

LEADERSHIP IN DISRUPTION: ARE YOU READY?



INTRODUCTION

Thriving in continuous disruption requires a shift in leadership and new development strategies.

Maria, a general manager at a global pharmaceutical organisation, came home after an intense day at work. Putting her feet up, she said to herself, “Work seems to be getting tougher and tougher.” She must have responded to more than 200 emails and chats that day in addition to managing a series of global town halls about the new strategy, changes to the structure and improved engagement scores – only to be disappointed to hear from her CFO that the business unit was still not meeting its targets.

Maria is not alone; a new study¹ of more than 7,300 executives, HR leaders and employees reveals significant challenges for leaders:

- 1. How do you manage today’s business model while at the same time keeping pace with change and continuously evolving the business for tomorrow?**
- 2. How do you embark on a more transparent relationship with employees to attract and retain the best talent in a complex labour market?**
- 3. How do you continuously simplify work to increase productivity and promote new levels of innovation in teams?**

This article presents key research trends driving a change in leadership expectations, a worked example of how to rethink your approach to leadership and innovative approaches to developing leaders in your organisation.

The democratisation of the marketplace has brought a proliferation of new entrants and competitors that are faster, better and cheaper. This has gone way beyond the tech start-ups of Silicon Valley to impacting how we educate, provide healthcare, source energy and bank in a post-industrial era. To compound the situation, executives have concerns about talent migration as well as corporate responsibility to address societal issues. With additional challenges in cyber security and changing business regulations, companies are facing pressure on multiple fronts. This point of view is shared at the C-suite, with

73% of our C-suite respondents saying they expect significant industry disruption in the next three years,² with 99% of companies taking action to prepare for the future of work.³

So how will we keep up, let alone thrive, with such fierce competition and emerging socioeconomic forces? This level of disruption brings immense change – both for the organisation and in how we lead in a period defined by the intersection of artificial and human intelligence. Developing leaders who can lead in this environment is one of the most pressing issues organisations face today.

¹Mercer. *Global Talent Trends 2019*.

²Ibid.

³Ibid.

WHAT IS DIFFERENT ABOUT LEADERSHIP IN DISRUPTION?

The term “leader” was noted as early as 1300, and “leadership” emerged in the 1700s, yet the definitions continue to evolve.⁴ These terms are passionately debated in literature and play out in our political and business arenas every day. One question stands out: What makes an effective leader? Although most principles of good leadership continue to apply, it is important to examine how context has changed in order to appreciate the different expectations we put on leaders. Research highlights some of the major challenges and implications for leadership.

1. Aligning Work to Future Business Value

The world of work continues to change at speed, and advances in technology will continue to stretch what is possible. Although the headlines can be scary, with more than 60% of companies intending to increase automation this year,⁵ much of the emphasis will be on the evolution of skills within a person’s role rather than widespread displacement of jobs. The conversation needs to shift from jobs to skills. Previously, people could rely on their secondary and tertiary education for much of their careers – now, reskilling and upskilling will become the norm. Randal Stephenson, AT&T CEO, has very publically said “adapt or else”; employees at AT&T are advised to do at least ten hours of online learning per week, and the company has committed to a US\$1 billion investment behind reskilling.⁶

Leaders will need to reimagine how work gets done by leveraging the best set of global resources and machines to assemble a competitive organisation. 79% of executives expect that contingent and freelance workers will substantially replace full-time employees in the coming years.⁷ Ikea has fully embraced this trend through the acquisition of Task Rabbit, a freelance platform that allows the company to extend their digital customer services. As an Ikea customer, you can quickly access people to assemble your flat-pack furniture through the integrated Ikea-Task Rabbit site.

IMPLICATION: Leaders need to manage the challenge of running today’s business model while keeping up with the pace of change and continuously evolving the business for tomorrow.

⁴ Stogdill, RM. *Individual Behavior and Group Achievement: A Theory – The Experimental Evidence*, New York: Oxford University Press, 1959.

