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GLOBAL RESEARCH REPORT

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Tomorrow's Leadership and the Necessary Revolution in Today's Leadership Development

Professor Peter Hawkins
Professor in Leadership

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We are living in unprecedented times. The global community is grappling with a rapidly changing economic, social and political environment.

Our best hope for sustained Breakthrough at scale may lie in the C-suite of incumbent businesses.

John Elkington, Global Thought Leader on Business Breakthrough and Leadership

During this time of exponential change you must evolve your company – you are either disrupting yourself or someone else is – sitting still equals death.

Peter Diamandis, Co-founder and Chairman of Singularity University, Santa Monica

Can we prepare the leaders of tomorrow for the change of tomorrow? We have no choice but to try.

Professor Michael Genovese, Loyola University

The leadership industry has not in any major, meaningful, measurable way improved the human condition.

Professor Barbara Kellerman, Harvard University

Contents

1 The challenge

We have a crisis of leadership in this country, in every institution. Not just in government…, and for too long we have been training leaders who only know how to keep the routine going. What we don't have… are thinkers. People who can formulate a new direction… a new way of doing things… and a new way of looking at things.

William Deresiewicz, Author, essayist and literary critic, 2010

Leading this research process has been a great pleasure and one full of surprises. It has been rewarding to work with so many research partners from many parts of the world, and inspiring to have received the thoughtful reflections from so many CEOs, HR directors, and young millennial future leaders. Many global thought leaders, researchers and writers on leadership and leadership development have also been very generous with their wisdom on what is needed going forward. So the research has been a collaborative and highly networked enterprise throughout, which is highly fitting for what has emerged about the leadership world into which we are rapidly moving.

This research started two years ago with two significant concerns. Firstly, we had a growing concern that the challenges facing the future leadership of every organisation – commercial, governmental and not for profit – were becoming greater and more complex; the pace, nature and scale of change at myriad levels is transforming. Our second concern was that the leadership development industry was not sufficiently supporting and developing the leaders and collective leadership of the future to be equipped to face these growing demands.

We started with four extensive literature reviews on the areas of: tomorrow's world; tomorrow's organisations; tomorrows leadership and today's leadership development (see Appendix F) and quickly discovered a considerable amount that had been written about future global trends in demographics, economics, political conflict, human expectations, migration, and the environment. This included many global surveys looking at the views of CEOs, HR directors and millennials as well as extensive critiques of current practices in leadership development. We did not want to replicate what is already present in abundance. We also became aware that there were several disconnected discourses about leadership development, each speaking its own language, and often ignorant of the other dialogues. These included perspectives of:

- how senior executive leaders talked about leadership

- how HR professionals discussed leadership and designed leadership development activities

- external providers of leadership development in consultancies, business schools and coaching companies

- leadership academics.

From this we concluded that there is a lack of integration of these various perspectives and that a clearer guidance is needed on how the world of leadership development needs to change today to better equip the leadership of tomorrow.

We also became aware that there were several disconnected discourses about leadership development, each speaking its own language, and often ignorant of the other dialogues.

We therefore formulated four key questions:

1. How will the leadership needed for tomorrow's organisations be different from today's leadership?
2. What development is needed for tomorrow's leadership?
3. How suitable is current best practice for developing tomorrow's leadership?
4. What more needs to be done?

To address these issues, we set out a broad and ambitious research approach, to combine: depth and breadth; qualitative and quantitative research; and input from many sectors and geographies.

Our basic design was based on the triangulation of various data sources.

Firstly, we decided to interview the following people separately:

- the CEO (or another executive team member),
- the HR director or head of leadership development, and
- a young millennial leader of the future that the company considered a potential executive leader within 10–15 years.

We carried out interviews with 40 different companies, drawn from diverse parts of the globe and from different sectors. We were interested in how each of these groups was seeing both the challenges for tomorrow's leadership and what they thought was needed from leadership development today. We also wanted to discover what could be generatively created by inter-connecting their different perspectives.

The second triangulation was to take the three most recent and comprehensive surveys we could find on the perspectives of CEOs, HR directors and millennials and carry out a 'survey of surveys', comparing and contrasting what each found and relating these three different perspectives.

In the third triangulation we interviewed several key 'thought leaders' individually and held a two-day inquiry group, with some of these and other thought leaders, before comparing these dialogues with what was emerging from our extensive literature review of published books, papers, articles and blogs.

