



LEADERSHIP IN AN UNCERTAIN WORLD

**What it takes to be a leader
in 2020 and beyond**



Leadership in an uncertain world

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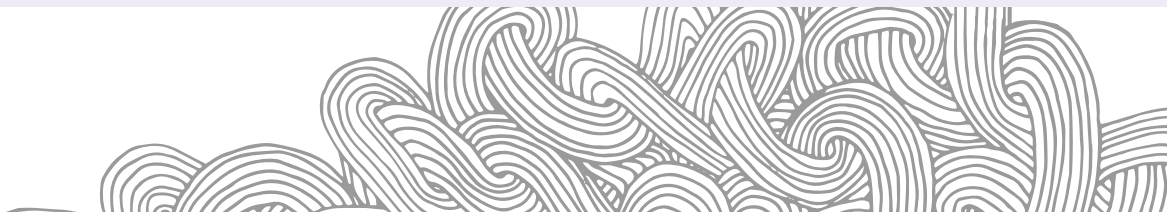
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Introduction: **Leadership in an uncertain world**

The Challenge

Leaders now live in a 'VUCA' world, and to remain leaders they'll have to learn to embrace it. This document will outline a few of the prevailing winds we see in how a future-fit leader will be formed and the ways of thinking to be embraced in order to ride the wave, and not end up swirling in the surf.

The worlds of politics, economics, society are all undergoing tectonic shifts. Today's leaders are expected to actively engage with uncertainty, while continuing to build trust in their organisations and give stability to their people.

Digitisation and technological advancements are a key driver of this accelerated pace of change and it is the responsibility of the incumbent leader to learn how to shift the direction in their favour, to take advantage of the prevailing wind and mitigate against potential storms.

VUCA

Volatility, uncertainty, complexity, and ambiguity

VUCA is the current trendy management acronym adapted from a phrase used originally by the US Army as a catch-all for "It's crazy out there!". It's useful for managers as a framework for the business environment they're in today and sums up the difficulty in creating sustainable growth in a constantly changing landscape.

Source: [Harvard Business Review](#)





Introduction: **Leadership in an uncertain world**

Leading in a VUCA world – What a leader needs



A clear mission

As the Kipling poem says 'If you can keep your head when all about you are losing theirs', leaders are capable of thinking clearly in a crisis. It is important for a leader to have a solid foundation and clear mission on which to base their decisions in a changing environment.



A consistent message

Team members will be happier and more secure if they are getting a consistent message from their leaders.

The road isn't as scary when



you can see the destination.

Anticipate, but don't plan to extinction

'No plan survives contact with the enemy' and your plan won't survive contact with the real world either.

A plan is a starting point, but it is a roadmap to a road that will change on your journey – always be prepared to



shift and change with the circumstances.

Look to the past

Old solutions won't provide answers to new problems, but the thinking behind them might. Don't discard everything in the past – a lot of clever people have come before you – but realise they may need adaptation.





Introduction: **Leadership in an uncertain world**

Leading in a VUCA world – What a leader needs



Embrace complexity

Embrace complexity and you might find the answer quicker than everyone else - and then be prepared for the question to change.



Become your own network

In this increasingly interconnected world, build connections beyond your industry – it will help you to anticipate problems and see new solutions your competitors might miss.



Allow your people freedom

It is easy to try and create certainty internally because of the whirling winds of uncertainty outside your organisation. Give your employees the same flexibility you need yourself.



You'll never be certain again

We hear it at so many conferences, lectures and articles that it's almost become a cliché – the world is changing faster today than it ever has, and change will never be as slow again as it is today. To thrive as a leader, being uncertain is the new normal.



47%
of all jobs
will be **threatened by automation** by 2025.
Our value will be in
uniquely human skills
like collaboration and
emotional intelligence.