⁵ Mercer. *Global Talent Trends 2019*.

⁶ Caminiti S. “AT&T’s \$1 Billion Gambit: Retraining Nearly Half Its Workforce for Jobs of the Future”, available at <https://www.cnbc.com/2018/03/13/atts-1-billion-gambit-retraining-nearly-half-its-workforce.html>.

⁷ Mercer. *Global Talent Trends 2019*.



WHAT IS DIFFERENT ABOUT LEADERSHIP IN DISRUPTION? *continued*

2. Building Brand Resonance to Attract the Best Global Talent

Attracting and retaining top talent remains a priority. As such, both the external brand and the internal employee experience matter. New levels of transparency fuelled by social media provide employees with an abundance of information about how companies conduct their businesses. The power has shifted – now a single customer or employee can hold a company or CEO to account on social platforms. In the UK, the Financial Reporting Council sets out in the new *Corporate Governance Code* the need for boards to assess and monitor culture.⁸ Globally, we see 38% of executives are taking on more responsibility for societal issues.⁹ With fewer places to hide, regulatory bodies, customers and employees will be driving increasingly ethical and sustainable business practices. New companies are also painting a brighter and ethical future; for example, Harry's razors are challenging companies like Gillette. Harry's prides itself on making quality razors and has a social mission, committing 1% of sales to organisations redefining masculinity for the better.¹⁰

In recent research, 54% of employees say managing their work-life balance is one of the

top-five things their company can do to help them thrive at work. They are clearly asking for a workplace that resonates with their whole lives. Thrive@Hilton has launched an initiative with structured activities, such as funded sabbaticals, weekly wellbeing tips and stress-reduction courses.¹¹ This positive step fosters an environment of psychological wellness – especially given the UK research by Business in the Community (BITC), which found that “three out of five employees (61%) have experienced mental health issues due to work or where work was a related factor”.¹² There's a long way to go to normalise attitudes about mental health and promote better levels of work-life balance, but companies are moving in the right direction.

IMPLICATION: Leaders need to ensure day-to-day decision making integrates ethical considerations, company purpose and inclusion principles. Leaders have a disproportionate impact on team climate. They can multiply their impact by increasing levels of transparency and empowerment to enable employees to thrive.

⁸ Financial Reporting Council. *The UK Corporate Governance Code*, 2018, available at <https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.PDF>.

⁹ Mercer. *Global Talent Trends 2019*.

¹⁰ Harry's, Inc., available at <https://www.harrys.com/en/us>.

¹¹ Mercer. *Global Talent Trends 2019*.

¹² Business in the Community. *Mental Health at Work 2018 Report: Seizing the Momentum*.



3. Curating the Work Experience for Employees

Enabling the workforce to thrive requires a redesign of how work gets done to ensure it is simple, intuitive and digitally enabled. Employees are drowning in a sea of emails and are desperately asking for a workplace that is more relevant and personalised. With the current level of information overload impacting all levels of the organisation, the time will come when organisations are forced to streamline and curate communication and work activities – and stop irrelevant ones. This is backed up by overwhelming research that shows multitasking doesn't work. One study found that shifting between tasks can cost as much as 40% of an employee's productive time.¹³

With the faster evolution of processes, activities and work skills, companies will need to redefine and redeploy talent at a pace never seen before. At the same time, employees are asking for greater opportunities beyond the traditional career pathways. As companies move away from lifetime employment contracts, the trend toward redefining job opportunities as shorter "tours of duty" is growing.¹⁴ For a two- to four-year period,

the company gets an engaged employee striving to produce, becoming an advocate at the end due to the reciprocal relationship of mutual interest and benefit. We will also see shorter-term assignments filled by internal or external resources to support immediate work demands. This trend has support from current employees, as research shows 51% are willing to take on an internal gig to gain experience.¹⁵ As the pace of "how work gets done" evolves, companies will need to pioneer dynamic career management to get the best talent out of their people and keep up with demands of the market.

