EXECUTIVE TALENT

AESC

Volume Nine

ELEVATING LEADERSHIP:

Raising the Standards, Raising the Stakes

Our Future that Works

Insights from McKinsey's new research

Plus:

Distraction, Disruption and the Global Economy

AESC
The Association of Executive Search and Leadership Consultants

Congratulations to our 2017 AESC Award winners. Thank you for your commitment to excellence in our profession.

The **AESC Lifetime Achievement Award** honors lifetime achievement in the executive search and leadership consulting profession. This year's award goes to **Peter Drummond Hay**, Managing Director at Russell Reynolds, Singapore.

The **AESC Award of Excellence**, recognizing an individual who has made a significant impact in enhancing our profession in a meaningful way, is bestowed on **Julie Daum**, Partner and Co-Practice Leader of the Board and CEO Practice at Spencer Stuart, New York.

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EXECUTIVE TALENT

The Global Magazine from the AESC

Volume Nine

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Welcome to the leadership issue

from Karen Greenbaum, AESC President & CEO

In this issue of *Executive Talent*, we take a look at leadership amidst the matrix of trends impacting global business today. As industries rapidly transform—influenced by digitalization, globalization and automation, but also inclusion and purpose—organizations worldwide look to trusted advisors to help navigate this lightning fast and increasingly complex business environment.

- Globalization, millennial values and business performance all continue to make the case for inclusion. Why is it then so challenging for companies to capture the benefits of diversity? What is the difference between policy and genuine inclusion? What will it ultimately take to leverage the economic, social and personal advantages of diversity? Lauren Leader-Chivée is founder and CEO of All in Together. Looking at her recent book, *Crossing the Thinnest Line*, we explore the concept of "acquired diversity."

- The world has changed. Does that mean the traits and qualities of an effective leader are different than they were years ago? We chat with Kevin Cashman, Senior Client Partner, CEO & Executive Development at Korn Ferry, about leading with values and purpose, assessing for leadership potential, leading the automated workplace, how to sustain a collaborative environment and leadership through disruption.

- Ensuring client loyalty is a major component of business success. Often what makes the difference for a client is a relationship built not only on quality results but one that is personal and demonstrates deep understanding of the client and their organization. Renowned client relations expert, Andrew Sobel, offers eight critical steps to add value and increase client loyalty.

- McKinsey & Company's new Global Institute report looks at the future of work in an age when automation and robotics are changing the global economy. Thought leaders across industries, including AESC members, are discussing automation and what it means for the world and the workplace. McKinsey identified five factors that will affect both the pace and the extent of automation and AESC members provide context from their industry practices.

- Indicators suggest that global uncertainty is currently at its highest since the 2008 financial crisis. How can business leaders navigate decision making in this current climate? Bart van Ark, Executive Vice President and Chief Economist at the Conference Board, provides insights on the trends and disruptions of our economic moment and how to wade through the unpredictable currents.

- *Accelerating Performance*, a new book by Colin Price and Sharon Toye, Heidrick & Struggles partners, provides an actionable playbook for CEOs and senior executives on how to boost the metabolic rate of their teams and organizations based on empirical research and decades of experience advising companies globally. The authors share an excerpt with our readers.

Thank you to the many individuals and firms who participated in the interviews for this issue of *Executive Talent*. As always, I welcome your feedback on all matters relating to global executive talent. Welcome to the leadership issue! ■

Beating Back Bias for Institutional (and Personal) Advantage

Lauren Leader-Chivée, founder and CEO of All in Together and author of *Crossing the Thinnest Line*, helps us understand the concept of acquired diversity

It seems every year that new evidence, empirical and anecdotal, supports what we see in our own organizations: the impact of successfully integrated diversity is measurably positive. Why, then, are so many companies unable to capture those benefits?

Organizations can craft strong policies on diversity and enforce them consistently through the ranks. In fact, many of the world's regulatory environments have mandated diversity standards. But is compliance enough to glean all the competitive advantages of diversity in the workplace? If the full range of backgrounds, experiences, and perspectives share a table with perfectly blended demographic representation, is that enough? What is the difference between well-executed policies and genuine diversity and inclusion?

The answer may include "acquired diversity."

Lauren Leader-Chivée, founder and CEO of All In Together, is a writer, researcher and thought leader on diversity and women's issues in the workplace. She defines acquired diversity as "a perspective, a world-view and a way of thinking, interacting, and working with others that's more inclusive, open and critical." That world-view may be the key to leaders becoming true champions of diversity, modeling the way for more inclusive (and therefore more successful) organizations.

In a recent interview, Leader-Chivée explained that the notion of acquiring diversity is a bit tongue-in-cheek. "You are not literally 'becoming diverse,'" she says, rather, someone with acquired diversity is a person who "develops a deep and meaningful sense of empathy for the experiences of those who are outsiders; someone who develops a kind of understanding for the experience of others."

In her recently published book *Crossing the Thinnest Line* (Hachette, Sept. 2016), Leader-Chivée writes, "We found that leaders with certain life experiences were more likely to foster a speak-up culture, to support and encourage others, to be open to feedback, and to ensure everyone would be heard." Those are the leaders who foster the inclusion of diverse voices, reaping rewards that are hard to deny.

With evidence mounting that people who have developed a deep sense of empathy lead in more inclusive, collaborative ways, Leader-Chivée says, "Having leaders who can really relate to and have empathy for those who are different from them is a powerful differentiator in business."

For example, in 2012, Credit Suisse identified a strong association between diverse leadership and higher performance. Also in 2012, McKinsey measured the two-year performance of 180 publicly traded companies across Europe and North America and found that the return on equity and margins on earnings were significantly higher for companies with the most diversity than those with the least. The findings from 2012 were confirmed by Credit Suisse in their 2015 follow-up study, "The CS Gender 3000: Women in Senior Management."

Then why isn't there more diversity at the board level and in senior management? Credit Suisse identified the greatest

“Focus instead on strategies that deny implicit biases the chance to operate.”

obstacles to achieving greater gender diversity: “cultural biases, workplace-related biases and structural/policy issues, with the first obstacle being the most difficult to overcome.”

According to the non-profit, international research organization Project Implicit, implicit bias “is one that occurs outside of conscious awareness and control. Even if you say that men and women are equally good at math, it is possible that you associate math with men without knowing it. In this case we would say that you have an implicit math-men stereotype.”

These unconscious biases can create barriers for the promotion of diversity in organizations at every level. For example, the Kirwan Institute for the Study of Race and Ethnicity at The Ohio State University recently published the annual “State of the Science: Implicit Bias Review 2016.”

Among the studies published in the Kirwan report is an experiment conducted by researcher Eric Kushin on voice, racial identification and the employment process. Kushin’s study assessed individuals’ ability to identify an unseen speaker’s race as black, Asian American, or white. Participants were asked, based on a voice message, whether a candidate might be considered for employment. “While 71.4% and 85.7% of participants stated they would definitely consider hiring the speaker they considered White or Asian, respectively, only 8.2% of participants agreed with this statement in relation to the speaker they perceived to be Black.”

According to the Kirwan institute, “implicit biases are pervasive. Everyone possesses them, even people with avowed commitments to impartiality.” Given that, what are individuals and organizations to do?

Project Implicit recommends that those who would try to diminish their implicit bias “focus instead on strategies that deny implicit biases the chance to operate.” Project Implicit suggests that individuals can “blind” themselves from gender and race during decision-making. “If you only evaluate a person on the things that matter for a decision, then you can’t be swayed by demographic factors.”

For example, the Harvard Kennedy School’s Women and Public Policy Program conducted a study on gender diversity in U.S. symphony orchestras. The researchers found that “using a screen to conceal candidates from the jury during preliminary auditions increased the likelihood that a female musician would advance to the next round by 11 percentage points. During the final round, “blind” auditions increased the likelihood of female musicians being selected by 30%.”

Leader-Chivee offers a hopeful perspective: when leaders work to acquire diversity, they diminish their own implicit bias. Working on a diverse team, living abroad, or seeking personal connections to people who are “other” can contribute to a meaningful sensitivity to and appreciation for people’s differences. That in turn can lead to better inclusion of diverse voices in organizations and even communities.

Anecdotes on how personal connections can drive change abound. For example, the Pew Research Center notes “those who know someone who is gay are about twice as likely to favor gay marriage as those who do not.” By making a concerted effort to broaden our personal experiences, we can bridge what divides us.

What will it ultimately take to leverage the economic, social and personal advantages of diversity? Perhaps the answer lies first in acknowledging that the line between “us” and “other” is indeed razor-thin; and second, drumming up the courage to cross it. ■

Thoughts on Leadership with Kevin Cashman

In January of 2017, AESC spoke with Kevin Cashman, Senior Partner at Korn Ferry specializing in CEO & Executive Development. Below are excerpts from our discussion about evolving organizational trends and the implications for leaders and leadership.

AESC: The world has changed: does that mean the traits and qualities of an effective leader are different than they were years ago?

Cashman: I think there's a big debate going on in leadership, politics and cultures around the world and it's really a debate around openness and closedness; should we be inclusive of the world and cultures and leadership approaches, or should we be exclusive and careful?

All of our research would say that the world is going to belong to the most inclusive and the most open. It's where all innovations and all breakthroughs come from—the synthesis of multiple points of view. The world belongs to the most learning agile.

We've said the world belongs to the most learning agile and we have that broken down in a research basis to four key characteristics: how open and self-aware are we to our own strengths and our developmental areas; how open are we to colleagues and team members to collaborate; how open are we to innovate; and how open are we to engaging the world to create value.

It's a big concept, and it's a big contextual thing, from Brexit to our election. Should we serve America or serve the world? There is important dialogue around inclusive and exclusive. I think in business and leadership on the global level, inclusion and openness is what will probably win. That's a big megatrend.

The other thing that's happening is the importance of *purpose* in driving performance and engagement to a new level. Many people will say this trend is driven by millennials. Yes, but it's also a human drive. Our challenge to leaders today is a two-part question: has performance become your purpose, or is purpose driving your performance?

Values have always been in the marketplace, but do those values serve multiple constituents or do those values only self-serve a financial model? Companies may have a nice purpose and values statement, but in the day-to-day drive for performance and quarterly results, too often performance becomes the only purpose despite all of our values statements. The organizations that will thrive are the ones that put purpose first. In the long run, those are the companies that will create the most value. The drive around purpose-driven leadership is not going away.

AESC: Regarding values and purpose, is it as easy to bluff as it might have been 20 years ago?

Cashman: There's a company called KIND that produces KIND nutritional products. They're a very successful and socially progressive organization. Their CEO talks about the concept of authenticity, which has been key in our definition of leadership, and he made the connection between the personal authenticity of the leader and the authenticity of the products. If those things are connected you have a very powerful, very real value proposition. You cannot bluff that. You can market a cool product, but if the

Cashman, Senior Client Partner, CEO & Executive Development at Korn Ferry and founder of LeaderSource Ltd and the Chief Executive Institute™, shares perspectives on today's leadership with purpose

employees and customers don't see that as intimately connected with the leaders of the organization, it won't be seen to be real—and that is where the millennials are. Millennials are increasingly selecting companies based on authenticity and purpose and values: is this a place I want to be, to live and to associate with my own authenticity and purpose? Ultimately you can't bluff it.