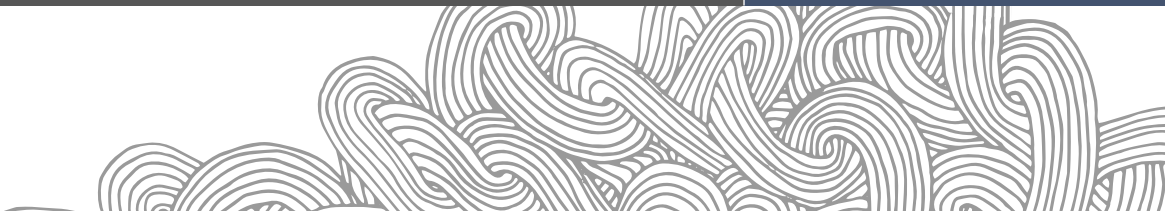




Introduction: **Leadership in an uncertain world**

For leaders, the vital questions are often the ones you don't even know exist. The mission of a leader is to seek out the right questions by looking at:

In this document, we hope to point you down a few avenues to begin discovering what you need to equip yourself and your team as leaders of the future in 2018 and beyond.





Section: **The Personal**

Leadership Agility

In today's world, a leader does not just need to be agile, they need to be a contortionist. It is impossible to track changes in your environment and immediately understand them while also implementing internal change to take advantage of these external factors.

However, what a leader can do is (ironically) put a structure around themselves to constantly remind themselves they need to be agile.

With practice comes brilliance.

An organisation's level of agility is highly linked to the agility of its leaders. Therefore, in order for a company to be flexible and have the ability to shift direction, their leaders have to do the same and, indeed, drive that change. A future-fit leader will see the environment that unsettles others and dive right into it, seeing both the difficulties and the possibilities. And this is not a metaphorical 'diving in' but rather a practical, experimental spirit that will test out ideas in the real world, discard the ones that don't work and improve upon the answers that show potential.



"Only about 10% of managers have mastered the level of agility needed for consistently effective leadership"

Bill Joiner,
Author of Leadership Agility





Section: **The Personal**

Leadership Agility Factors

A 2010 survey found that the central factor for increasing an organisation's agility is the level of agility exhibited by a company's leaders and leadership culture. Over five years and by studying over 600 managers across industries, they found four factors that could be used to determine a leader's agility.



Context - setting agility

How effectively a leader frames their initiatives



Stakeholder Agility

How well they work with stakeholders



Creative agility

How creative they are in solving complex problems



Self-leadership agility

How proactively they seek and learn from feedback on their own effectiveness.

Derived from a research project by : [ChangeWise](#)

**“Life is 10 %
what happens
to me and 90
percent of how
I react to it.”**

Charles Swindoll





Section: **The Personal**

How to Develop Agility

How does a leader develop agility? With practice. In their seminal book, *Leadership Agility*, William Joiner and Stephen Josephs, suggested that leadership agility should be measured around three distinct areas – leading change, leading teams, pivotal conversations – and suggested a new form of assessment being used on leadership development programmes.

They found the most effective approach was to use well-planned action learning programmes that combine multiple learning modules: workshops where participants apply new perspectives and skills to their real work, coaching based on 360-degree feedback, learning circles and individual or group projects.

In essence, they use leaders to assess other leaders.

“In a very real sense we have two minds, one that thinks and one that feels”

Daniel Goleman, *Emotional Intelligence: Why It Can Matter More Than IQ*





Section: **The Personal**

Building Effective Followership in a VUCA world

The corner office, the suit and tie, the morning coffee and the lunchtime bourbon. Gone are the executives that grace our HBO boxsets, to be replaced by the contemporary leader, but what does that leader of the future look like? How do they interact with those around them and how do they communicate their ideas to their team to create an environment of success?

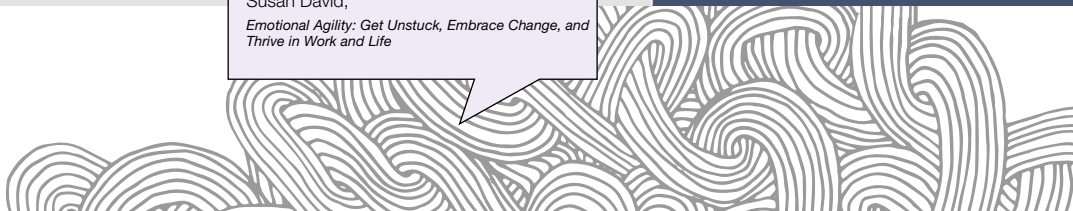
There are a number of management theories offering up solutions for executives looking for a way to navigate the leadership landscape. In reality, they are all part of the same Venn diagram that asks the question - how do you build effective followership?