IMPLICATION: Leaders need to seek ways to reduce complexity, and say no more often to projects or activities that do not add impact. The focus should be on simplifying work, and removing unnecessary barriers. Leaders also need to enable new career pathways for employees, moving away from a single model of lifetime employment to a suite of flexible options.

In Maria's recent performance conversation, she realised the job of a leader is just getting more difficult! She is now expected to:¹⁶

- Radically innovate with zero budget
- Continuously optimise her operations
- Compete in sprints while delivering long-term value to the organisation
- Integrate external partners while operating as a single entity
- Develop her people for the future while doing more with less

¹³ American Psychological Association. "Multitasking: Switching Costs", 2006, available at <https://www.apa.org/research/action/multitask>.

¹⁴ Hoffman R, Casnocha B, Yeh C. "Tours of Duty: The New Employer-Employee Compact", *Harvard Business Review*, June 2013 Issue, available at <https://hbr.org/2013/06/tours-of-duty-the-new-employer-employee-compact>.

¹⁵ Mercer. *Global Talent Trends 2019*.

¹⁶ Nielsen T and Meehan P. "The 5 Paradoxes of Digital Leadership," *Harvard Business Review* (2015). (Paradoxes adapted from this article.)

RETHINK LEADERSHIP

This conveyor belt of disruptive forces has changed the nature and volume of expectations on leaders. It is time to rethink our approach to leadership in this environment of accelerating technologies, changing workforce models and employee preferences. This next section provides a worked example of rethinking leadership in the case of a new digital strategy.

Worked Example: How Does a New Digital Strategy Impact Leadership in Your Organisation?

Four Steps to Evolve Your Approach to Leadership

1. DEFINE DIGITAL IN YOUR ORGANISATION

First, establish a clear digital strategy that states how the organisation will create new sources of value for customers or efficiencies for the company using digital. Interestingly, in a recent article, “advanced analytics was found to be the number one digital investment with enterprises planning to increase related deployments by 75 percent over the next 12 to 18 months”.¹⁷ Priorities will vary by company; the important aspect is to understand the implications for leadership.

2. DEFINE PERFORMANCE OUTCOMES

Next, translate this strategy into what you expect from leaders, who ultimately have to make it a reality. This step allows you to align the expectations of your leaders and integrate these into your objective-setting, performance approach and remuneration strategy. For example, new performance objectives for executive leaders in a digital context could be: 1) develop new revenue models using digital, and find new sources of unmet demand; 2) get things done using the organisation’s resources, partnerships, start-ups and alliances; 3) be fast and responsive, and use principles of the lean start-up to get ahead of the competition; and 4) find and work with the best digital workforce – inside or outside the organisation’s walls.