AESC: Can leadership qualities be coached or trained?

Cashman: The answer is yes – it's the basic nature/nurture question. How much of leadership is born and how much is developed? It's a research-based answer. Within any leader there are some hard-wired traits, yet there are many that can be developed. The question is how do we foster peoples' development? We do it with stretch assignments, mentors, leadership programs and coaches; we also see people develop outside of work, with a board or church group. But ultimately development is a whole person process where we grow the best of ourselves to impact our leadership and our life.

AESC: Is there a way to assess for leadership potential?

Cashman: Years ago some of our legacy groups originated the research around Learning Agility. What we located, and this was a research conclusion, is that the ability to succeed in first-time conditions is a bigger predictor of potential than raw IQ. Learning agility, that ability to succeed in first-time conditions, is a real differentiator.

There are five factors in learning agility: mental agility, people agility, change agility, results agility and self-awareness. We all have different ratios of strengths in those areas. The most agile leaders tend, at midlevel career, to accelerate two competencies: intellectual, strategic, integrative thinking, which leads to strategy; and the ability to connect, inspire, communicate and collaborate, which leads to engagement.

AESC: The evolving workplace has increased automation, people working remotely or as contractors, digital work platforms, flatter organizational structures, and new C-suite roles. What is it that a leader has to be able to do, to successfully run an organization under these circumstances?

Cashman: It's a challenging leadership situation. Business is becoming low-touch because of all the digital. What may not be accelerating as quickly is how we, as leaders, are finding all the different ways to have that human interaction.

We're not machines. We have emotional, spiritual, human interaction needs. So especially with the new generation coming up, how do we get up to speed to have really authentic conversations with the new vehicle of communication? Some of it is using social media better – really being connected, really informing, really having conversations on social media that are not just transactive. I think there could be other ways as technology goes to the next level – they're already talking about holograms being beamed into offices.

It feels like we're getting disconnected, which challenges leaders to open up more quickly, to inspire more, to tell more stories, to get connected on social media and so on, so that the human

> *"The challenge now is to make sure that our humanity and our leadership show up in all the technology that we employ."*

element has a chance of being balanced with the technological. I think that's a call to leaders to bring the human dimension into their leadership even more powerfully than they are now, or we may get really disconnected.

AESC: Can you address the increase in people working and conducting business remotely, and the leadership challenge that presents?

Cashman: I remember the days you'd be out at appointments, and you had to go in to get your pink slip messages. You had to go into the office to get a lot of things done. Now, we have a generation where people are interacting virtually.

Also many people don't have to go to stores anymore – pretty soon retail spaces are going to be exotic. This has all sorts of lifestyle implications – when people don't have to commute, that can really free people up. We're starting to see less and less need for offices.

How do you balance the efficient, the technical and the human? I've done meetings when I'm advising a board using very hi-tech video, which kind of "drops you in the boardroom" – it's so much better than a phone conference or even video conference. The next level of technology appears to be 3D holograms. I would love how much travel that would save!

AESC: Top performing team members have a lot of choices. We don't live in a world where people stay in one place at work. How does a leader sustain shared purpose and a collaborative environment?

Cashman: This gets into research around engagement. Why do some companies have more engagement and some less? Why do some companies have more tenure and some less? Why do some organizations really retain people, and how? What we've found is that most of us think compensation is the big way to retain people, and it is not—challenge and promotion, sense of purpose, and a boss who coaches and develops people are higher factors in retention. To be detached from people and just think retention is about compensation doesn't work—that's an old-world mindset.

The Saratoga Institute conducted almost 20,000 exit interviews. They interviewed the bosses and asked, "Why did people leave?" and 90% of the bosses said employees left for compensation. Then they interviewed the exiting people, and asked, "Why did you leave?" The number one response: "The boss." That is the dynamic out there. When people are more flexible and fluid and have more opportunity, what do you need to do to engage them? The answer is a sense of purpose, high challenge, professional development, and someone being involved and caring about them and their development. These are the real differentiators for retention.

AESC: What is the relationship between flatter organizations and retention?

Cashman: There are pluses and minuses – a flatter organization means higher stress, less resources, greater lifestyle challenges. Those things are written about. But the upside is not written about; greater stretch assignments, greater diversity of challenges and learning, greater resourcefulness. It's hard to sustain engagement if an organization is too flat and too lean. On the other hand, if organizations are not flat enough, they can be hierarchical and bureaucratic, and lack development stretches. What's the sweet spot between? It's challenging. It's hard to sustain engagement and energy if an organization is too flat, and hard to sustain development if an organization is too hierarchical.

AESC: Can you address some of the things that can't be automated, and how leaders must adjust to automation?

Cashman: It creates a bit of an either-or. Some may say that automation and leadership do not go together, but in a sense, they already do. Even emails and social media are forms of automated leadership. The question is, in the email or social media, even the phone conference where we're using technology – is our leadership *in* that technology, or disconnected from it? You can send an email that is very transactive—it just exchanges info—or a leader can send a warm, genuine, appreciative email, and it can activate leadership and inspiration.

The real question is how do you show up in technology? How do you make sure that you show up with warmth and caring and connection, concern, authenticity and realness, because technology is a *tool* of leadership, it doesn't replace it. That maybe means you have to really show up more, that you're really *there* in it. Is the automated device just sharing information, or is it a tool to foster real innovation? Is the device replacing the person or is the person transmitting through the device?

The challenge now is to make sure that our humanity and our leadership show up in all the technology that we employ.

AESC: As you speak about leaders showing up with humanity, can you explain the difference between inspiration and manipulation?

Cashman: There's a leadership model we created where one axis is *authenticity* from low to high, and the other is *relevance* from low to high. If both authenticity and relevance are low, you have disconnected communication; when authenticity is low and relevance is high you are probably manipulating; if authenticity is high and relevance is low, you're probably self-absorbed. When both authenticity and relevance are high, that's inspiring. Having authenticity that's relevant to others is the sweet spot.

AESC: And ethics?

Cashman: What's interesting to me about ethics is there's a great writer, John Dalla Costa, who wrote *The Ethical Imperative*. I asked him what ethics is. He said, "In 25 years of research this is what I know for sure: ethics is others." A very simple but profound statement.

The leaders that mainly are about 'self' can get results, they can get adulation, they can get externalized success, but they also tend to get into all sorts of ethical issues. The leaders who are really focused on 'how am I serving others' are the ones who, over the long run, are going to be the most ethical leaders. That gets harder as you get more elevated in the organization or in bigger organizations – you might impact millions of people around the world and you're bound to make ethical mistakes and serve one constituency and not another. The aspiration to serve others is key – it goes back to values. It all goes back to the question, what is the enduring value we are creating beyond only the financial measure?

It takes unbelievable courage to stand up and serve a bigger purpose.

AESC: Can you take anyone and make him or her into an inspirational leader?

Cashman: It takes decades for most people to mature as a leader – experience, competencies, traits, values—it has to be built up over time, and then they have to expand across the enterprise. It's an evolution. People may show qualities early, but it takes real dedication over decades. It's not a simple thing.

As far as we know, human beings are the most complex system in the known universe. Leadership is maybe not the most complex human behavior – love might be – but it is likely number two. It is a really complicated, difficult thing to develop and be good at. It's one of the most complex behaviors in one of the most complex systems we know. It's not simplistic. But thank goodness we now have done the research and now have the methodologies to foster accelerated development in leaders.

AESC: How does one lead through disruption?

Cashman: It's tough, but we have to ask ourselves, what is bigger, the volatility or our vision? It also goes back to a passion to serve and make a bigger difference. Managers are more motivated to improve 'what is' and maintain 'what is.' Disruptive, transformative leaders want to go beyond 'what is' – they want to go into the new, into the different, into the unusual. So that core drive of going beyond 'what is' is the core drive of real, authentic, transformative leaders. Learning agility gives us what we need to make it happen, but at the core is a drive that we have to go beyond the status quo. That's where the future's created.

AESC: What is the most important trend in leadership?

Cashman: The big megatrend is the debate related to whether we should be more open, or more closed. Should we be more inclusive or more exclusive? In the world of business the case is closed—we have to be inclusive. The internet and technology are accelerating more openness. There is no going back—we can only go forward, even if it's scary to some of us. And so to me, our most important challenge in leadership: courageously creating the future together. ■

Kevin Cashman is a bestselling author, keynote speaker and internationally recognized pioneer in the field of CEO and executive development. He is currently Senior Partner, CEO & Executive Development, at Korn Ferry.

Why clients are disloyal—and how you can change them

Leading authority on client relationships, Andrew Sobel, outlines why clients stray and offers steps to instill loyalty

by Andrew Sobel

"What's your client retention rate?" I asked a partner at a mid-sized professional services firm. "It should be a lot better than it is," he replied glumly. "We have very good relationships with our clients. But often, they'll work with us for a project, and then hire a competitor three months later for the next one. I don't understand it." I told my friend, only half-jokingly, "As someone who has spent 20 years writing about how to build clients for life, I find your clients' behavior completely unacceptable!" All kidding aside, I have heard this lament from many professionals.

There are three main factors—aside from the obvious one of poor delivery—that explain a lack of client loyalty:

Perceived sameness among providers.

Many services providers have not sufficiently differentiated themselves in the eye of the client. This results in another unwanted effect: downward pressure on fees. When buyers see many, equal substitute suppliers, you get intense price pressure and lots of shopping around. Executive search consultants, for example, can accentuate how they are different—through industry focus and industry sub-specialization; functional specialization; geographic focus; service offering breadth; methodology; the client experience; and so on.

Weak relationships.

Often, when you have many firms offering a similar service (accounting and law firms, for example), what makes the difference for the client is a strong personal relationship with a partner who not only delivers good quality work but has also connected on a personal level and developed a deep understanding of the individual client and their organization.

Out of sight, out of mind.

Despite being in a relationship business, many professional services providers get so focused on transactions—on getting the next assignment sold and completed—that they don't bother to stay in touch in meaningful ways in-between projects. As one CEO told me, "You have to be there when the dam breaks. If you're not on my radar when I have a need, it's possible I'll forget to call you."

Of course, all three of these factors are interrelated. When you don't stay in touch in value-added ways with your clients, you don't grow the personal relationship—at worst, it withers. And if you don't have a strong relationship, there is less perceived differentiation and more shopping around. So let's look at some proven strategies for staying in touch and adding continual value over the entire lifecycle of the relationship—not just while you're in the middle of an assignment.

Keep this in mind: One of the most common comments I've heard from top executives, over the course of thousands of interviews, is, "My trusted advisor comes to see me through thick and thin—both when there are fees being paid, and when there's no business to be had."