"In looking for the right places to make those tiny changes, there are three broad areas of opportunity. You can tweak your beliefs—or what psychologists call your mindset; you can tweak your motivations; and you can tweak your habits. When we learn how to make small changes in each of these areas, we set ourselves up to make profound, lasting change over the course of our lives."

Susan David,

Emotional Agility: Get Unstuck, Embrace Change, and Thrive in Work and Life





Section: **The Personal**

It is not simply a matter of knowledge, but how to apply the knowledge you have to real-life situations, extract the knowledge from those around you and have the ability to sublimate your own ego to choose answers that might not necessarily fit into your own worldview.

In a world full of uncertainty, it is increasingly important for leaders to focus on the following three concepts:




Authentic Leadership



Executive Presence



Emotional Intelligence



How does a leader **build a followership** around themselves, communicate with them effectively and, ultimately, GET **RESULTS** for the organisation?





Section: **The Personal**

Authentic Leadership



Authentic leadership is an approach to leadership that emphasizes building the leader's legitimacy through honest relationships with followers which value their input and are built on an ethical foundation. Generally, authentic leaders are positive people with a truthful sense of self who promote openness with those around them.

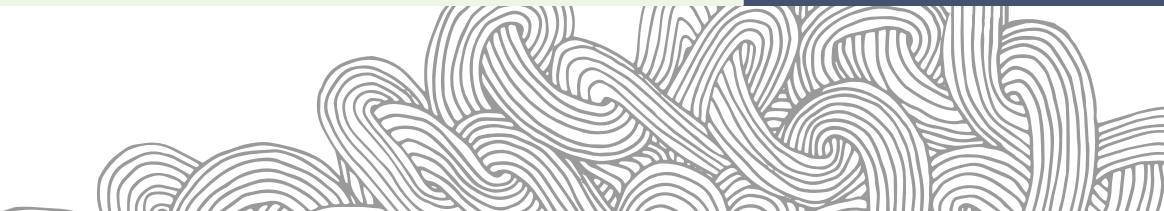
Writing in the Harvard Business Review, Herminia Ibarra tackled why leaders often struggle with authenticity and often it is simply due to the misinterpretation of 'authentic'.

'When used to describe leadership, 'authenticity' has other meanings—and they can be problematic. For example, the notion of adhering to one "true self" flies in the face of much research on how people evolve with experience, discovering facets of themselves they would never have unearthed through introspection alone. And being utterly transparent—disclosing every single thought and feeling—is both unrealistic and risky'.

The solution? Look outwards and don't stick to your own rigid thinking, learn from diverse role models, learn experimentally and be prepared to fail, and move beyond 'your story'. In other words, be agile in thought and action.



Herminia Ibarra





Section: The Personal

Executive Presence



According to economist Sylvia Ann Hewlett, whose research team surveyed nearly 4,000 college-educated professionals to help solve the riddle of the modern leader, executive presence lies in three crucial factors: how you act (otherwise known as gravitas, the most important quality), how you communicate, and how you look.

In a recent survey of 268 senior executives, it showed that gravitas attributed to 26% of what it took to get that senior management promotion.

Gravitas is more than just the words you use - it is your tone, presence, body language, facial expressions, attire and confidence that are all subconsciously being scrutinised by your audience. Indeed, studies show only 7% of the first impression you make has anything to do with the words that you say.



Sylvia Ann Hewlett



“.....gravitas attributed to 26% of what it took to get that senior management promotion.”





Section: **The Personal**

Emotional Intelligence



According to Daniel Goleman, an American psychologist who helped to popularise emotional intelligence, there are **five key elements** to emotional intelligence:

Self-awareness

Self-regulation

Motivation

Empathy

Social skills

The more that you, as a leader, manage each of these areas, the higher your emotional intelligence and the more effective leader you can become.



Daniel Goleman

Focussing, and improving, yourself as a leader will have great personal benefits, but what about the benefits to your organisation?

In this next section, we'll look at how leaders can help shape their organisation to be future-fit, and how to begin looking at their organisations so they can operate better in the modern business environment.