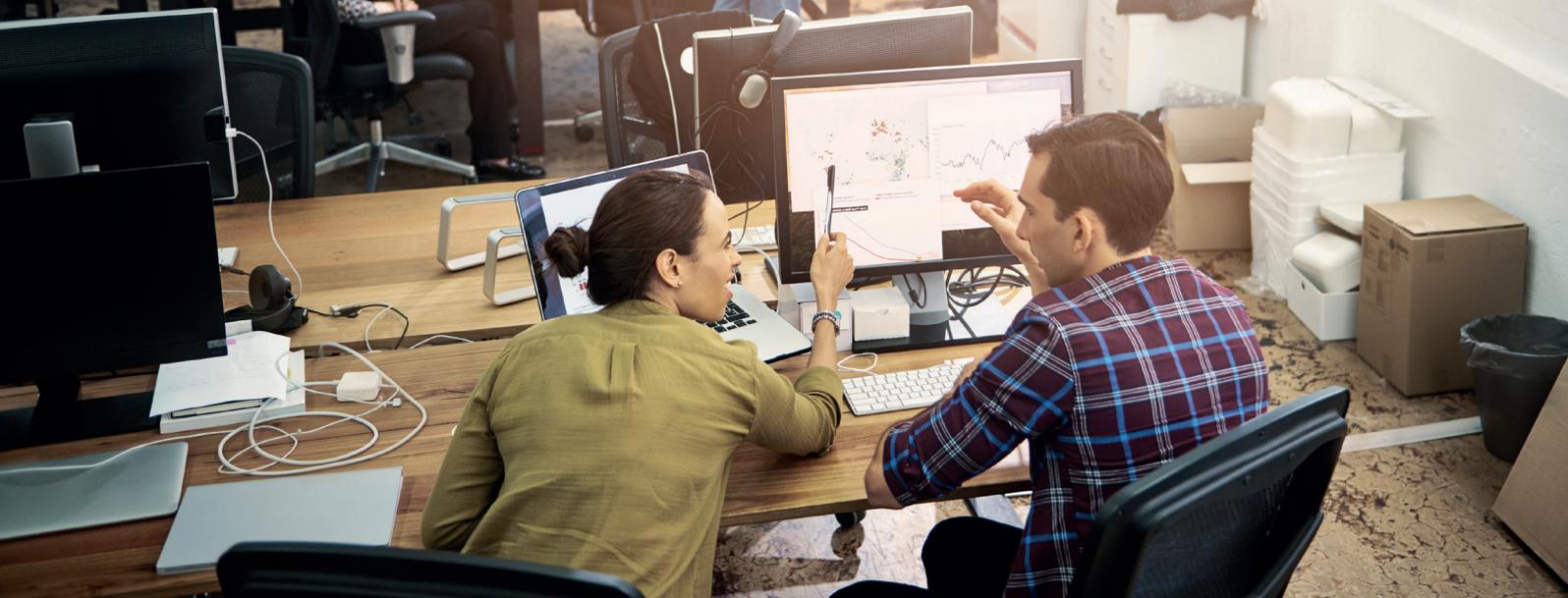
3. SET THE MINDSET

The next step is to align the mindset that will enable these digital leadership performance outcomes. Many of our clients use the idea of a lab mindset – an environment of curiosity that encourages employees to approach challenges with a questioning mind, while testing with users to assess assumptions.

4. ALIGN LEADERSHIP CAPABILITIES

These capabilities should clearly reflect how you want to do business. We see a shift away from bold, charismatic and ambitious leadership to an increasing emphasis on empowerment, innovation and collaboration. This serves to drive the execution of the business digital strategy.

¹⁷ Overby S. “Digital Transformation Reality Check: 10 Trends”, 2018, available at <https://enterpriseproject.com/article/2018/12/digital-transformation-reality-check-10-trends?sf209064661=1>.



The following example demonstrates how one company evolved its approach to leadership following a new CEO-sponsored digital strategy.

1. DEFINE DIGITAL IN YOUR ORGANISATION

- Digital refers to the adoption of processes and tools to achieve strategic business goals and competitive advantage in the marketplace. It involves a cultural shift in the workplace that is characterised by speed, experimentation and rapid learning.
- For our company, this means digital solutions for all low-value interactions with customers or employees. This creates more time to spend on the most meaningful human interactions.

3. SET THE MINDSET

- Example 1: What is a lab mindset? • An environment of curiosity, which encourages employees to approach challenges with a questioning mindset, while testing with users to assess assumptions.
- Example 2: What is a digital mindset? Openness and curiosity towards digital and able to translate into action for the role.

2. DEFINE PERFORMANCE OUTCOMES

1. Develop new revenue models using digital and find new sources of unmet demand.
2. Get things done using the organisation's resources, partnerships, start-ups and alliances.
3. Be fast and responsive and use principles of the lean start up to get ahead of the competition.
4. Find and work with the best digital workforce, inside or outside of the organisation's walls.