One CEO of a global technology business told us how: 'Leadership for big companies and leadership for small companies is converging.' So we were concerned that much of our current data was generated from large corporate companies and we wanted to also look at what was happening in the high-tech, internet and data-driven 'exponential organisations' that were moving at incredible speed from start-up to multi-billion-dollar global businesses. So, we reviewed the research done by Ismail (2014) and Diamandis and Kotler (2014) at the Singularity University and research on 'unicorn companies' by Lee (2013).

We also thought there was a lack of representation from China, so we explored case studies of both Haier and Xiaomi, two very successful Chinese companies, as well as interviewing leaders from the Chinese division of Thermo Fisher, a large American bio-tech company.

The fourth and final triangulation was to look across these diverse data sources and the three different triangulations, to draw tentative hypotheses, conclusions and guidance for moving forward.

Figure 1. Four levels of triangulation in the research

HR and L&D Directors

3 HR Directors Surveys

1.
INTERVIEWS
40 organisations x 3

2.
SURVEYS

CEOs

Future Millennial Leaders

3 CEO Surveys

4.

3 Surveys of Millennials

14 interviews with thought leaders

3.
LEADING EDGE THINKING

100 Publications (books, papers, blogs, video)

4 Focus Groups
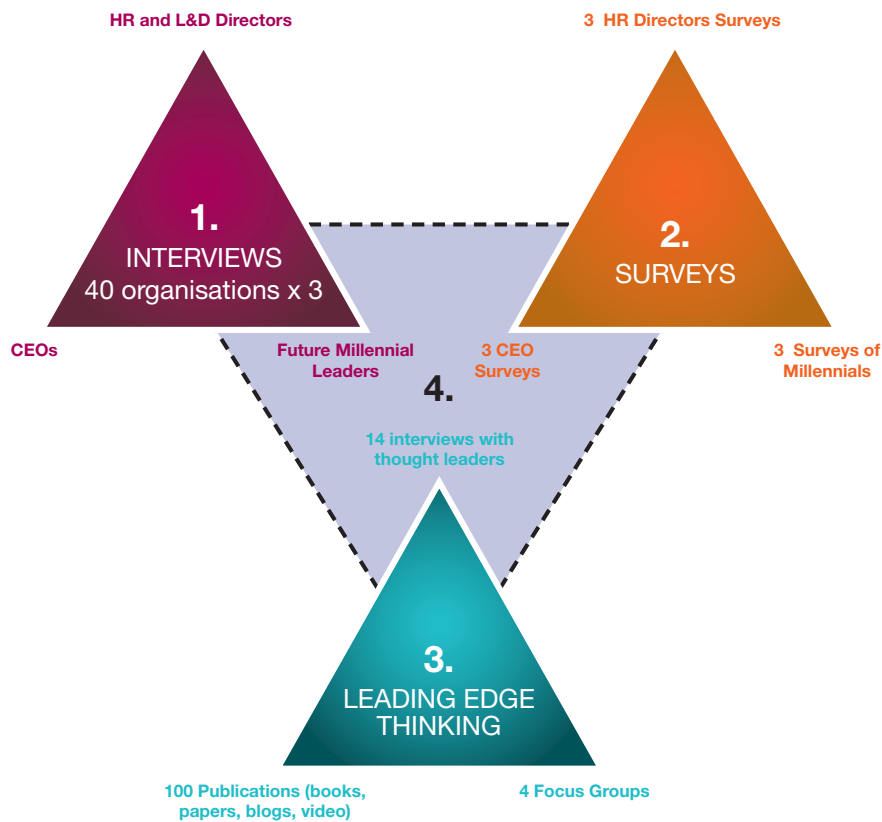
We do not see this as the end of the process, but rather as the end of the beginning – the laying of the foundation. This is because we have concluded that the challenge for future leadership is even bigger than we first suspected and the need to radically rethink and redesign leadership development is even more urgent.

2 Tomorrow's world

The first question in all the interviews was to ask: What are the top three to five most important challenges you think the world, organisations and their leaders will face in the next 20 years?

There was more consistency in responses across all the groups interviewed, including thought leaders, concerning future challenges than for any other inquiry questions.

The top areas mentioned in order of priority were:

1. Unceasing and accelerating transformation
2. The technological and digital revolution
3. Disintermediation and 'Uber-isation'
4. The hollowing out of organisations and the growing complexity of the stakeholder world
5. Globalisation
6. Climate change
7. The need to learn and adapt faster

These challenges are not separate; they are all interconnected. Each one is driving and being driven by all the others.