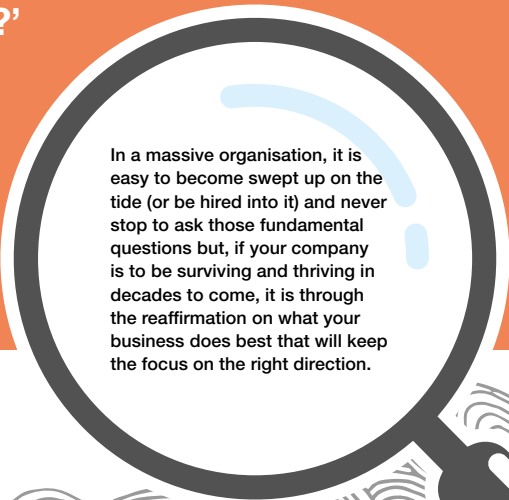




Section: **The Organisation**

It is imperative for an organisation looking to achieve sustainable growth to regularly ask themselves....

‘Have we lost our way?’



In a massive organisation, it is easy to become swept up on the tide (or be hired into it) and never stop to ask those fundamental questions but, if your company is to be surviving and thriving in decades to come, it is through the reaffirmation on what your business does best that will keep the focus on the right direction.



Section: **The Organisation**

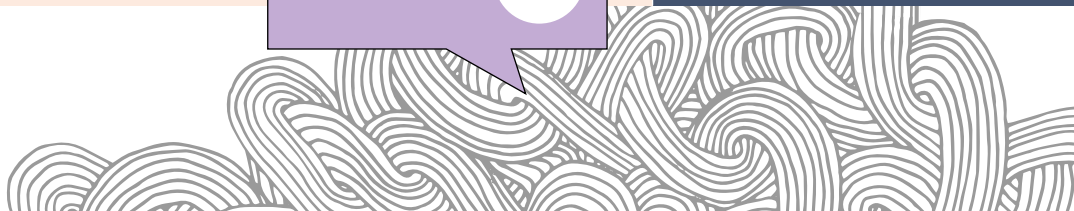
Keeping a Founder's Mentality

The danger in a constantly changing environment is focussing on the wrong things. It's easy to get distracted, to go after the latest trend and end up building layers upon layers of bureaucracy in your organisation that are obstacles to success, not springboards. For large organisations it is a particular challenge - growth creates complexity, and complexity kills growth.

Diversification, for example, is generally seen as a positive thing. It creates new revenue streams, allows you a more wide-ranging portfolio and generally spreads the risk. However, what happens when a company diversifies beyond their core competencies? For every Nokia and HMV that should have diversified and modernised, there are countless organisations who have cannibalised themselves by investing people and money in the wrong area because the internal complexity of the company made them lose their focus on what was important.

“ Organisations that were able to retain their entrepreneurial ethos account for 50% or more of the net value creation on the stock market, although only 6-7% of companies keep that entrepreneurial mindset”

Bain and Company





Section: The Organisation

One solution to keep your focus has been proposed by Chris Zook, Partner at Bain and Company, in the form of keeping your 'founder's mentality'. The founder's mentality is the ethos that drove the company from its inception to its current success – the ability to be flexible, spot and fill gaps in the market and deliver real value to customers again and again.

Founder-led companies consistently outperform other companies. Bain's research shows between 1990 and 2014, companies on the S&P led by a founder outperformed their rivals by 3.1 times for total shareholder returns.

The bottom line value is clear.

Measuring your Founder's Mentality

Bain and Company proposes a model to begin measuring, and tackling, a company and how close they are to their founder's mentality using three key criteria.



Insurgency



Frontline
Obsession



Owner
Mindset



"...companies
on the S&P led
by a founder
outperformed
their rivals by
3.1 times..."





Section: The Organisation

Insurgency

Insurgency is what drove the business at the beginning – the belief they could do something better than the market currently provided.

Diversification often leads to losing market share in their original product line, while also encouraging new insurgents.



Frontline Obsession

The frontline obsession is inherent in all founders – that belief that the coal face is where the true value of the business lies. Chris Zook gave an example of Mohan Singh Oberoi, an Indian hotelier that built his business from the ground up, founding the luxury Oberoi Hotel chain. At 92, his son (who replaced him as CEO) would meet his father and find him with a stack of comment cards from customers, making notes as he went along.