4. ALIGN LEADERSHIP CAPABILITIES

The following capabilities will support our digital strategy:

- Purposeful
- Innovative and experimental
- Coaching and empowering
- Collaborative
- Performance driven
- Curious

BUILDING LEADERSHIP CAPABILITY TO ENABLE A DIGITAL STRATEGY

WHAT ARE THE NEW RULES FOR LEADERSHIP DEVELOPMENT?

Historically, the field of leadership development is an area plagued by tradition and status quo. Companies have invested in annual leadership training programmes, which rely on participants to apply academic theories and practices to their roles. These are often criticised for their lack of impact on or relevance to today's fast-paced world of work, which is continuously evolving. Combining the latest thinking from psychology and neuroscience, we can reinvent how we develop the next generation of leaders. Research tells us what is important:



BUILD LEADERSHIP IDENTITY

The latest research highlights the importance of having a **leadership identity** as the foundation of leadership. Those with a strong leadership identity,¹⁸ who view themselves not only as technical or functional experts but as leaders,¹⁹ are more likely to build their leadership competence and demonstrate greater effectiveness as leaders. Identity is therefore the first critical piece to build.



ENCOURAGE A LEARNER MINDSET

Andrew Scott, co-author of *The 100-Year Life*,²⁰ predicts half of the children in the West will live to over 100 years. In order to support ourselves through longer lives, we will need to work for longer and adapt to changes more quickly than ever before. A philosophy of lifelong learning, or a **learner mindset**, will be essential. Leading learning professionals Heather McGowan and Chris Shipley put it quite simply: "In the future, those who continuously learn will continue to lead."²¹



EMBED IN THE CONTEXT OF DAY-TO-DAY WORK

In the **corporate context**, effectiveness depends less on the traits of any one leader and more on a company's competitive challenges, legacies and other shifting forces. The signs are clear: Business realities have become so complex and varied that the guru-led approach to development is no longer delivering the impact required.²² What works for one person will not necessarily work for the next, because the context in which they operate is so often radically different.



USE LONG-TERM DELIBERATE PRACTICE AND FOCUS ON BEHAVIOUR CHANGE

The brain can only deal with so much change and learning at one time. Properly spacing and **building** learning activities over time will allow the brain to form and solidify the new information and skills into neuronal connections.²³ Changing behaviour is not easy.²⁴ Behaviour change is individual; it takes sustained, **deliberate practice**, it needs rational and emotional drivers, and it happens continuously in the course of everyday leading and working.²⁵

¹⁸ Avolio BJ and Walumbwa TJ. "Leadership: Current Theories, Research, and Future Directions", *Annual Review of Psychology*, Volume 60 (2009), pp. 421–449.

¹⁹ Day DV and Dragoni L. "Leadership Development: An Outcome-Oriented Review Based on Time and Level of Analyses", *Annual Review of Organizational Psychology and Organizational Behavior*, Volume 2, Issue 1 (2015), pp. 133–156.

²⁰ Gratton L and Scott A. *The 100-Year Life: Living and Working in an Age of Longevity*, London: Bloomsbury Publishing, 2016.

²¹ Work to Learn. "The Future of Work Is Learning," available at <https://www.futureislearning.com/>.

²² Day DV. "Leadership Development: A Review in Context," *The Leadership Quarterly*, Volume 11, Issue 4 (2000), pp. 581–613.

²³ Xue G, Mei L et al. "Spaced Learning Enhances Subsequent Recognition Memory by Reducing Neural Repetition Suppression", *Journal of Cognitive Neuroscience*, Volume 23, Issue 7 (2011), pp. 1624–1633.