Here are eight steps you can take to stay in touch, add value and increase client loyalty:

1 Broadcast a value-added message on a regular basis.

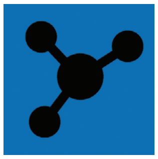
You need a communications strategy—usually based on multiple platforms—that will simultaneously establish you as a thought leader in your field, add value to important client problems, and put your and your firm's name in front of clients on a regular basis. What could that be? Well, there is no single best approach—you have to develop your own platform that suits your skills, expertise and client base. Whether you're staying in touch with 50 or 50,000, this should be one of the foundations of your staying-in-touch efforts.

The wonderful thing is that when you put your ideas and points of view in writing on a regular basis, you can use that content across many different delivery channels. A white paper can become a series of blogs, which can then be recombined into a slide deck, and so on.

Here are some real examples from both institutions and individuals:

- **Weekly Email:** A tax attorney I know sends out a weekly email to a list of about 100 current clients. That email is jam-packed with valuable information—perspectives on new tax laws, best practice examples, and so on. He tailors the emails slightly to different groups of recipients and individuals based on their interests. When he drops a client off the list because they aren't doing business with him anymore, he often gets a phone call from the client, asking him why they are no longer getting his weekly email!
- **Blog:** Michael Hyatt writes a daily leadership blog that has over 450,000 subscribers. That's a wider "circulation" than 99% of all published magazines. It took him over a decade to develop this large following. Blogging isn't for everyone, but you can build quite a following if your content is compelling.

- **Value-Added, Hybrid Publications:** Patagonia, the outdoor clothing supplier, has created a catalog that is more like a magazine than anything else. It is full of amazing nature photographs and essays about extraordinary trips taken around the world by its own employees. Instead of throwing it in the dustbin, you are drawn to peruse each issue. It's an excellent example of adding value for readers while also sending a commercial message.
- **Management Briefs**: Bain & Company has a monthly email called "Results Brief." It's customized—it's addressed to you personally and the email header shows that it comes from your primary contact at the firm. It features short articles on important management issues. Other firms opt for both printed and electronic in-house magazines (e.g., *The McKinsey Quarterly*).
- **Annual Survey:** Some firms do a definitive annual survey for their field (e.g., law firm Norton Rose Fulbright does an annual litigation trends survey; Merrill Lynch does a private wealth survey; IBM does a CEO survey), which gives them several points of interaction during the year as well as the opportunity to go back and discuss the survey results with each client.
- **Twitter:** I'm not a huge fan of Twitter for the professional/corporate market, but who knows whether this will eventually become a value-added content platform for service professionals and corporate executives. Perhaps right now this is more useful for reaching younger candidates and clients.
- **Monthly Newsletter:** Many professionals have weekly or monthly newsletters. The challenge is to maintain high-quality, value-added content because there are so many newsletters out there (and most of them are boring or pure sales pitches). I started mine, *Client Loyalty*, over a decade ago with just 100 subscribers, and now it reaches tens of thousands of executives each month.



2 Connect people in your network.

A CFO I interviewed, in speaking about one of his most trusted advisors, told me, "They've introduced me to several other CFOs in similar-sized companies. That's been a real value-add in our relationship." You should always be asking yourself, "Whom can I introduce this person to? Who else in my network would click with them and be able to help them achieve their goals? I call this "connection value."

3 Follow up around a specific interest.

One CEO told me, "The professionals who do the best job of staying in touch with me identify an issue of interest and then follow up with helpful ideas, articles, book recommendations, and so on." Busy executives will always make time to read or speak to you about ideas and information they deem directly relevant to their most important goals.

4 Provide personal help.

"Value" is not just defined as helping someone with a business issue—it can also mean helping them on a personal level. Has someone in your network recently moved to town? Perhaps you

BUILDING CLIENTS FOR LIFE

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Client relationships are more important than ever to your success. But they are also harder than ever to build.

Expertise is essential, but experts-for-hire are commodities. While clients hire experts, they build long-term relationships with, and give their loyalty to, advisors who also have broader skills. The Certificate in Client Relationship Management provides participants with cutting-edge content that helps strengthen the relationship-building skills you need to grow your client base.

Building Your Clients for Life is a powerful, mobile learning program that has been developed by Andrew Sobel, the leading authority on the strategies and skills required to build lifetime client loyalty. Andrew's books are considered the definitive guides to client development, and they include the international bestseller *Clients for Life* and *Power Questions*. An AESC collaborator for over ten years, Andrew has consulted to many of the world's leading executive search firms.

YOU WILL DISCOVER HOW TO:

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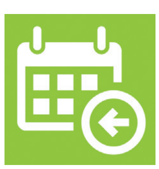
- Learn more about your client's needs than any of your competitors
- Acquire more new clients by selling as a trusted advisor rather than as a commodity expert-for-hire
- Build relationships with senior executive sponsors
- Deepen and grow your most important client relationships
- Develop your thought leadership and create marketing "pull" to draw more leads out of your network
- Stay in touch and add value—even when there's no business

To register for the program or for questions, please contact Kelsey Goggin at kgoggin@aesc.org.

could help them identify schools for their children or a personal physician. Do you know someone whose child is applying to college or graduate school and would like to work in your field? Perhaps you could give some helpful advice to them. There are unlimited ways you can add "personal value," but you need to make an effort to reach out and get to know them and their situation.

5 Build communities.

IBM has done an excellent job of building communities of employees, clients and collaborators in their markets. They hold online innovation jams as well as in-person regional innovation forums which bring together clients, IBM executives and third-party thought leaders. Author and consulting guru Alan Weiss has built a large network of independent professionals who participate in his online forum ("Alan's Forums") and his workshops and summits around the country. Remember, at the center of a community there must be strong value—a center of gravity that pulls members in.



6 Create events.

Ernst & Young's "Entrepreneur of the Year" award has become a major annual event that draws thousands of executives. Expertise in entrepreneurship has also now become an important part of the firm's intellectual capital, and the event puts E&Y in touch with executives throughout the year as they select and evaluate entrants—it's not just a one-off affair. By the way, an event doesn't have to be a huge conference. You might have a quarterly dinner gathering, for example, with a rotating set of executives.

7 Create short, low-labor intensity interactions.

A cup of coffee is a low-risk and appealing way to catch up with an old client, as opposed to a lunch or dinner which may take several hours of time. I once moderated a panel of senior executives in London, and one of them said, "Invite me to coffee. Cricket is a very long day!" A short, 15- or 20-minute phone call to catch up is also effective. What if you did two of those a week—that would be 100 executives you would connect with each year with a brief call!

8 Develop a weekly staying-in-touch plan.

Like compound interest, staying-in-touch activities build up and create relationship momentum for you over time. Schedule weekly outreach activities to your "critical few" (20-30 key relationships) that are personal and tailored in nature. Make sure you are also contacting your broader network with on a regular basis with value-added but low-labor-intensive communications, be that in the form of a blog, newsletter, bulletin, online forum, or other channel.

It's very possible to build deep client loyalty. It develops over time as you consistently deliver, stay in touch to understand your client's current concerns and priorities, add value in-between searches, build a personal relationship, and learn more about your client and his or her business than *any* of your competitors. ■

Andrew Sobel is the bestselling author of eight books on client relationships, including Clients For Life, Power Questions, and Power Relationships. His popular eLearning program, "Building Clients for Life" is distributed by AESC.

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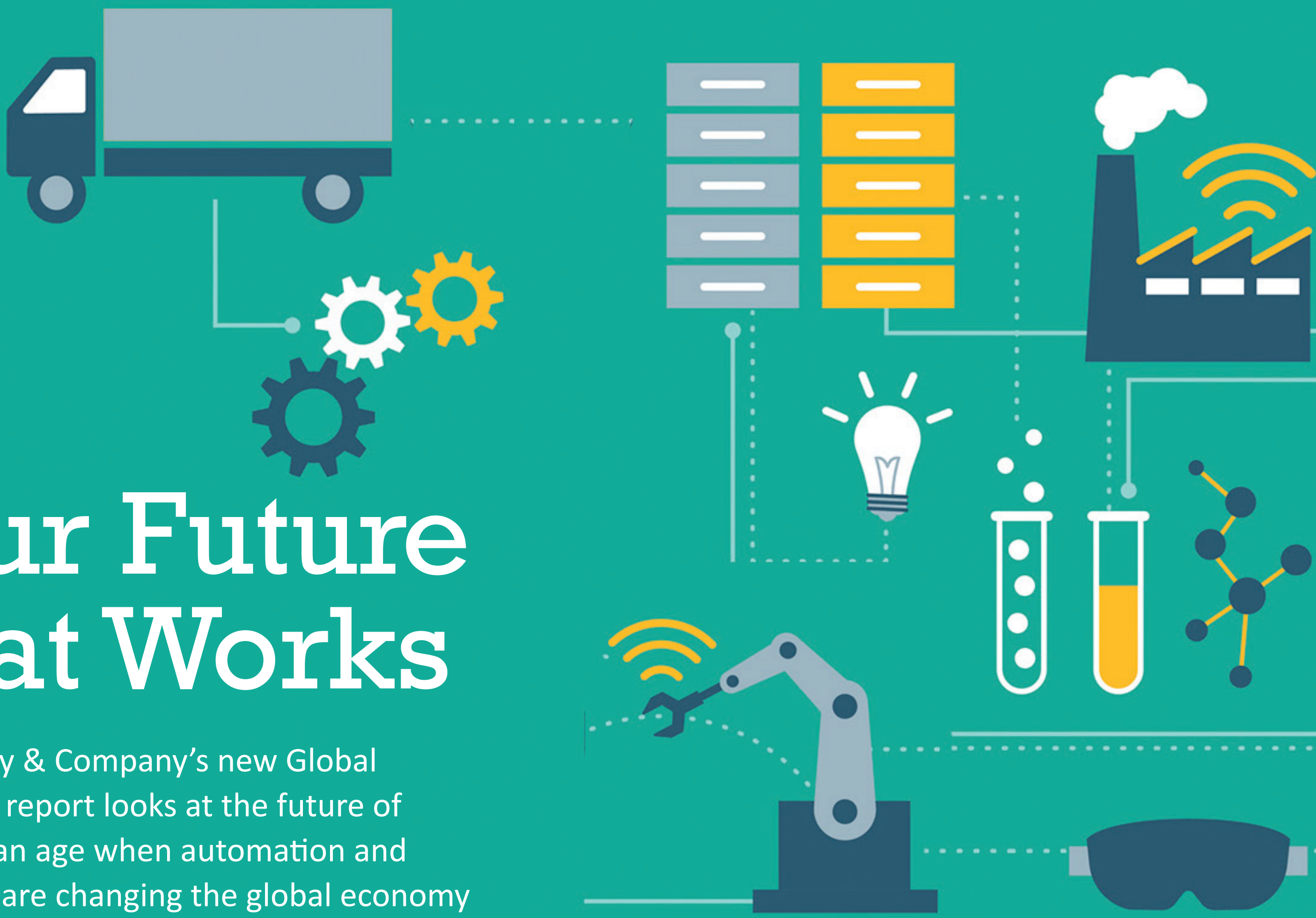


Our Future that Works

McKinsey & Company's new Global Institute report looks at the future of work in an age when automation and robotics are changing the global economy

The debate over whether technology represents an opportunity or a threat has gone on since Queen Elizabeth, trying to protect her subjects from unemployment, denied a patent application for a knitting machine in 1589. Scientists, academics and business leaders continue to offer different views on how technology will impact employment, the economy, and society.