Figure 2. Top challenges organisations believe they will face in the future

2a. Unceasing transformation – the acceleration of change

We used to talk about the VUCA world (Volatile, Unpredictable, Complex and Ambiguous), now we are living it every day.

Interviewed CEO

[A]ll processes have become much, much faster. Tiny increments of time now spell the difference between success and failure.

McChrystal et al, 2015

The number one issue for all three groups interviewed was the increasing pace of change.

In 2008, Thomas Friedman wrote a ground-breaking book – Hot, Flat, and Crowded. It detailed how the world was facing global warming ('hot'), knowledge was becoming available everywhere and to everyone through the internet ('flat'), and the world's population was growing exponentially ('crowded') – trebling from 2.4 billion in 1950 to 7.35 billion today. Recently he wrote in the Huffington Post:

When I said the world is flat, Facebook didn't exist. Or for most people it didn't exist. Twitter was a sound. The Cloud was in the sky. 4G was a parking place. LinkedIn was a prison. Applications were something you sent to college. And for most people, Skype was a typo. That all happened in the last seven years. And what it has done is taken the world from connected to hyper-connected. And that's been a huge opportunity and a huge challenge.

Friedman, 2012

It is estimated that we now discover as much in 14 years as it took our predecessors the whole of the twentieth century to discover, and that this will be equalled in the next seven years.

Several of the leaders interviewed in this study distinguished between different paradigms of change:

- **'Change as an event'** – an acquisition, a restructuring, a strategic or cultural change programme.

- **'Change as a constant'** – 'we used to have three year strategic plans, now the world, the markets and our customers' needs are all changing daily'; 'If change is a constant outside, it needs to be a constant inside the organisation'; '[L]eaders need to constantly reinvent themselves.'

- **'Change is accelerating and becoming inter-relational and multidimensional'** – 'Change is not only a constant, it is getting faster and faster, and becoming more inter-relational and multidimensional'.

To describe dealing with change, one CEO provided the impactful metaphor of flying a plane while rebuilding it in mid-air – while also engaging with all the passengers on-board, as well as with the ground crew and air-traffic control.

Several leaders spoke about the many different drivers of change. The most frequently mentioned was 'disruptive technologies' (see next section), which are changing the whole landscape of many business sectors. Other important drivers that were mentioned were: changing demographics; the changing nature of the workforce and ways of working; political instability, economic unpredictability, market volatility, globalisation; climate change; and migration. Most of these will also be addressed in later sections.

A number of participants also pointed to the real challenge lying not in any of these individual factors but in how they systemically impact on each other. This means that

the CEO can no longer delegate each of these challenges to individual leaders or even working groups, but needs the executive team to understand each of them, their systemic interconnection and the strategic implications for their sector, industry and the varied communities in which they operate.

The ability to work with strategic foresight, scenario planning and the anticipation of future impacts coming over the horizon is a collective leadership capacity that most leaders agree needs urgently developing. The challenge most leaders point to is the need to do this while at the same time managing today's challenges and innovating and redesigning tomorrow's company (see Section 3d).

2b. Technological and digital revolution

I wake up every morning terrified that we could be disrupted into oblivion. This is a high probability not just a possibility, but at the same time we cannot chase every new innovation that is spawning out there in the market. If we stick to what we are good at we will be dead in the water, if we chase every innovation we will be dead in the water.

Interviewed CEO

We stand on the brink of a technological revolution that will fundamentally alter the way we live, work, and relate to one another. In its scale, scope, and complexity, the transformation will be unlike anything humankind has experienced before. We do not yet know just how it will unfold, but one thing is clear: the response to it must be integrated and comprehensive, involving all stakeholders of the global polity, from the public and private sectors to academia and civil society.

Klaus Schwab, founder and executive chairman of the World Economic Forum, 2016

The global economy has changed forever. The era of traditional, hierarchical market domination by dinosaur companies is coming to an end.
Disruption is the new norm.

Ismail, 2014: 126, 135

The second most frequently mentioned global challenge was variously referred to as the technological or digital revolution.

Leaders see the digital revolution bringing many significant challenges. Some frequently mentioned ones are:

'*The hollowing out of organisations[1], as a mixture of digitalization, robotics and off- shoring, radically reduce the number of people we have on the pay-roll.*'

'*Having the capacity and the skills to cope with Big Data.*'

'*We have more and more data, but do we have the skills to really use it well?*'

'*The technology is changing jobs faster than we are able to upskill the work-force to work in the new ways.*'

Large companies have created zero growth in employment in the last 20 years. All the massive increase in employment has come from 'start-ups'; small companies, individual freelancing; and the not for profit or for-benefit sector.