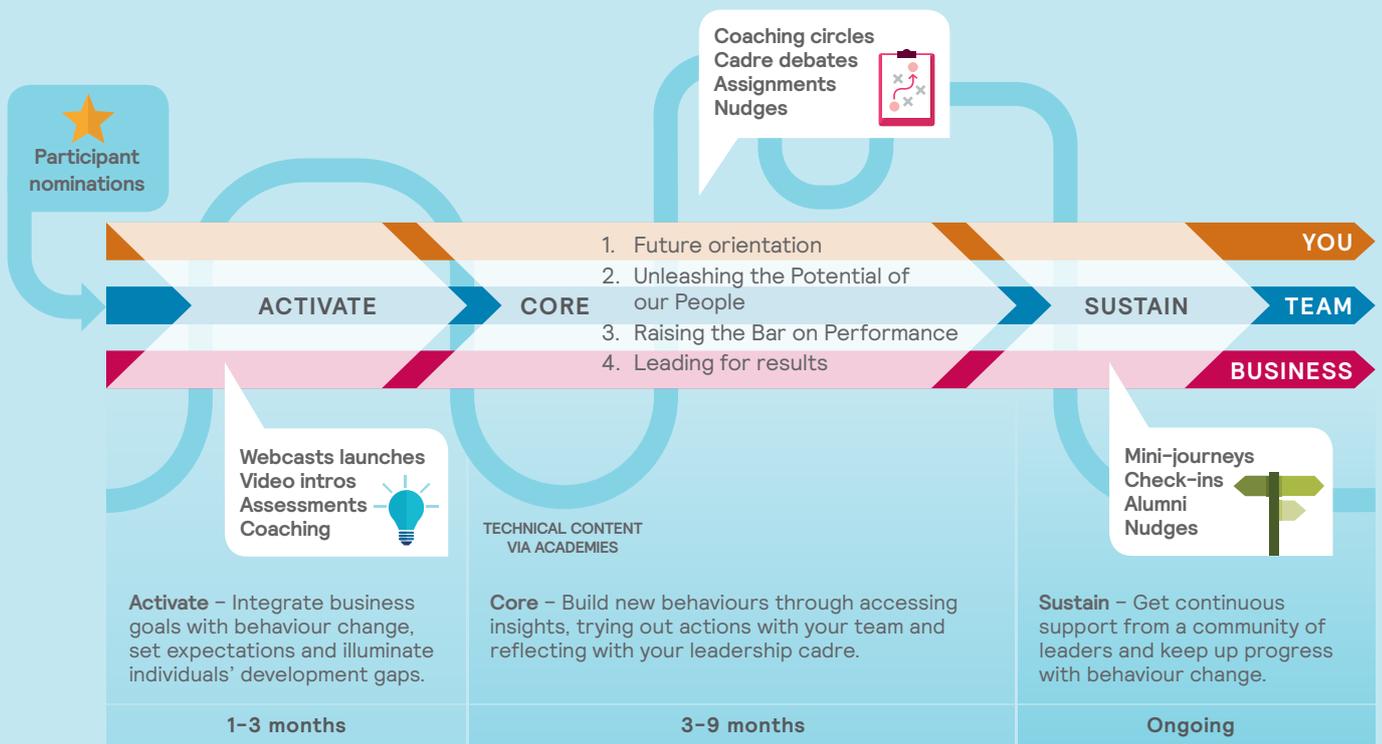
²⁴ Peters K. "Neuroscience, Learning and Change", *360°: The Ashridge Journal*, Spring Issue (2011), pp. 44–47.

²⁵ Duhigg C. *The Power of the Habit: Why We Do What We Do in Life and Business*, New York: Random House, 2012.

BUILDING YOUR LEADERSHIP DEVELOPMENT JOURNEY

This requires a shift in attitude from training that is an event to development that is collaborative, continuous, contextual and community-based. This is joined up in a leadership development journey, which incorporates setting expectations, integrating with strategic and current initiatives, encouraging self-reflection and getting feedback, being exposed to new thinking and environments, peer learning, and focusing on long-term behaviour change through action, reflection and embedding cycles. The picture below indicates how you can link up these activities into a leadership development journey.

LEADERSHIP DEVELOPMENT JOURNEY



KEY OUTCOMES

“I understand what it means to be a leader. My Line Manager and I have a common understanding of the context of the strategy and have discussed how it will integrate into my day-to-day work and how to get the best out of it to meet my development objectives.”