> "In essence, reduced production costs result in better market prices. The increasing demand then triggers more jobs."
> *World Robotics Report* 2016
> International Federation of Robotics

> "Disruptive labor market changes, including the rise of robots and artificial intelligence, will result in a net loss of 5.1 million jobs over the next five years in 15 leading countries, according to an analysis published in Davos."
> Reuters, January 18, 2017

The most recent McKinsey Global Institute report explores the future of work in an age where robotics, data analytics, machine learning and artificial intelligence are changing the workplace and the global economy. Specifically, the study focuses on identifying jobs most likely to have some or all of their functions automated, factors that influence the pace of automation in the workplace, and the potential impact that automation could have on global employment and productivity. Along with McKinsey, thought leaders across industries and the globe are talking about automation and what it means in the world and the workplace.

Where we stand.

Startling technological advances include computers that can lip read, and robots with a receptive surface that can "feel" through touch. Software programs and machines are mimicking, and in some cases outperforming, humans.

For example, a program called "Wordsmith" can take box scores from a sporting event or financial data and produce written narratives that are nearly impossible to distinguish from stories written by journalists. One start up, Enlitic, is applying machine learning to medicine. In tests, the technology outperformed a panel of radiologists in classifying tumors and detecting fractures. *The Wall Street Journal* reported in December 2016 that Bridgewater Associates, the world's largest hedge fund with about $160 Billion under management, is working on "technology that would automate most of the firm's management."

Stafford Bagot, Regional Managing Director at Heidrick & Struggles, Singapore, puts the advantages of technological advances into context. "If you look at the civil construction sector, the focus in recent years has been more and more all about precision, speed and quality of the projects. The jobs that are now done by robotics and automation have impacted the human capital element in the sector, this has a knock on affect, including jobs and employees that service those machines."

Will technology supplement or supplant the human workforce?

Martin Ford's 2015 *Rise of the Robots* chronicles how robotics and machine intelligence could replace the human workforce, and the destructive implications for the economy. It is a dark view, in contrast to the more moderate belief expressed by economist and researcher James Bessen. Bessen observes that as electronic discovery became a billion dollar business, jobs for legal support personnel outpaced the labor market. ATMs had a similar impact on the number of bank teller jobs. "On average, since 1980, occupations with above-average computer use have grown substantially faster."

The McKinsey research introduces some nuance to the shifting workplace. "As processes are transformed by the automation of individual activities, people will perform activities that are complementary to the work that machines do (and vice versa). These shifts will change the organization of companies, the structure and bases of competition of industries, and business models."

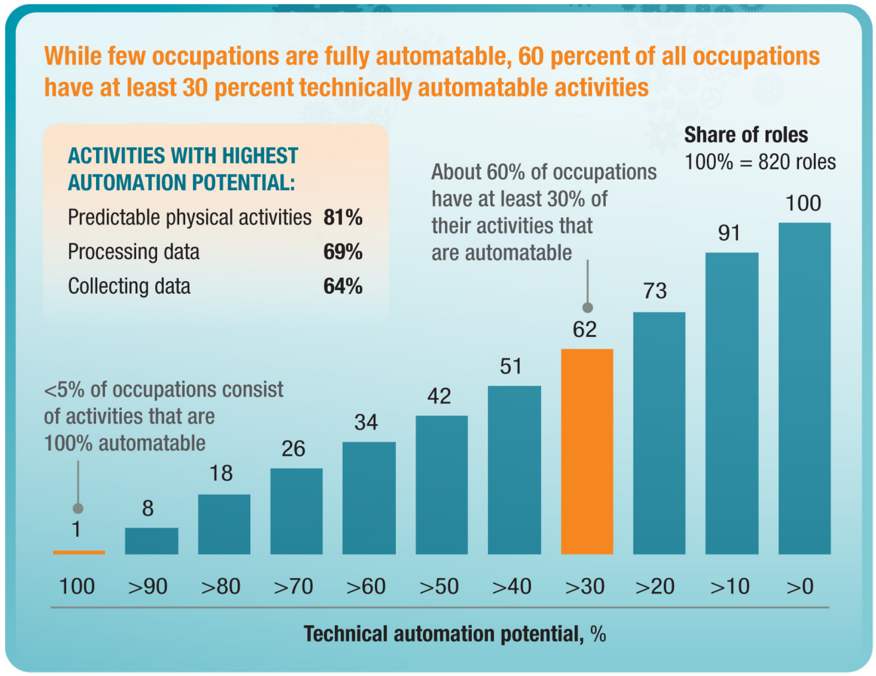
Suzanne Burns is a member of Spencer Stuart's global Industrial and Digital Practices based in Chicago. Burns describes a client who makes material handling conveyor systems used to move products down a factory or distribution center fulfillment line. "Along the conveyer were sensors that indicate whether a box was stuck on the line and the speed at which the products were moving. We recruited someone from Silicon Valley who understood software applications, and embedded new logic to gather and aggregate data from the sensors. This database now delivers information on facility productivity, bottlenecks, and how to run the line more efficiently. This allows the customer of the material handling system to fine-tune their operations." She explains, "With that increase in efficiency, a manufacturer or distributor can get more boxes out the door, improve their growth rate and their profitability, and make decisions about facility optimization investments with information that they never had before."

In the conveyor belt example, technology improves efficiency and productivity. Rod Keller, Partner in the Odgers Berndtson Technology Practice, Austin, explains, "Automation is really the continued pursuit of operational efficiency and better customer insight, and the company that leads in operational efficiency almost always has the advantage."

Keller adds, "Automation will replace human labor on routine tasks, but I don't see humans losing their jobs. People in the workforce need to understand why we're doing it, the benefit to them, and what new role they'll play. The biggest benefit is freeing employees up from doing routine work to doing more analytical work. The quality of what we do improves, and as quality improves. productivity goes up and customer satisfaction increases, leading to higher revenues and profits. The workforce understanding their value and the role they play is key, and most C-level folks just blow that off."

The Roles at Risk?

The McKinsey research team used the state of technology in respect to 18 performance capabilities to estimate the technical automation



Reprinted from McKinsey Global Institute's *"A Future That Works: Automation, Employment and Productivity,"* January 2017

> *"A farming plant like this requires about half the amount of human workers that our existing facility for lettuce production without automation does. We grow in a highly controlled environment, and the plants themselves are mostly handled by machines and robots. This is in part done to increase efficiency. Apart from automation, we also use water saving technology and pesticide-free cultivation,"*
>
> *J.J. Price,*
> *Global Marketing Manager at Spread*
> *Forbes, May 16, 2016*

potential of more than 2,000 work activities from more than 800 occupations across the US economy, and then broadened their analysis across the global economy. Those performance capabilities were broken down into five groups: sensory perception, cognitive capabilities, natural language processing, social and emotional capabilities and physical capabilities.

The researchers were able to "assess the state of technology today and the potential to automate work activities in all sectors of the economy by adapting currently demonstrated technologies."

On either end of the McKinsey findings:

- Almost one-fifth of the time spent in US workplaces involves performing activities with the highest automation potential,
- Managing and developing others has the lowest automation potential, and accounts for the least of time spent in U.S. workplaces.

McKinsey researchers broadened their analysis to 46 countries, and determined that automation has the potential to affect activities associated with 40 to 55 percent of global wages, depending on the country, with that potential "concentrated globally in China, India, Japan, the United States, and the largest European Union countries—France, Germany, Italy, Spain, and the United Kingdom."

To illustrate the impact of automation in different scenarios, researchers explored hypothetical case studies in which automation increased speed, safety, efficiency, productivity and customer satisfaction, and significantly changed the nature of work, "which will likely affect all workers at all skill levels. There will be less routine and repetitive work based on rules-based activities, because this can be automated across many occupations and industries. This in turn will mean many workers may need to acquire new skills. The workplace will become ever more a place where humans and technology interact productively."

William Farrell, APAC Regional Practice Leader at Boyden Executive Search, Shanghai, explains how employers are addressing these changes. "We do see more forward-looking companies investing in their facilities while making sure their employees can work alongside the computers. Clearly, leaders need to do a good job preparing their staff to be more technically inclined, to attain and develop skills that are going to be required to be successful in a more automated workforce. Leaders also need to seek more entry-level candidates who have a technology background and who can be more competitive at an earlier age in their career."

Simone Mears, Director at pac executive, Profusion Group, Sydney, says, "Automation also creates new jobs. It's threatening to individuals who are in roles that are being replaced by computers, but I've always held on to the theory that you won't lose your job to a computer, but you will lose your job to somebody who can use a computer."

"Computers get better faster than anything else ever."

Erik Brynjolfsson, MIT

Andrew MacAfee is the Co-Director of MIT's Initiative on the Digital Economy. At the MIT Sloan CIO Symposium 2016 he said, "We are now building buildings where the first draft did not come from a human team of architects and designers, the very first draft came out of a computer, and it satisfied all the energy requirements, all the wind shear requirements and all the structural requirements. What the humans did was essentially iterate and tweak on top of that design. Even in very complex and relatively creative endeavors, the technology is actually taking the lead. This is a very profound inversion, and it's early days. We're going to see a lot more of it."

How soon? Researchers at McKinsey identified five factors that will affect both the pace and the extent of automation. These factors include technical feasibility, the cost of developing and deploying systems, labor market dynamics, economic benefits, and regulatory and social acceptance.

Any potential automation transformation will take time. The availability of the technology is an important factor, and new tools are streaming into the marketplace with even more in the R&D pipeline. But investing in new technology, especially for early adopters, can be expensive. For example, Keller explains "4K (resolution in digital television and cinematography) is the next generation of HD. The software technology exists, but the cost of hardware to broadcast it is so high, it's not going to happen until they get the costs down, until all aspects in the supply chain are aligned."

Weighing the costs and benefits of automation is complex, and includes indirect benefits such as improved safety and indirect costs including labor displacement that are harder to measure but nonetheless also drive corporate decision making. Finally, concerns about privacy, security, and liability as well as the fear of worker displacement are potential barriers to increased automation.

Thorbjoern Bahnson is Director and Head of Consumer Practice at Mangaard Partners/TGCL, in Copenhagen. In the context of social barriers, Bahnson observes, "Automation is an enabler, if we get a chance to think about it first and decide how we want it to influence our future. There have been projects in human history where we may have taken the first steps without really thinking about where we were going. For example, maybe the nuclear bomb was not that wise. Maybe we are wiser now, and we will take the necessary time to think about what we want, with these new possibilities."

