Identifying and Developing Future-Ready Leaders

To navigate through the multitude of geopolitical, social and technological changes awaiting them, India's future leaders will need to think, interact and learn much differently than their predecessors. At the same time, organizations will need to approach the assessment and development of future leaders differently than they have so far.

This insight was among many shared by 20 prominent human resources leaders, representing a wide range of industries across India, when they joined Spencer Stuart India for a group discussion about trends and best practices for identifying and developing future-ready leaders for their organizations.

Asked what organizations expect from their leaders in today's increasingly complex, competitive and often unpredictable business environment, the HR leaders concurred that almost superhuman qualities are required. Among the most highly coveted skills for future leaders is the ability to balance contradictory pressures to a far greater extent than what was expected in the past. Other demands include:

» Sustaining organizational performance to deliver on short-term results and shareholder expectations, while driving disruptive changes for long-term success

» Enabling growth through risk-taking and innovation, while managing profitability through efficiency and order

» Balancing the counter-forces of globalization and localization, with a future focus

» Driving results, while caring for people and creating a higher purpose within the organization

» And perhaps most critically — driving digitization/automation on one hand, while harnessing the power of talent as a key competitive advantage on the other

DEFINING SKILLS FOR THE FUTURE

The next fundamental challenge for HR lies in identifying and developing the capabilities and skill sets needed to prepare leaders for the future — even when it is all but impossible to predict. Although the HR leaders offered a wide range of perspectives when they were asked to name their most critical leadership expectations, one can identify three distinct dimensions that will distinguish leaders who succeed from those who succumb. These relate to:

» How leaders think

» How they interact

» How they learn

How leaders think

Business leaders today have access to an abundance of data, information and perspectives, but few precedents on how to unlock the opportunities all of it presents. As a result, leadership qualities like strategic thinking, business acumen and decision-making are crucial — all grounded fundamentally in the ability to look at multiple facets of any situation, prioritize the relevant information and identify links that may not be obvious to others.

In addition, as leaders look to stimulate disruption and innovation in their industries, they must have the courage to question obvious assumptions, along with an ability to think through the long-term consequences of their strategies.

However, a sharp, analytical mind is not enough — equally important is the ability to communicate one's thinking and provide clarity to others around the future and key priorities.

How leaders interact

To drive the type of change, collaboration and communication that enables companies to outperform their competitors, future leaders must have a knack for engaging the employees, customers, investors, partners, vendors and other key stakeholders in their organization's ecosystem.

Although they should continue to draw on traditional interpersonal strengths, such as emotional intelligence (EQ), authenticity and empathy, another characteristic that is becoming increasingly critical is the ability to influence without authority. With changing organizational and staffing models based on flatter structures and contingent workforces, the traditional command-and-control mindset can quickly derail leadership effectiveness. In addition, with increasing external connectedness and activism, many stakeholders sit outside organizational boundaries, which means leaders must have a keen ability to map the real stakeholders, identify their agendas and then leverage strategies that align their ideas with those of the company.

How leaders learn

Gone are the days when leaders were seen as know-it-alls, expected to have all the right answers on how business should be done. Today, learning agility — the willingness and flexibility to learn new things — is the new hallmark of top business leaders. When deconstructed, this trait is rooted in intellectual humility, a genuine openness to differing opinions and new ideas, along with a willingness to look beyond personal biases, to bring the best thinking forward. This trait is crucial today as knowledge and expertise reside in myriad sources, and this enables effective leaders to leverage the right sources within and even beyond organizational boundaries.

The HR leaders agreed that learning agility — when effectively applied to decision-making, problem-solving and responding to the external environment — can spell the difference between success and failure for future business leaders.

