

# Winning with purpose in the Fourth Industrial Revolution

A new approach to leadership is needed to meet the challenges of an increasingly volatile, complex, and hyperconnected world.

**Like every preceding industrial revolution,** the Fourth Industrial Revolution has caused massive growing pains for businesses as they have moved through the initial shocks of disruption to a more recent, if uneasy, understanding that constant acceleration is now, in fact, “normal.” Ready or not, leaders must grapple with the subsequent challenges: the impact of technology and the digital world, new and unprecedented socioeconomic implications, and significant geopolitical upheavals. All of this forces companies and their leaders to reexamine the *whys* and *hows* of their businesses — and to do so at a much faster pace than ever before. It also forces leaders to reexamine themselves.

How today’s leaders navigate and lead in such a fast-changing environment is a dominant theme of *The CEO Report*, the product of a research partnership between Heidrick & Struggles and the Saïd Business School, University of Oxford.<sup>1</sup> Our research finds that the complexity of the new dynamics requires a changing approach to leadership. The days of leaders having complete command over their organizations are gone. Today’s leaders must be inspirational yet calming, visionary yet down-to-earth, “right” and yet not afraid to “not know.” They must be monarchs but also very human and able to navigate their organizations through multiple, often paradoxical demands emanating from an increasing — and increasingly active — array of stakeholders.

The key is moving from a single-minded “command and control” mentality to a more agile form of leadership that balances command with purpose, nimbleness, adaptability, and collaboration — all features of the Fourth Industrial Revolution. However, further reflection suggests that CEOs often struggle to find the right balance between collaboration and singular leadership. One Fortune 500 CEO described the task as similar to balancing on two parallel tramlines, where it is easier to bounce from one to the other and hardest to stay on both. Certainly this CEO concludes that collaboration is vital, yet it paradoxically threatens to weaken his leadership when tough decisions are required. Since unilateral decision making often leaves organizations and stakeholders cold, CEOs need to develop a toolkit of significantly more nimble and multidimensional leadership capabilities and a self-awareness of when, and how, to use them.

## Deal with speed, scope, and significance

Besides disruption, revolutions also bring opportunity, and this revolution in particular offers the potential to address the most critical societal issues facing our fragile world, most notably through digital technology. Yet there is a real danger that leaders will get lost in the clamor of disruptive technology and the speed at which it is changing businesses and even markets.

Our report highlights how speed is a challenge and how it is impossible — indeed unnecessary — to respond and react to every changing circumstance.

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<sup>1</sup> For more, see *The CEO Report: Embracing the Paradoxes of Leadership and the Power of Doubt*, Heidrick & Struggles and Saïd Business School, University of Oxford. The report is available on [heidrick.com](http://heidrick.com).

We argue that CEOs must instead be attuned to the scope and significance of change. Consider the tens of thousands of pieces of space junk that hurtle around the Earth's orbit. It is the job of the space station astronauts to track the largest and most dangerous lumps, and maneuver their craft accordingly, rather than deal with every possible threat. The question for leaders is: how deep and broad is the impact of change on the organization and its stakeholders? Is it a fundamental change, or a technological one? CEOs must discern the most appropriate response and remain versatile and adaptable, ready to handle the unexpected.

## Lead with purpose and mission

Succeeding in the Fourth Industrial Revolution requires authentic leadership, building trust, and genuine transparency — all grounded in an abiding sense of purpose. Companies need to answer the question, “What do we stand for?” and be free to define themselves more broadly than simply “value companies” or “growth companies.” Increasingly, stakeholders expect companies to have a greater purpose and a clear understanding of how to achieve good in the world in ways that extend beyond the company's direct business activities.

This creates another paradox for leaders — how to find a balance among the greater good, a sense of mission, and the ability to deliver products and services in a cost-effective, profitable way. This paradox creates friction among meeting the expectations of investors, satisfying the needs of quarterly or half-year market reporting, and the longer-term, more purpose-driven values of the business.

## Embrace ripple intelligence

Striking a balance between short-term (market) performance and long-term, purpose-driven values requires leaders to have a heightened ability to anticipate complex interactions and “see around corners.” We describe this ability as “ripple

intelligence,” a skill that leaders can develop to get perspective and distance and essentially fly above the clutter and noise of the day and look down from above at the intersecting changes affecting the business, like observing ripples on a pond. The CEO can view the intersecting ripples and anticipate disruption, allowing time to plan and protect the organization against unexpected events. Such ripples could be impending business trends, disruptive technology, geopolitical events, or environmental incidents. Each ripple has an impact on decision making and how it is interpreted by the CEO.

The principles of ripple intelligence also help CEOs understand how their own ambition and idealism (along with their conduct and performance) affects employees, investors, consumers, and the broader public — indeed all citizens of the interconnected world. We continue to hear from C-suite leaders who face pressure not only to be outstanding leaders but also to be human, compassionate, and approachable. Here the “power of doubt” can be a catalyst for positive action. Self-aware CEOs are comfortable in not knowing everything and thus will seek opinions and consult valued advisers and networks before making high-stakes decisions in uncertain conditions.

## Lead with empathy and authenticity

Through our research, we heard repeatedly about the paradoxes that CEOs have to navigate. CEOs must invariably use their judgment to make critical decisions that others in an organization cannot make. The paradox of the demands for leaders to be authentic and empathetic and to display their personalities, while at the same time playing the role of the bold figurehead that people will follow and admire, continues to be a tension. Increased pressure on companies to do the right thing in the world only compounds this challenge. CEOs must have a heightened awareness of their social

responsibility and the impact they have on society's well-being and the environment. Leaders are expected not only to be "real people" but also to infuse a sense of direction, purpose, and meaning into the organization. Employees, clients, customers, and other stakeholders (now including social media and bloggers) want to understand what companies stand for. If the company's behavior is not coherent and beneficial to society, strident and opposing voices become galvanized more effectively than in the past. The message for CEOs: "It is not what you say but what you do."

## Be a continuous student

In our many conversations with CEOs, we repeatedly hear of an acute and increasing appreciation for the widening gap between an individual's preparation to reach the CEO's chair and the actual demands of "the hot seat." In short: preparation is never enough. Regardless of the complementary roles that aspiring leaders may assume and the work experiences they have along the way — nuanced or overt — the skills needed to be CEO are different from other roles.

To be sure, CEOs will always need to be strong leaders in the traditional sense. Now, however, they must also be students, continuously acquiring experiences that are outside of their traditional career trajectory, and they must remain open and attentive to insights from an increasingly broad set of information sources. The feedback from incumbent CEOs is consistent: technical and work experience aren't enough; the missing skills are often the "soft" skills. How can you handle the dramatic increase in demand for your time? How can you hear the signals in the noise amid the cacophony of stakeholder voices now aimed your way? How do you manage your own doubt

and that of others around you? How do you balance being "commander" with the expectation you will remain "human"? The key is to become a student of the role and turn your curiosity into a discipline — and a way of life.



Society's expectation of companies, and leaders, has increased dramatically in recent years. In this new, more disruptive, and faster-paced world — where CEOs are faced with leadership paradoxes at every turn — leaders must constantly carve out time to gather fresh inputs from a variety of internal and external sources, challenge their own perspectives and prejudices, and embrace continuous learning. Historically, CEOs have not spent as much time challenging their business models — or themselves — as they now must do. The Fourth Industrial Revolution is a cauldron of opportunity and change for CEOs. How leaders approach it will determine their own personal success — and the future of their businesses. ■

## About the author

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