To plot out the possible timing of the adoption and implementation of automation technologies, McKinsey researchers constructed a model scenario that estimates:

- When automation technologies will reach each level of performance across 18 capabilities;
- The time required to integrate these capabilities into solutions tailored for specific activities;
- When economic feasibility makes automation attractive; and
- The time required for adoption and deployment.

According to the report, "all of this could happen within two decades for a wide range of activities and sectors, but it could also take much longer. Whatever the time frame, the consequences will be significant, not just for individual workers and sectors but also for the global economy as a whole."

Global productivity

> "Productivity isn't everything, but in the long run it is almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker."
>
> Paul Krugman
>
> *The Age of Diminishing Expectations*

Robbie Allen is CEO & Founder of @ Automated Insights, the company that launched Wordsmith, a natural language

The Google Translate team has developed an app that transforms smartphones into a talking translation machine, with the ability to handle about two dozen languages so far. "The app works very well, as long as sentences are kept relatively simple. For instance, someone who wants to tell a taxi driver in Beijing that he urgently needs to get to a pharmacy simply has to speak into his smartphone in, for example, German, and it promptly repeats the sentence in Chinese, correctly but in a somewhat tinny voice: "'Qing dai wo qu yijia yaodian.'"

Influential German computer scientist Franz Josef Och feels that the application is still "slightly slow and awkward, because you have to press buttons." The quality of the translation is also inconsistent. But only a few years ago, people would have said he was crazy if he had predicted what Translate could do today.

From Der Spiegel, "Google's Quest to End the Language Barrier," September 13, 2013

"So who is right: the pessimists (many of them techie types), who say this time is different and machines really will take all the jobs, or the optimists (mostly economists and historians), who insist that in the end technology always creates more jobs than it destroys? The truth probably lies somewhere in between. AI will not cause mass unemployment, but it will speed up the existing trend of computer-related automation, disrupting labour markets just as technological change has done before, and requiring workers to learn new skills more quickly than in the past."

From The Economist, June 25 2016

generation platform that can write narratives based on data inputs. Allen said, "We can take box scores and turn that into a story on a sporting event, and we can take financial data and turn that into an earnings report."

Allen said, "The Associated Press would publish 300 earnings reports per quarter, and now using Wordsmith they do 3000. I was surprised when we launched this, I thought we were going to get some feedback from journalists that they weren't happy. I asked them and they'd say, 'I hated writing earnings reports!' The data comes in very quickly, and journalists are judged on how quickly they can get a story out. That's optimal for software, not people."

AP's use of Wordsmith is an example of increased, rather than displaced, output—one factor of productivity. And even though the McKinsey report estimates that a very high proportion of job functions are vulnerable to automation, global demographic trends will actually necessitate significant increases in automation in order to sustain current levels of productivity. According to the report, "even with automation, a deficit of labor is more likely than a surplus."

Many countries have an aging population leaving the workforce, coupled with declining birth rates. The result is the looming problem of too few workers in subsequent generations to maintain GDP per capita. McKinsey's analysis projects productivity gains through automation that bridge that gap. "The working-age population in numerous countries is stagnant or falling and productivity growth is struggling to compensate. Whatever their economic structure, wage levels, growth aspirations, or demographic trends, countries around the world could benefit from adopting automation to maintain living standards and help meet long-term growth aspirations."

Economies with a shrinking workforce may also depend on immigration to bolster productivity. Farrell says, "In countries where there is less immigration with a more static population you're going to have a problem. In the US and parts of Asia where you have fairly mobile workforces, the impact of the declining population will be somewhat mitigated if there's a greater flow of people across borders."

Albert Hiribarrondo is Founder and CEO of ALSpective/TGCL in Paris, and specializes in Higher Education. "When I discuss automation with clients, the positions are mixed. There will be a strong impact on the education system at large, but not necessarily a decrease in the number of people needed by the system. More clients are looking at this as an opportunity to meet the needs of people in society and less as a risk for people employed in education."

For some countries dependent on their low-cost labor to lift them out of poverty, the rise in automation could, at least in the short-term, hurt workers in emerging markets as producers of goods choose to automate rather than off-shore production. From *Bloomberg's* Luke Kawa, globalization "pushed multinationals to move production to countries with cheaper labor costs than advanced economies, while [automation] effectively substitutes capital for labor in the production process."

Another trend that could hurt emerging economies in the context of automation is that physical assembly accounts for a shrinking share of the value of finished goods. According to *The Economist* (Arrested Development, October 4, 2014) "much of the value of an iPhone, for example, derives from the original design and engineering of the product rather than from its components and assembly."

Ready? Set, Disruption.

In a recent survey by the Pew Research Center, half the respondents said that by 2025, robots and other applications of AI will have replaced a significant portion of the workforce, including knowledge workers whose employment consists of more mental than manual work and requires decision making. The other half of respondents predicted a less dramatic change, but they too acknowledged that when machines can perform knowledge work, knowledge workers—lawyers, writers, managers, and executives are among their ranks—will be affected.

From
The Harvard Business Review
Artificial Intelligence: Disrupting the Future of Work

There is a role for policy makers, employers, and workers themselves in preparing for disruption and leveraging the opportunity for productivity growth afforded by new technology. Prof. Erik Brynjolfsson, Director of MIT's Initiative on the Digital Economy said, "In the economy we see increasing decoupling between productivity and what the median worker is doing. Median income has stagnated, employment stagnated, and the reason is organizations aren't keeping up. Skills are harder to change than hardware and software. When organizations lag behind, that can lead to mismatch, a grinding of the gears. Organizations need to speed up adaptation with skills development and new business models."

Corporations can also take a holistic approach to productivity. Liz Crawford, Head of Executive Search and Leadership Assessment at KPMG, Brisbane, says, "One of my clients is based in a developing economy and they are still very focused on using local people, but looking at how they can balance local labor with automation. They are also focused on developing leadership talent there in the emerging economy." Crawford adds, "The client talks about developing local capabilities for the country, not just for their business. They can easily automate a lot of what they do, but they feel a responsibility to actually create some employment where they are."

Employers and workers also share responsibility in preparing for change. Mears says, "The challenge for organizations is to understand where they are going to lose jobs, and the responsibility they have is to already be thinking about the development of new skill sets and retraining. It is not going to be okay for companies to think that their responsibility ends when they pay employees a redundancy to leave."

As employers look to mitigate the skills gap, Burns warns that organizations cannot ignore the human factor. She says, "Humans can process change at a certain rate, and the technological opportunity to change may be coming at us at a faster rate than a human's ability to absorb the change. Organizational leaders need to understand the appropriate rate of change, so that people stay more engaged, so they don't burnout. Employees need to feel invested, and that they have some control over their own destiny and the change isn't happening *to* them."

Leaders from government, business, and education may need to leverage their distinctly human capabilities of creativity, compassion, and agility to transition displaced workers and prepare the next generation of employees. Hiribarrondo adds, "Every single company is thinking about the risk of being disrupted. What is fantastic about education is that technology in education can only be for good. If you impact one life, you impact humanity."

The McKinsey report closed with this salient observation: "At its core, however, automation represents a considerable opportunity for the global economy at a time of weak productivity and a declining share of the working-age population. For corporate leaders, too, automation will reshape the business landscape and create considerable future value. How to capture the opportunities and prepare for the possible consequences will be a key political, economic, corporate, and social question going forward. This is not something that can be watched from the sidelines. Automation is already here, and the technological advances continue. It is never too early to prepare."

Crawford reflects, "We're not exactly sure what the extent of automation will be in the workspace, but we all anticipate that people will be out of traditional jobs and will work with more agility. They will need to neatly package and market their capabilities, as maybe five years from now people will not be "employed," but rather will have their skills "rented" or acquired by organizations as and when needed." ■

"Technology-fueled capitalist creative destruction is a messy and uneven process, and there will be twists and turns. The droids are taking our jobs, but focusing on that fact misses the point entirely. The point is that then we are freed up to do other things, and what we're going to do, I am very confident, is reduce poverty, and drudgery, and misery around the world. I'm very confident we're going to learn to live more lightly on the planet, and I am extremely confident that what we're going to do with our new digital tools is going to be so profound, and so beneficial, that it's going to make a mockery of everything that came before."

Andrew McAfee,
Co-Director, MIT Initiative on the Digital Economy
The Harvard Business Review, 2016

Distraction, Disruption, and the Global Economy

Bart van Ark, Executive Vice President and Chief Economist at the Conference Board, provides insights on the trends and disruptions of our economic moment

A McKinsey report titled "Leading Through Uncertainty" offered some notable guidance for businesses dealing with unpredictability. "To avoid impulsive, uncoordinated, and ultimately ineffective responses, companies must evaluate an unusually broad set of macroeconomic outcomes and strategic responses and then act to make themselves more flexible, aware and resilient." That report was published in December 2008, in the midst of a crisis that challenged the world economic order.

Uncertainty is currently at its highest level since the 2008 financial crisis, and Bart van Ark, executive vice president and chief economist at the Conference Board (TCB), spoke to AESC about the global economy, the factors contributing to economic growth and how business leaders can navigate unpredictable waters.

> Global growth in real output (measured as GDP, adjusted for inflation) has dropped off to 2.5 percent in 2016—its lowest rate since the end of the global recession in 2009. That is a full percentage point below the 3.6 percent rate experienced between 2010 and 2015 and well below the 4.1 percent growth rate in the decade before the crisis (1996 –2007).
>
> *The Conference Board Global Economic Outlook 2017*

Van Ark and TCB describe the market response to uncertainty through 2016 as a "holding pattern" in which businesses are taking a "wait-and-see" attitude toward investment, further slowing economic growth, and that ongoing deceleration is complicated by the threat that the sources of growth may decline even further.

The International Labour Organisation (ILO) 2016 report on *World Employment and Social Outlook* identifies the decline in long-term capital investment among drivers of the global growth slowdown, reflecting that "wait and see" approach to uncertainty. According to the ILO report "as of October 2015, the Fed [U.S. Federal Reserve] has excess reserves of $2.6 trillion, which represents nearly 75 percent of total assets purchased by the Fed since the onset of the financial crisis. The ballooning of excess reserves since the crisis demonstrates that financial institutions generally chose to park their cash with the Fed instead of increasing lending to the real economy."

Economic growth depends on expanding the labor market and increasing labor productivity.

Distraction versus Disruption

Shocks

The shocks and uncertainties that affect the economy in the short term are, according to van Ark, the "noise" we deal with every day. Shocks and uncertainties are the "confusing, conflicting messages that make business leaders very uncertain about what's going to come next."

Business leaders generally take one of two courses of action when confronted by such distractions: hold back, or take a chance. According to the United Nations report on World Economic Situation and Prospects, 2016, "an uncertainty shock also generates a negative productivity shock, as uncertainty can freeze reallocation of human and financial resources within and across firms. As such, these shocks are expected to be short-lived. Yet, seven years since the global financial crisis, uncertainties remain elevated."