Not coincidentally, much of what was discussed by the HR leaders aligns with Spencer Stuart's Executive Intelligence framework (ExI®), which was developed based on years of executive assessments and research on executive performance. Through this research, we have found three categories of traits to be highly predictive of senior leadership potential, across industries and geographies:

» Critical and conceptual thinking, which relates to how leaders think

» Interpersonal and social awareness, which relates to how leaders interact

» Self-evaluation and adjustment, which speaks to how leaders learn

Higher Executive Intelligence (ExI®) predicts stronger business performance[1]

Spencer Stuart has evaluated Executive Intelligence for 10+ years

Executive Intelligence provides unique developmental insights and reduces risks associated with leadership decisions by:

» Distinguishing among top leaders — CEOs score higher[2]

» Pinpointing C-level potential — C-level executives who score higher get promoted faster

» Revealing "hidden gem" executives

1   A recent study of 81 business unit heads indicated that leader ExI® performance explained 16% of business unit profit performance variance (.42 correlation, squared)

2   CEOs = 85th percentile vs. 70th percentile (CXOs) vs. 56th percentile (CXOs-1)

NEW WAYS OF THINKING FOR DEVELOPING FUTURE LEADERS

When asked how organizations need to think about assessing and developing leaders, HR leaders' responses tended to fall within four broad themes:

» Consider the context

» Differentiate performance from potential

» Focus on the individual, as well as the collective team

» Accelerate!

Consider the context

To effectively assess potential future leaders, it's important to evaluate how they would act in and outside of their comfort zones. This also means placing them into VUCA — the new acronym to describe business environments with volatility, uncertainty, complexity and ambiguity — and moving them beyond familiar business situations and providing exposure to situations and challenges that they may not have experienced before.

Particularly when bringing in new leaders, organizations are increasingly focusing on evaluating how they would adapt to the organization's culture. They need to balance thinking about the culture fit of leaders with the culture impact they can have. The former refers to how easily a leader is likely to integrate into the current organizational or team culture. The latter, however, tends to be more future-focused and recognizes that leaders play a significant role in evolving culture, too. They can often act as catalysts for the cultural changes that an organization seeks to support its strategic goals.

Differentiate performance from potential

To gain a competitive edge on their traditional rivals as well the nimble startups disrupting their markets, organizations must understand that what worked in the past will almost certainly not guide the way forward. In other words, past performance does not guarantee future success. As a result, the concepts of performance and potential need to be treated and assessed more distinctly than ever before. Undertaking independent assessments of potential beyond past performance are increasingly becoming part of HR talent roadmaps.

Focus on the individual, as well as the collective team

It would be unrealistic to expect each leader to have all of the superhuman capabilities necessary to drive success in today's complex business environment all by themselves. This reality means that organizations need to look at not only individual leaders, but also leadership teams as a collective in terms of the capabilities, traits and skill sets they bring. In-depth talent reviews that take into account current capabilities, future potential and even the individual motivations and aspirations of leaders can help organizations segment their leadership talent and leverage each individual's core strengths. This also contributes to building leadership teams that are diverse and engaged.

Accelerate!

As the idea of entrepreneurship gains maturity in India, the journey to senior leadership that once may have taken a decade or more has been shortened to as little as a few years in some cases. Ironically, this also reduces the amount of time leaders have to spend on their own development. Leadership development interventions that do not consider these new realities are struggling to remain relevant. Organizations that understand this are replacing classroom training with experiential learning — enabling leaders to immerse themselves in environments simulating the challenges they are likely to encounter — to accelerate development. Theoretical education also has taken the shape of individual-led information mining, most notably leveraging technologies that allow crisp learning on the go.

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Of the many insights the HR leaders shared with Spencer Stuart, the strongest theme that emerged was this: It is time for HR to disrupt the traditional thinking about leadership assessment and development to add real value and equip their organizations with those who will pilot them to future success.

Authors

Atul Bhandari (New Delhi), **Guruprasad K. Chettiar** (Bangalore), **Sahiba Singh** (New Delhi)

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At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning 56 offices, 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment and many other facets of organizational effectiveness.

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