Owner's Mindset

The owner mindset is where the public envisions entrepreneurs – their aversion to bureaucracy, a bias towards action and risk, and a strong focus on the cash flow and fundamentals of the business. In many ways, it is simply somebody taking responsibility; instead of the bureaucracy you will find in large organisations where employees are only worried about 'their patch', the owner's mindset means taking responsibility for all the business and taking actions to reflect that.





Section: **The Organisation**

Why do companies lose their founder's mentality?

A prime reason for companies losing their founder's mentality is a redefining of the core mission of the company. Moving away from that core mission is especially tempting over time, often due to the success that your company has experienced.

When the founder of Starbucks, Howard Schultz, left the company, Starbucks began to drift. It began to sell new (and numerous) items in the store, concentrated on a music partnership for its brand, made the baristas less central to the customer experience, and generally moved away from the core offerings that had made Starbucks great in the first place.

When he returned in 2008, Schultz saw all this. Soon, the clutter was gone, the customer experience was put front and central once again, the baristas and employees became truly valued again and the company skyrocketed all over again.



It's sometimes not easy to be perceived to be going backwards – a great leader will just see that it's the right direction.





Section: **The Organisation**

A Future-Fit Organisational Structure

Organisational structures have stayed broadly similar for the last century – a top-down approach where information flows in two directions. In the digital age, this structure begins to crumble under the mass of incoming information and the speed of change. For large organisations this leads to gaps in market delivery and encourages disrupters to come in and fill that gap with a new, innovative service.

To remain innovative, you do not just have to be agile personally, your organisation needs to be agile too. A huge amount of work in recent years has gone into making people's working life different than it was 20 years ago, with the knowledge that a happy worker is a better worker. From open-plan offices to hammocks and computer games, the workplace of today looks different than yesterday, but is it truly organised differently? Does the modern business and the modern worker need a new structure to work within?



Job Design / Work design

Job design or work design refers to the content, structure, and organisation of tasks and activities. It is mostly studied in terms of job characteristics, such as autonomy, workload, role problems, and feedback. Throughout history, job design has moved away from a sole focus on efficiency and productivity to more motivational job designs, including the social approach toward work.

Source : [Oxford Research Encyclopedia of Psychology](#)





Section: The Organisation

One proposed new structure is 'Holocracy'. Holocracy is a management practice that democratises change within an organisation by looking for 'tensions' and proposing solutions on an ongoing basis. In practice, this means that new ideas are shared throughout the organisation easier and continuously improve in increments over time.

Holocracy doesn't focus on making operational decisions like how to launch the next product, but is a way of stepping back from working in the organisation to working on the organisation itself. In a world where everything your business does is changing, why shouldn't your business change too?

'In the middle of the last century as an executive, how many messages did you get a day? How many demands on your attention? Probably not that many. But today? How many emails before breakfast? It's at least an order of magnitude. And it's not just the high-powered executive, it's every knowledge worker in that building'.

Brian Robertson,
Founder of Holocracy



**"If everyone had
to think outside
the box, maybe
it was the box
that needed
fixing"**

Malcolm Gladwell,
What the Dog Saw





Section: **The Future**

Now that we've looked at the personal and organisational aspects of modern leadership, it is time to begin preparing for a future you can't possibly predict. Sounds easy, right?

"The best way to predict the future is to create it."

Peter Drucker



While we can't predict the future, we can protect ourselves against its most dangerous aspects. By creating future leaders with new ideas and thinking differently about change, a modern leader can set up their organisation with sustainable growth and success.





Section: **The Future**

Succession Planning = Planning for Success

The most difficult thing to achieve isn't success, it's success over time. Today's brilliance is tomorrow's folly, and one of the key roles of any leader is helping create those that follow. In this way, their organisation can remain brilliant.

You can fill the leadership pipeline through the hiring process, but that will lead to gaps in productivity. There is a variation in the numbers, but studies suggest that it can take up to 2 years for an employee to be as productive as the person they are replacing. Even if this is in the longer scale of how quickly we expect new hires to get up to speed, it demonstrates how more efficient it is to build a leadership pipeline internally.

“A star wants to see himself rise to the top.

A leader wants to see those around him rise to the top.”

Simon Sinek

“You don't hire for skills, you hire for attitude. You can always teach skills.”