Van Ark describes another reaction to uncertainty in the aftermath of the recent US Presidential election. "A lot of the high business confidence that we've been seeing, for example, since the U.S. presidential election, was related to the fact that a lot of business people recognized the likelihood of change after quite a few years of slow economic growth, and their reaction was 'let's go!' What we were seeing was a lot of enthusiasm about possible change, and now were beginning to gradually see some leveling off."

Another example of a short-term shock was the United Kingdom voting to leave the European Union. Van Ark explains, "Brexit created, at first, a lot of uncertainty. Now people are figuring out that this is going to take a few years." Van Ark adds, "Uncertainty is not always bad, but it can have these double reactions."

Uncertainty can make economies deviate in the short term, but those shocks and distractions don't change *trends* in the longer term.

Trends

Trends are medium-term (around ten years) patterns that don't change very quickly. The economy has an underlying growth trend, which in the U.S. is roughly two percent per year. Van Ark explains "all the short term noise can make the economy sometimes grow three percent, sometimes grow one percent, but it usually comes back to two percent."

The forces driving this trend are the growth of the labor market and the growth of labor productivity, or output per worker. Together, the growth of the labor market and growth of labor productivity make up the growth of the economy. Both the labor market and labor productivity have been slowing down in the past decade.

The slowdown in the labor supply is, at least in part, due to the aging of our populations. While demographic trends are different in different countries, overall more people are leaving the workforce than are entering it. In addition, a large number of people, for various reasons, no longer participate in the labor market.

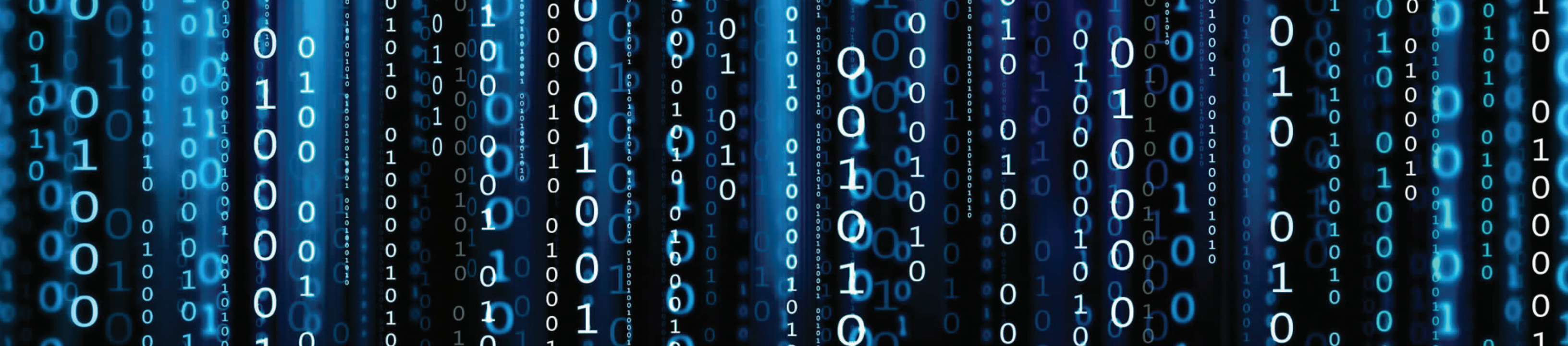
The 2016 ILO report makes a concerning prediction. "[Employment] participation rates are expected to stabilize at 62.8% of the global working-age population (aged 15 years and above) but then to follow a moderate downward trend, reaching 62.6% in 2020 and falling further in subsequent years." That low rate of participation combined with an otherwise shrinking workforce, results in a deeply declining labor market.

Van Ark suggests that business leaders have different options to address the

Global growth prospects face considerable headwinds in the near term, amid a macroeconomic environment of falling inflation and weak employment generation. Five major headwinds—both cyclical and structural—will continue to shape the near-term outlook of the global economy as well as its long-term prospects:

- *Persistent macroeconomic uncertainties and volatility;*
- *Low commodity prices and declining trade flows;*
- *Rising volatility in exchange rates and capital flows;*
- *Stagnant investment and diminishing productivity growth;*
- *Continued disconnect between finance and real sector activities.*

World Employment Social Outlook Report, 2016
International Labour Organisation



"You can see the computer age everywhere but in the productivity statistics."

Economist Robert Solow

labor market trend. One is to encourage workers to postpone retirement. "A business leader has to think about how to give people the skills they need, and how to accommodate different working schedules, in order to retain older people in the workplace." Secondly, employers can push for more immigration in order to recruit knowledge workers from abroad. Van Ark adds, "That gets to the policy environment, which isn't particularly favorable at this point, even for skills and knowledge workers."

Van Ark explains that if business leaders and policy makers are unable to increase the size of the labor market, the other way to deal with the economic slowdown is to ramp up labor productivity. However, "In the US and even globally, labor productivity growth—the growth in output per worker on average—is now lower than it has ever been in the last five or six *decades* outside of recession."

But why? Shouldn't technology have allowed the workforce to do more with less, thereby compensating for the decreasing number of people working?

In 2012, economist Robert Gordon argued, "Invention since 2000 has centered on entertainment and communication devices that are smaller, smarter, and more capable, but do not fundamentally change labor productivity or the standard of living in the way that electric light, motorcars, or indoor plumbing changed it."

Van Ark says, "We have a lot of new technology, but somehow we don't have the productivity growth." Economists call this "the productivity paradox" of the digital economy. That paradox leads to the next category of economic events, disruptions. Van Ark explains, "Shocks can temporarily deviate the economy from the trend, but *disruption* can change the economy, change the trend growth permanently."

Disruptions

Several different disruptions can shift long-term economic growth trends, including fiscal and monetary policy, changes in the energy landscape, and de-globalization. Van Ark says, "The current trend we are seeing in the economy around de-globalization including less international trade, less migration, and the trend toward becoming more inward-looking is very disruptive." Van Ark believes another disruption worth talking about in depth is the digital transformation of the economy.

Speaking of the digital transformation of the economy van Ark says, "This *should* be changing the growth performance in a way we expect: digital transformation is going to lead to more innovation, which means more products and services, which should drive people to consume more of those products and services thereby making companies more productive."

Somehow we are *not* seeing that reflected in our economy. We are seeing productivity numbers come down.

A June 2016 *New York Times* story reported on the question, quoting a recent McKinsey analysis. "Only 18 percent of the American economy is living up to its 'digital potential,' the report concluded. And if lagging industries do not catch up, we will not see much of a change in national economic statistics."

Van Ark provides a possible explanation for that phenomenon.

He posits that the digitalization has worked well for consumers, but for

businesses that are not digital natives, new technology has been incredibly difficult to apply. Van Ark asks, "How are businesses going to use cloud storage and cloud computing in their companies in terms of big data analytics? How are they going to develop AI into products that consumers will want and need?" Many businesses that did not evolve out of or emerge with new technology are having to deal with competition coming from unexpected places. Van Ark asks, "If I'm a bank, for example, I would not have thought ten years ago that Google and Apple would be my main competitors when it comes to new payment systems." Banks, among other businesses, have been blindsided by disruption.

Wait—what? We keep hearing about acceleration!

Acceleration in an economic downturn is not, actually, a contradiction. The pace of change is indeed accelerating, and the rate at which businesses must respond is accelerating, too. But ramping up *change* does not equate to the ramping up of the economy. It seems we have to accelerate in order to stand still.

Productivity is the most important determinant of long-term growth, and logic suggests that since technology increases speed, accuracy and efficiency, it should also increase productivity. Yet despite exponential growth in the development and deployment of new technologies, productivity growth has stagnated around the world.

Companies that have been in business for a long time are new comers to the digital economy, and they are having a hard time. Van Ark says, "We know all the success stories about the Googles and the Apples, the IBMs and Ubers, but they are what we call digital natives – those businesses have grown up in this digital environment. Most of our companies are coming out of the non-digital environment and they are immigrating to this new digital economy."

This digital adoption and implementation, and the cultural, structural, and skills shift it will require takes time, which is why productivity growth is so slow. Van Ark says, "The good news is we do see some changes: organizations are beginning to get their arms around this technology, they're beginning to achieve faster top line growth, they're beginning to see revenue, *and* they're beginning to save more costs, and that is something that will ultimately turn the picture around and drive up productivity growth."

The question is whether that growth will be enough to offset the slow down in labor supply. That's not so certain.

What to do?

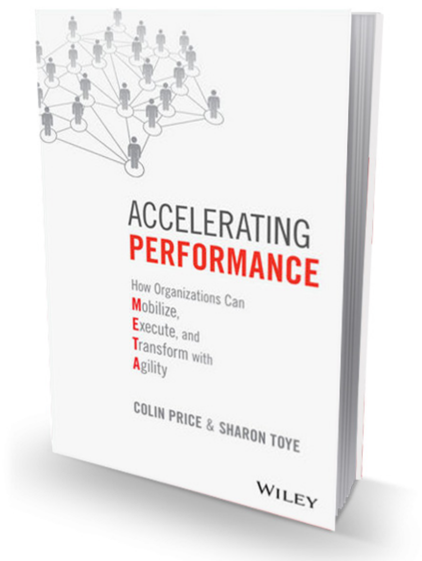
To van Ark, the leadership implications are clear. "Leaders must deal with the short term noise; they need to have contingency plans, but they can't hunker down permanently." Reflecting on the difference between shocks and true disruptions, van Ark cautions leaders to be careful that they not get distracted. "Leaders should try to watch for the disruptions that are going to disrupt *them*, or the disruptions they need to implement in order to disrupt others."

Finding the balance between short-term challenges and long term focus is the key leadership skill that is required in this very difficult, very noisy economic environment. ■

About The Conference Board

The Conference Board is a global non-profit organization of public and private companies from 60 countries. The Conference Board conducts research and thought-leadership, and is considered a trusted, unbiased source for information on economic trends.

The Conference Board publishes a number of regular indicators for United States and international economies that are widely tracked by investors and policy makers, including U.S. Consumer Confidence Index, Leading Economic Indexes, Employment Trends Index, and CEO Confidence Survey.



Exclusive Extract!

Accelerating Performance

This new book by Colin Price and Sharon Toye, partners at Heidrick & Struggles, provides actionable tips for CEOs and senior executives on how to boost the metabolic rate of their teams

The below is adapted from the book Accelerating Performance *by Colin Price and Sharon Toye.*

Accelerating Performance: How Organizations Can Mobilize, Execute, and Transform with Agility

By Colin Price and Sharon Toye
John Wiley & Sons, Inc., 2017

Accelerating Performance is an evidence-based roadmap to identify how to break organizational behavior traps and create transformative, sustainable momentum that outpaces and outperforms competitors. Colin Price and Sharon Toye, partners at Heidrick & Struggles and co-authors of the book, provide an actionable playbook for CEOs and senior executives on how to boost the metabolic rate of their teams and organizations based on empirical research and decades of experience advising companies globally.