“I am developing in all the areas that will help me improve my performance as a leader. I have a good relationship with the other members of my cadre, my coach and my line manager. From them, I gain fresh perspectives on the core content, including the site visit and business improvement project.”

“I have a strong understanding of the capabilities and am beginning to offer my perspectives back into the programme for a more junior cadre. My coaching relationship has continued, which helps me think through the on-going content and nudges we receive.”

NEW INNOVATIONS FOR YOUR LEADERSHIP DEVELOPMENT JOURNEY

The continuous evolution of business models and new approaches means it is best to update at least 20% of each leadership development journey per year. Below are examples of new approaches and experiences to strengthen behaviour change in a leadership development journey:

AUTOMATED PERSONALISATION



Use data mining on learning consumption can be used to provide personal recaps and ideas to leaders.

LEADERSHIP ACCELERATORS



Challenge leaders to build new businesses using start-up methods to promote entrepreneurial leadership behaviours inside the organisation.

DIGITAL PITCH PRACTICE



Pitch practice enables senior leaders to deliver compelling short presentations around the vision and digital agenda.

DIGITAL CONTENT



In the same way that we learn through the internet, articles, blogs and videos, development at work needs to mirror the ways that we learn every day.

GAMIFICATION



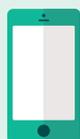
Using gaming elements taps into the neurodynamics of motivation, increasing the drive to learn and participate in the process.

CHAT BOTS



Chat bots provide real-time interactive feedback to leaders on challenges they face or advice they are seeking (for example, "How do I give effective feedback?").

FEEDBACK APPS



Keep the feedback going through virtual modules, using a mobile-first feedback tool.

SOCIAL LEARNING



Social technology can be used to build global networks to enable leaders to learn from each other.

HOW DO I MEASURE IMPACT?

Our research found that 81% of organisations do not measure the return on investment for leadership development.²⁶ Instead of leaving impact to chance, be sure to set out your levers, KPIs and metrics for your leadership development journey. A simple dashboard of metrics can be created and measured on a regular basis to track progress and determine which elements are having the greatest impact.

Lever	KPI	Metric
Team performance	Team performance	Aggregate feedback scores
	Team engagement	Pulse engagement scores
Individual performance	Performance measurement	Change in performance rating
	Behaviour change	Upward feedback from team
Leadership development experience	Satisfaction with the experience	Net promoter score
	Perceived impact of success	Feedback from the business

FINAL NOTE

Maria takes a moment to reflect on her day. She accesses her virtual leadership community and reviews her priorities and purpose statement. She asks her colleagues for ideas to help plan tomorrow's team meeting. While she watches the latest digital resource on motivation, a colleague messages her with advice about how he inspired his team to work differently. Finally, Maria reviews the personal feedback she received during her leadership session last month and adjusts her plans for tomorrow's meeting in response. As she closes her laptop for the night, she feels ready for what's ahead.

Many leaders, like Maria, are struggling in the current environment, with burnout and underperformance as a real threat. It is time to evolve our approach to leadership in line with the company's strategy and to use longer-term leadership development journey approaches to reflect the changing context of business. There are ever-more-disruptive forces on the horizon. Are your leaders ready?

²⁶ Mercer. *Connecting Leadership to Value*, 2015.



Checklist for getting started: Align Leadership to Business Strategy



1. Define the business strategy and implications for leadership

Determine how the business strategy and macro-social economic factors impact leadership in the company.



2. Define your performance expectations of leaders

Re-align and write down your performance expectations of leaders.



3. Set the mindset and align capabilities

Set the mindset intention and capabilities to provide a direction for leaders and inform how you develop leaders.



4. Design joined-up, long term leadership development journey

Develop a long-term leadership development journey that helps leaders develop alongside their current roles.



5. Build your dashboard of metrics and track progress

Define how you will measure leadership shifts and behaviour change. Regularly report on the progress and adjust your leadership development journeys accordingly.

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Leadership and Workforce Transformation

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