Simon Sinek, *Start with Why: How Great Leaders Inspire Everyone to Take Action*





Section: **The Future**

It is estimated that only 1 in 7 employees is a 'star' and, in this uncertain business environment, it is vital to attract, retain and develop your star talent. The reason this is the case more so today than in the past is the rate of change – almost every company is trying to evolve to be future-fit. In a 2016 KPMG survey, the number 1 barrier for CEOs to the implementation of complex strategies is attracting new strategic talent.



**“People who don’t
upskill over the
next five years,
won’t have a job”**

Professor Dana Minbaeva,
Copenhagen Business School
and IMI Talent Forum Speaker 2017

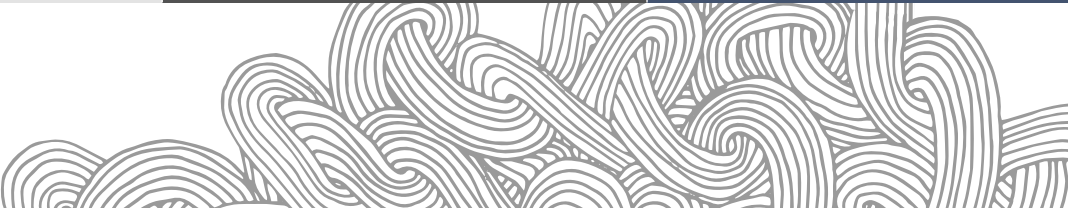


The Power of Mentoring



Mentoring is one of the most powerful tools in your succession armoury. A major obstacle to future leaders is simply not knowing what it takes, but that aura can be removed through mentoring.

A formalised mentoring process can open both the mentor and the mentee to new avenues of thought, create real communication within an organisation (or across organisations) and create a pathway for leaders of the future from within your company.





Section: The Future

Developing a Succession Plan – The Basics



1. **Start with the business strategy.** Leverage the business strategy by identifying developmental experiences that are critical to achieving it.
2. **Build a rigorous performance management system** and use it. Separate performance and developmental, but ensure a heavy focus on both.
3. **Create a learning culture.** Constantly ask the difficult questions of your organisation that enables growth and the development of new skills.
4. **Create a feedback-rich environment.** Ensure constructive conversations that speak to current strengths and weaknesses, but also to one's potential.
5. **Focus on transitions.** Create opportunities for transition within your business, and that these are set up for success as opposed to letting people merely sink or swim.
6. **Build a principle-based organisation.** Reinforce leadership as the living embodiment of your company values, at all levels of the organisation.
7. **Remember to focus on significance.** Focus on the outcomes that will make the process sustainable.

Source : [Yost & Plunkett's, 2009](#)





Section: **The Future**

Being a Future Fit Leader

Top executives estimate they spend only about 3 percent of their time thinking about, and getting others on board with, the critical issues that will shape their business 10 or more years down the road. But if it's not the leaders job to think of the future, who's is it? It is easy to see how a company can become lost amongst the maelstrom and overtaken by a competitor...

Of course, there is no way to accurately predict the future, but there is a frame of mind that will allow you to think about future possibilities, take advantage of your insight and, if you are Steve Jobs, shape the future. If you are able to understand the questions that the future is asking you, you can become 'future literate'.



...demands on our time today means having blinkers about the future.



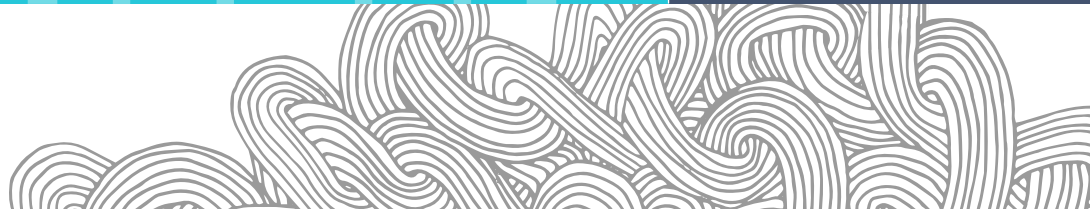


Section: **The Future**

The Big Interview

We sat down with Colm Foster, IMI Director of Executive Education, to talk about leadership in an uncertain world and the challenges and trends the leaders he works with are worried and excited about.







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