Toye explains that, "Clear thinking can be muffled by the layering of one opinion after another, and *data* allow us to cut through that."

With striking clarity, Price and Toye present "drag factors" and "drive factors" in organizational, team, and leadership behaviors, and offer a direct path for anyone willing to take on the hard work of transformation.

Core Mind-Sets

You can't know what the future will hold. However, building the discipline of adopting and maintaining accelerating mind-sets enables leaders to meet full on and with dexterity the ever-changing contexts and requirements within which they galvanize and lead those who follow them. Think of yourself as sitting in a swivel chair—you can swivel between multiple different systems to make sense of things rather than having straight through, simple processing. At the core is your ability to be agile as change erupts all around you. Research by Paul Brown and Brenda Hales concluded that there is a need to create "the conditions under which [people] can use all their own adaptive capacity to get to the goals they are after." We found that the ability to learn in this way was twice as likely to be present in leaders of accelerating companies than in those of derailing ones. We set out to answer the following question: What are the few compelling shifts in mind-sets that enable leaders to be agile in this way and, in turn, to set the pace in today's ever-changing landscape? Our answer can be found in the table below.

Chart: Shifting to an accelerating mind-set

Derailing leaders' mind-sets	Accelerating leaders' mind-sets
I need to know the answer.	*I need to constantly discover patterns and connect the dots.*
These are my resources.	*My job is to optimally match resources to opportunities.*
It's either/or.	*How do I dissolve the paradox?*
I have the power and authority.	*Working through a traditional hierarchy takes too much time.*
I need to know.	*Doubt is powerful.*
It's okay to be grumpy.	*I'm on 24/7, and what I do impacts every second.*
I don't have enough time to be a good leader.	*Creating leadership is my goal.*
I know myself well.	*Feedback is a gift.*

The first four mind-sets are so important that we cover them in great detail in Chapter 14 ("Ripple Intelligence"), Chapter 15 ("Resource Fluidity"), Chapter 16 ("Dissolving Paradox"), and Chapter 17 ("Liquid Leadership"). Here we explore the other four mind-sets to help both you and others around you accelerate.

I Need to Know versus Doubt Is Powerful

Leaders do well when they exercise the power of doubt. Our conversations with and studies of CEOs found that senior leaders must routinely make tough decisions, yet many CEOs worry that they don't have the right information—or enough of it. Our interviews with more than 150 global CEOs suggest that the key to this dilemma is to embrace uncertainty and doubt by focusing on the feeling side of decision making and not just the thinking side. The Persians used to make decisions twice: once while sober and once while drunk. If the decisions agreed, they proceeded. If not, they deferred a decision. We're not recommending drinking at the office, but the Persians certainly had a good run, ruling the known world for some 300 years, by combining their thinking and feeling sides. CEOs who combine the two dimensions can get more comfortable with discomfort, better distinguish constructive doubt from disruptive second guessing, and better select the appropriate decision-making strategies that help minimize risk and maximize opportunity.

It's Okay to Be Grumpy versus I'm on 24/7, and What I Do Impacts Every Second

Daniel Goleman and his colleagues found that the leader's mood and its attendant behaviors are both the most important and the most surprising to leaders themselves. They write: "The leader's mood and behaviors drive the moods and behaviors of everyone else. A cranky and ruthless boss creates a toxic organization filled with negative underachievers who ignore opportunities; an inspirational, inclusive leader spawns acolytes for whom any challenge is surmountable." Add the findings of the *Gallup Business Journal*—that 25 percent of employees would fire their bosses if they could, and that 75 percent report that the single most stressful aspect of their job is their immediate line manager—and we see how potent leadership mood is. The economy runs on people, and leaders set the pace in organizations. Pause for a moment and think through those grumpy leaders who you've come across in your career and the impact they've had on those they lead and the ability of the organization to operate at pace. Now think about those moments when you, too, have been guilty of the same, knowing it but not having the discipline to catch yourself and course-correct. Author Gary Hamel summed up the warning message that Pope Francis sent to potential grumpy leaders within the Roman Curia: "Leaders are susceptible to an array of debilitating maladies, including arrogance, intolerance, myopia, and pettiness. When those diseases go untreated, the organization itself is enfeebled. To have a healthy church, we need healthy leaders." For good or bad, leadership is contagious. A core skill in any leader's tool kit is to be able to change his or her internal state to ensure that the contagion he or she is spreading is positive. There are no two ways about it: How you work, your imprint, and your shadow of leadership make the difference. As our colleagues at Senn Delaney say: When you go into the office, decide what floor of the mood elevator you want to get off on and be here now. At best, the shadow of the leaders in your organization can be a competitive advantage; at worst, it can be a significant drag. Jeff Sprecher, founder and CEO of Intercontinental Exchange, tells us, "I'm a terrible manager. I am just a terrible manager. And so you say, 'Okay, how does a terrible manager manage an organization?' The only thing I could come up with is to lead by example, to run my own behavior the way I would want my employees to run their behavior, and do it in a way that is quite obvious and transparent and hope that people will try to emulate the leader."

I Don't Have Enough Time to Be a Good Leader versus Creating Leadership Is My Goal

Think of leadership as fire, not water. It's not a limited resource such as water but a spreading process such as fire. Not all leadership needs to come from the top. Many articles and books talk about how organizations are prone to getting stuck in the middle of the hierarchy. Midlevel leaders are variously named "permafrost," "the marzipan or clay layer," or "the missing middle." These are all ways to describe the difficulty of engaging middle managers and creating leadership throughout the organization. How important is this middle layer? For four years, a team of researchers at Stanford studied the performance of more than 20,000 frontline workers, such as airline check-in staff, call center workers, and supermarket checkout personnel. An analysis of six million data points showed that productivity was increased by 12 percent if someone who had a poor manager was given a strong one. The recent development of organizational ecosystems brings another twist because of all the contractors and freelancers who have to be led. Apple, for example, has 45,000 employees worldwide but another 180,000 people outside the company who earn their living developing apps for Apple's iOS. A whole different kind of leadership is required now. According to neuroscience, the degree to which a leader engages others is the degree to which the leader inspires trust and excitement. It is feelings, not thoughts, that dominate how we make decisions. It is this energy from feelings that can inspire accelerated performance. We see lots of organizations striving to engage their people by trying to tap into their emotions through value statements, even though most people's organizational life is not the espoused values or mission and vision statements. The objectives, tasks, KPIs, and outputs required of them are the things we measure and, therefore, the things we pay attention to. But these things don't motivate people to apply their discretionary effort. Only things that shape and elicit people's feelings can do that, and only leaders are capable of creating those things. The creation of a motivational culture is not an outcome of accident or coincidence. How you make decisions, how you have conversations, how you direct the actions of those you lead, and how you behave generate a chain reaction in those you lead. Look no further than Howard Schultz of Starbucks to see the value of leadership. The company thrived during his first 15 years at the helm, lost its way when he stepped away from the CEO position for 8 years, and has gone gangbusters again since he returned in early 2008, so much so that it made our list of super accelerators. Scott Pitasky, executive vice president and chief partner resources officer, told us that there is an emotional component to the business: "It's about the relationships that we have with our partners [what Starbucks calls its employees], and their relationship with customers. That creates a unique environment that is the core of our business. You can't have a great relationship with your customers if you don't have a great relationship with your partners. It won't work. It's a strategy that binds us, and an emotional commitment. A couple years ago we had an investor day here in Seattle with a group of investment bankers, and Howard started out saying, 'I want to talk about love.' That felt a little awkward as a way to begin a discussion about how we are doing as a company, but that's a pretty good way to describe what we do. And I haven't seen that in other places I've worked." Business leaders need to learn, as politicians have, that even if you govern in prose, you must still campaign in poetry.

I Know Myself Well versus Feedback Is a Gift

Accurately gauging how we impact others can be very difficult indeed. We will never forget working with one leader who was certain of his ability to be empowering. When asked how he knew his people were empowered, he replied (with no trace of irony), "Because I told them to be." Leaders need to find time and ways to reflect on their behaviors and their impact on others, identify what drivers shape their behaviors, and determine how, with discipline, to adjust their behaviors. Feedback is critical. Goleman and his colleagues found that an alarming number of leaders suffer from "near-total ignorance" about how they are perceived within the organization. "It's not that leaders don't care how they are perceived; most do. But they incorrectly assume that they can decipher this information themselves. . . . They're wrong." There is a further stage to be conquered. Something must be done with the feedback. But we humans inherently resist change. We can talk a good talk, but actually making a significant change generates fear in the best of us, and we find incredibly inventive ways to avoid change. We have to own up to needing to do things differently, which can bring feelings of shame, guilt, and incompetence. And any behavior change can be clunky, feel strange, and backfire on us as we try to develop new ways of acting. It's easy to revert to old patterns when we don't get the change right the first time. Change requires grit and determination. Change requires curiosity about one's own resistance to change, coupled with an understanding of the processes going on in our brain. Realizing this can release us from fear. ■

AESC
The Association of Executive Search
and Leadership Consultants

LEADERS on LEADERS

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Witt/Kieffer's
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Chair and
Chief Executive Officer

Andrew Chastain,
Managing Partner and
Chair of Witt/Kieffer's
Healthcare Practice

WITT / KIEFFER
Leaders Connecting Leaders

In this episode, Wardell and Chastain share with AESC CEO, Karen Greenbaum, insights on *Leadership Amidst Rapid Change*.

Join us at aesc.org/leaders-leaders

Elevating Leadership

Raising the standards, raising the stakes

March, 2017: A quick Amazon search for books on "business leadership" yields 95,686 results. A Google search of "Business Leadership Theories" pulls over two million hits. There is *a lot* to say about leadership, and theories of leadership have evolved over the millennia—from Aristotle's virtues, through the divine authority of kings, to the latest buzzwords. Perhaps there is so much to say because leadership is so essential—to every organization and every endeavor.

AESC interviewed members representing a broad range of geographical markets and a variety of practices and firms. We invited them to talk to us about leadership, how it has evolved, what it takes to be a good leader, and the emerging challenges and trends in leadership today.

Same as it ever was?

In many ways leadership has evolved in the last 20 years, and in many ways it hasn't. Malcolm Duncan is Managing Director of the Insight Group in Sydney. He says, "Leadership hasn't changed much—internal integrity is still key. The best leaders are grounded, engaged, and understand they have a place in the community above and beyond their responsibilities to shareholders. What has changed is that 80s 'command and control' type of leadership—it's out of vogue because people won't tolerate that anymore."

Fredy Hausammann, Managing Partner at Amrop, Zurich, Switzerland and Vice-Chairman EMEA, agrees. "Twenty years ago, good leadership went hand-in-hand with a psychological contract between corporations and employees: strong values, reliable partnerships, clear guidance, and ethical leadership. To effectively navigate change, we need leaders with the same qualities."

