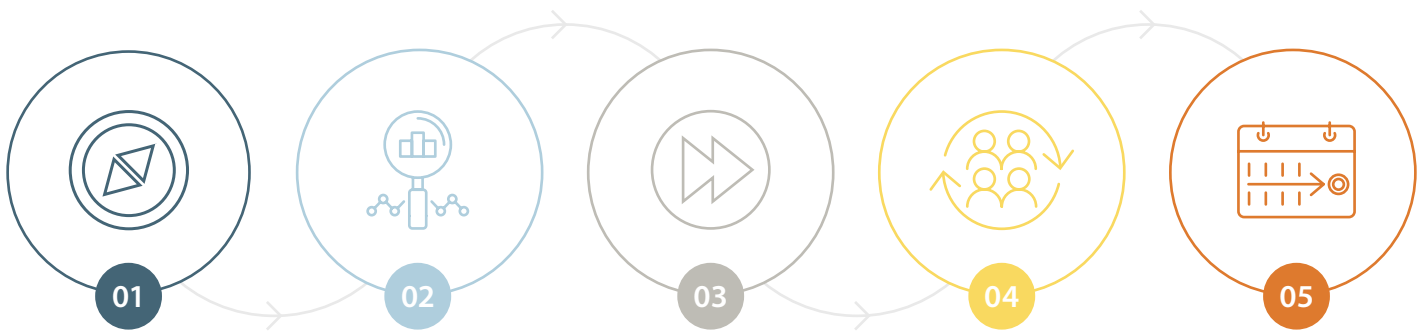
To adopt such an approach, leaders must first establish an organizational purpose that aligns with the company's vision, mission, and strategic intent. Then, they should take a hard look at where the organization stands today and assess its preparedness for change.

Armed with this information, leaders can then create an architecture for change, which should start with small pilot initiatives and a commitment to scale up the ones that are most effective in shifting behavior, mind-sets, processes, or overall effectiveness. And finally, organizations must set targets and perform regular pulse checks to ensure that transformation is consistent and continuous.

Organizations must set targets and perform regular pulse checks to ensure that transformation is consistent and continuous.

Figure 2.

A smart approach to change



Dream big

Define your future purpose and strategy.

- Create or refine the existing organizational purpose and align it with your vision, mission, and strategic intent.
- Design the future culture, operational model, and organizational structure.

Look in the mirror

Assess your readiness.

- Take a hard look at where the organization is today: what strengths will help acceleration, and what is dragging performance?
- Evaluate results and gaps.

Design for the future

Develop your acceleration playbook.

- Agree on two or three change priorities.
- Align the executive team, human resources, and change agents.
- Test, refine, pilot, and roll out the change program.

Make it happen

Implement your playbook.

- Create the change architecture for the organization.
- Accelerate transformation through leadership and team development, culture shaping, and innovation programs.

Make it last

Drive the transformation continuously.

- Set targets at one-month and six-month intervals to improve results, and measure against assessments and annual reviews.
- Target interventions as needed (e.g., operating model, leadership development, simplicity).

A compelling purpose and engaged leadership serve as catalysts to the change process. Clarity of purpose creates alignment throughout the organization and enables informed decision making to accelerate performance. Ultimately, the success of any change initiative should be measured, among other concerns, against the question “Has it served our organizational purpose?”

Our research shows that organizations that rate high on clarity of purpose are 2.1 times more likely to rate high on energizing leadership: 54% of organizations with high acceleration scores in purpose also score high on energizing leadership, compared with 26% of organizations with low acceleration scores in purpose.

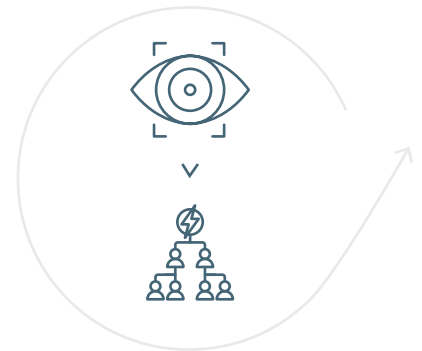
This in turn has the biggest impact on performance. Organizations that score high on energizing leadership have two times the performance ratings of organizations with low acceleration scores in energizing leadership.

Strong leadership is vital to developing winning capabilities. For example, in one European payments company we know, deep hierarchies and authoritative leadership were preventing its struggling teams from developing winning capabilities. In response, it launched a Great Teams development program as a way to accelerate the performance of the senior teams and shape the organizational culture.

As part of this effort, the company set ambitious goals for all teams and developed detailed road maps to guide and support the process. These included team workshops, designing and implementing team journeys, agreeing on action plans and success measures, and putting in place a feedback and coaching program for team leaders. The company created a team barometer to track progress, redesigned its values and leadership model, and restructured teams to allow more efficient use of resources.

The result: a more customer-focused and innovation-driven business, accelerating senior teams, and organic financial growth—for the first time in half a decade.

Clarity of purpose has the biggest impact on energizing leaders, which in turn has the biggest impact on performance.



Plan for the future, deliver results today

Some leaders may see risks in committing greater resources to achieving foresight, winning capabilities, and simplicity. Constantly observing the external environment for emerging trends, for example, can divert focus away from the core operations of an organization. Adding extra activities, such as leadership programs and skills development, to managers’ already packed agendas can lead to exhaustion and a lack of clarity about priorities. And today’s winning capabilities can quickly become tomorrow’s outdated expertise if not continuously assessed.

Yet the benefits are substantial, and leaders who find the right way to hone their foresight and winning capabilities, ensuring they’re enabled by simplicity and driven by clarity of purpose, will be uniquely positioned to achieve breakthrough business outcomes faster and more effectively than their competitors.

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About the authors

Alice Breedon

is the leader of Heidrick Consulting’s Center of Excellence in Team and Organization Acceleration; she is based in the London office.

abreedon@heidrick.com

Becky Hogan

is an engagement leader in Heidrick & Struggles’ London office and a member of Heidrick Consulting.

bhogan@heidrick.com

TA Mitchell

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

tmitchell@heidrick.com

Heidrick Consulting

We partner with organizations to deploy the most powerful lever they have for delivering results, faster: their people. Our experts in leadership assessment and development, team and organizational acceleration, and culture shaping work across practices and offices to share ideas to bring customized, practical, and often unexpected solutions to our clients' most urgent challenges.

Our breakthrough analytical tools use data and technology to bring science to the art of human capital development and organizational design, and our groundbreaking approach to culture shaping helps change attitudes to deliver measurable, lasting changes in performance.

As one united team, we acquire a deep understanding of the threats and opportunities our clients face and then bring together a customized configuration of tools, approaches, and experts needed to address them. The result: the great leaders, effective teams, and powerful, adaptive cultures that can accelerate performance, effect transformative change, and boldly create the future you envision.

Leaders of Heidrick Consulting

Global

Andrew LeSueur
New York
alesueur@heidrick.com

Europe and Africa

Hervé Borensztejn
Paris
hborensztejn@heidrick.com

Asia Pacific and Middle East

Ian Johnston
Singapore
ijohnston@heidrick.com

Heidrick Consulting's Centers of Excellence leaders

Team and Organization Acceleration

Alice Breeden
London
abreeden@heidrick.com

Culture Shaping

Rose Gailey
Costa Mesa
rgailey@heidrick.com

Leadership Assessment and Development

Sharon Sands
London
ssands@heidrick.com

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