Some of the change that leaders confront includes trends that test the limits of business models, disruptive technology that outpaces labor skills, and a geopolitical environment that exacerbates uncertainty in global markets. John M. "J." Hewins, Managing Director, Leadership & Succession at Russell Reynolds Associates in San Francisco argues, "Innovation, disruption, disintermediation; these are not new concepts. It's the cycle of business, and it has been that way ever since business existed. What's different is that cycle is *accelerating*. Certainly technology and new business models have been driving that acceleration, and it's to the point where there's no industry that has not been touched."

Indeed every industry has been touched: communications, professional services, manufacturing, retail, pharma, finance, and even agriculture. In January of 2017, Fulvia Montresor, Director of the World Economic Forum, wrote "from intelligent robots and self-driving cars to gene editing and 3D printing, dramatic technological change is happening at lightning speed all around us."

How organizations survive and thrive will depend on how leaders navigate that change. Kin Chong U, Managing Partner, Talent and Leadership Solutions at Signium, Hong Kong, observes, "Twenty years ago leaders could do a good job by setting up strong processes and systems, and clarifying roles and responsibilities. Now, leaders must learn to survive in a changing environment, unlearning old habits and picking up some of the new skills."

Urgency and the unknown

What will Blockchain mean to financial institutions? What will 3D printing mean for mass production? Are global marketplaces prepared for economic and social consequences of universal Internet access? How will leaders, organizations, and society at large deal with the impact of automation and demographics on employment and the pace of change on the widening skills gap? Can we anticipate the impact of the sharing economy on traditional businesses?

Members identified what they see as the most pressing leadership challenges. First, the workforce is changing. The largest generation in our lifetimes, the baby boomers, will have retired by 2030, and with their retirements go a treasure trove of technical expertise, industry knowledge, and decades of experience. Vivian Acosta, Partner at Talengo/TGCL, Madrid explains what these senior managers have learned over their careers "is impossible to write in a book, and impossible to tell in a day." Through "reverse mentoring programs, digital natives help to develop digital skills in senior managers, and the baby boomers share their wisdom and experience with the millennials."

Another challenge is the impact of automation on the workforce. Robert Satterwhite, Head of the Executive Assessment & Leadership Development Practice at Odgers Berndtson, New York, says, "Manufacturing jobs aren't there anymore, and it's just going to get worse. The challenge is, what can companies and governments do to invest in training and development so that workers aren't left behind?"

A related challenge is the widening skills gap. According to the World Economic Forum, "rapid technological advances and the digitization of the workplace are making it harder for workers to match their skill sets with the needs of employers."

Yumiko Kawakami, Partner at Stanton Chase, Tokyo, sees the impact of that challenge. "Change that is too fast—we have seen it in Japan—has meant a gap between talent capability and the needs of businesses. In Japan there is a ten year talent gap to be filled, and this is a very big issue in the Japan economy."

Sharon Toye, Partner in Leadership Consulting at Heidrick & Struggles, London, says, "There isn't a client that doesn't have a capability gap. Being able to be clear about what capabilities you need and being able to adapt the organization quickly helps address this change."

The relationship between business and society is not uniformly positive. Duncan says, "An unprecedented level of public scrutiny and shareholder activism around the world is probably one of the biggest forces shaping boards and CEOs. Consumer activism can gather momentum very quickly. Boards, particularly, are a little out of step with the power of digital disruption in their markets and their economies, and their ability to quickly become a bad news story."

Hausammann observes, "In many countries, the public used to have a fairly high degree of trust in corporate leaders and the corporate elite, but that has declined markedly. Our clients are dependent on a business-friendly environment for corporate growth, be it tax policy or the regulatory framework. That's the biggest concern in highly regulated industries, and if they are not in a relationship of trust with society, they will not achieve that favorable environment."

The differentiator is execution. All the leadership skills, elevated culture, and market foresight is meaningless without action. Toye says, "In our research over the last few years there has definitely been a shift in emphasis. Twenty years ago, the emphasis was on how performance came through strategic choices. Strategy is still important today, but it is balanced with the ability to execute, and *out-execute* your competitors. Execution has absolute primacy today."

So is openness to change. U says, "A lot of my clients have backgrounds in engineering and finance, and they are extremely intelligent and analytical. But in this new environment, a lot of things cannot be analyzed. Let's say the company surveys 5,000 employees and the results show x and y." That's not enough, U explains. "You have to walk the floor, and go to your people."

Evolving qualities of leadership.

Many leaders across industries and geographies recognize some urgency around developing leadership survival skills for the new age. Toye says, "What's really coming, we don't know. That's why we're so keen that organizations be able to mobilize very quickly. They need to execute, because if you're not executing you will not exist for long. And what you execute today will *not* be what you execute in a few years time, so you need to transform. And you need to have that as a core capability, with agility – which requires resilience, learning, and being able to pivot quickly."

Satterwhite, sums up the argument for the evolution of leadership. "In the business world, new technologies and new products come out so quickly; the U.S. president sends a tweet and a company's stock goes down. Leaders need to be more responsive and adaptive than ever —almost being able to see around the corner —and they have to make their teams resilient and adaptable in the face of constant change."

But what are the specific qualities that enable leaders to withstand the whipsaw of change, adapt in time, and lead their teams, organizations and entire communities through uncertainty? To start, Duncan believes,

Vivian Acosta
Talengo,
Madrid

Malcolm Duncan
The Insight Group,
Sydney

Fredy Hausammann
Amrop,
Zurich

J. Hewins
Russell Reynolds
Associates,
San Francisco

"Leaders need the ability to go for a long time being uncomfortable."

Acosta identifies the essential qualities of successful leaders. "Emotional intelligence is a must today, as is learning agility. Leaders need flexibility to adapt to different situations, people and cultures. Leaders must adapt from working locally to working globally. And, to be a leader, you have be a role model – walk the talk if you want to inspire others."

Hewins explains, "The real core competency to drive transformation is to span what might seem like opposite leadership characteristics. On the one hand, successful leaders have the ability to drive change, and that requires a certain innovation DNA: boldness, resilience and drive. But it is also very clear that successful leaders also have an ability to engage with people, to connect, and to understand how change is impacting them. Without that, the innovation, the change isn't going to stick within the organization."

Kawakami believes in "the power of design in leadership, which can be a differentiator in global markets." As published in the *Harvard Business Review*, design thinking is a human-centered approach to innovation; "a discipline that uses the designer's sensibility and methods to match people's needs with what is technologically feasible and what a viable business strategy can convert into customer value and market opportunity."

Kawakami connects design thinking and inclusiveness. "The power of design is really about understanding the complexity in the global economy and global businesses. We are easily crossing borders through business, and it is very important that leaders are flexible and inclusive, and can optimize *all* the diverse resources within an industry."

Toye says, "What we know today is a tiny amount of what is going to face us. Being able to deal with uncertainty, run the race is crucially important. Leaders need to look up to see what's coming, take information in, make sense of it, and take calculated risks."

The right leadership model

Duncan reflects on the hierarchical nature of post-war management and the benefits of a collaborative model. "The leader was supposed to be the smartest guy in the room, and that's not the case anymore. Leaders know they're *not* going to know everything, they're going to collaborate. In the late 80s I saw a lot of leaders who would play it safe because they were expected to have the answer, and they were alone – it's a very lonely and isolated role. A lot of that isolation has dissipated because leadership is a lot more collaborative and team – based. It's a problem shared."

Inclusive leadership is predicated on a leader tapping a broad range of perspectives. Hewins says, "The role of diversity is enormous and multidimensional. It goes back to this idea of the vulnerable leader." Hewins describes the "growing understanding that one's own view, one's own frame, is not enough. To be effective you need to know what you don't know, and the only way you're going to learn that is to surround yourself with the right complementary skills, and both professional and life experiences. That's capital D diversity,

Yumiko Kawakami
Stanton Chase,
Tokyo

Robert Satterwhite
Ogders Berndtson,
New York

Sharon Toye
Heidrick & Struggles,
London

Kin Chong U
Signium Management
Consulting,
Hong Kong

and that leads to the right kind of inclusive environment where people can be heard and can contribute."

In addition to cultural diversity, U makes a strong case for the value of collaborative leadership across organizational functions. "Traditionally, we have had very clear roles and responsibility for each department: sales, production, customer service, etc. Now, we should blur those roles, they should overlap."

"For example, the head of production should go see the customer – if you don't go see the customer how can you produce to the customer's satisfaction? Also, the head of sales should go to the factory to understand the production processes and the challenges in manufacturing, otherwise he or she will make the common mistake of overpromising (and disappointing) the client, and then come back and blame production."

Liquid leadership is another emerging model that Acosta describes as "a style of leadership where the role of the leader moves around the team. Each employee has their moment of leadership based on the knowledge or skills required to cope with different situations." A related trend is a change in organizational structure. Acosta adds, "In structures that have to change very quickly, we are talking a lot about holocracy." She explains "Holocracy was the first model NASA used, in which they distribute projects into teams, and every team self-organizes."

It's complicated.

Whether reacting to disruptions or creating them, successful leaders must leverage a robust personal toolkit. Hewins says, "I think it is a leader's vulnerable side that balances the resilience; an innovation focus steeped in pragmatism; it's the charisma but also the authenticity that's rooted in values and purpose; and it's an optimism that's also grounded. A leader is going to have to be more multidimensional than ever before, and will have to be able to move between those leadership styles and conventions in a very dynamic way. And that's hard."

Ever-increasing demands to be responsive and agile do not relieve leaders from the need to plan. Hausammann says, "The current pace of change is affecting organizations with a lack of clear strategy: how do we deal with global, multicultural management issues? Outsourcing, off-shoring? There has been a lack of guidance for many, many people. Digital trends add to the uncertainty, and people are unsure what it means."

To Kawakami, this environment has provoked a necessary expansion in how leaders think about their roles. She says, "Leaders have to move quickly *and* have a long-term vision, and they must share that vision with both internal and external stakeholders. Ten, 20 years ago people could achieve success by motivating employees and direct stakeholders. Now, the environment can be affected by very indirect stakeholders."

Looking forward

> "Our lives are being shaken to their very core by technological change, with the Fourth Industrial Revolution transforming economies as never before."
>
> Jennifer Blanke, Vice-President, Agriculture, Human and Social Development at the African Development Bank

Leaders must navigate the transformation, often into the unknown. But how?

Acosta finds the answer in trust. "In every turn, every moment, innovation is coming so you have to be open to new ideas. Innovation could be disruptive, and it could lead you to a millionaire idea, but you don't know if you don't trust." She adds, "You have to be flexible, open, you have to lose the system of hierarchy and the culture of control. You have to empower people. The new rules in the workplace are trust and responsibility. That's all."

And while leaders focus on their markets, their cultures, their processes and their stakeholders, Toye offers a last piece of advice: "Remember to look up."

■

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- John Sparrow, Director, BoardWalk Consulting

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- Igor Kabuzenko, Managing Partner, Ward Howell

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