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[1]   See Section 2d.

Klaus Schwab, the founder of the World Economic Forum, quoted above, also points out that: 'The fourth great Industrial Revolution… is characterised by a fusion of technologies that is blurring the lines between the physical, digital, and biological spheres' (2016).

Revolutions in the digital world, artificial intelligence, virtual reality and 'presencing' through mixed reality, robotics and bio-technology will come together to change the workplace in as yet unimaginable ways and at accelerating speeds.

As one leader pointed out:

> *Technology is enabling both the rise of mega-corporations like Amazon, Google, HP with immense power, while also enabling communities to shape their own destinies through the use of participatory and collaborative technologies. Understanding the role as a business leader in this increasingly digitised context and how we best connect as people/authentic leaders amid this dynamic is important.*

2c. Disintermediation and 'Uberisation'

One significant aspect of this technological revolution that many CEOs were keen to talk about was the threat of being 'Uberised'. This was shorthand used by several leaders to describe the threat of their whole industry being 'disintermediated' by a whole new mode of operating. The term refers to the way in which Uber and its imitators and competitors have been able to radically transform the global taxi industry by removing a whole intermediate part of a value chain. In the case of hire cars, this involves removal of the taxi company by having an internet-based system for customers to directly find the nearest freelance driver and book direct. Airbnb – allowing homeowners to directly let their rooms as an alternative to hotels, and Amazon – allowing writers to self-publish and reach large audiences, are other examples of disintermediation.

It is no longer sensible for organisations to strategically focus only on how to become number one in their sector, because the industry in which they are operating could be radically and suddenly dismembered. Any strategic intent also needs to have built-in agility.

One CEO said: 'the new competition will not come from where it is currently happening or where we are currently focusing.'

A CEO in the insurance industry spoke of the impact that Amazon could have on radically transforming how insurance is made available, due to both their ease of access to large numbers of global customers and the amount of data they have on those customers to apply logarithmic analysis of insurance risk.

2d. Hollowing out the inside of the organisation amid the growing complexity of the stakeholder world

> *Leaders of tomorrow need to be brilliant collaborators and brilliant impresarios that spot and create partnering and cross-hatching possibilities with other agencies. Partnerships today are lumbering, slow and paranoid.*

Margaret Heffernan, best-selling author, serial entrepreneur and CEO

> *The ability to get things done through networks is a huge necessary leadership competence.*

Interviewed CEO of a global technology company

Many of the CEOs interviewed spoke about, what one of them described as, 'The future hollowing out of the organisation'. They described how a potent mixture of digitalisation, robotics and the out-sourcing of activities will mean that they consequentially have fewer people on their permanent payroll.

The most radical tipping point that has emerged from the research is that the whole paradigm of how we think about leadership needs to change to cope with the world of tomorrow. Many of the CEOs interviewed spoke about, what one of them described as, 'The future hollowing out of the organisation'. They described how a potent mixture of digitalisation, robotics and the out-sourcing of activities will mean that they consequentially have fewer people on their permanent payroll. As Ismail from the Singularity University puts it: 'Anything predictable has been or will be automated by AI and robots, leaving the human worker to handle exceptional situations' (2014: 139).

At the same time many leaders also described the growing number, diversity and complexity of the groups and organisations they needed to partner with in order for their company to be successful. They were not just in the supply chain or the 'out-sourced support functions'. The critical stakeholders who needed to be effectively partnered with included customers, distributors, local community groups, pressure groups and, significantly, competitors.

One CEO of a global mining company gave a pertinent example of this:

> *Before I became a CEO I never thought that the Roman Catholic Church would be an important stakeholder I need[ed] to work closely with. But when I took on the role I soon realised that without a good relationship with local communities you don't have a business. I started to notice that local protests about opening new mines often had priests or other religious leaders in the front line. Someone suggested I need to talk with Cardinal Peter Turkson at the Vatican. When I first met him he said to me: 'Unless you respect the local human rights for a "meaningful existence" we cannot do business.' Since then the Catholic Church and local NGOs have become key stakeholders for me.*

> *The challenge is how to get all my managers, who have been educated as engineers, to learn how to partner all sorts of religious leaders and local communities… for them to realise their job is also about community development and creating meaningful human existence.*

CEOs and many of the thought leaders interviewed talked about how the growing global challenges could not be dealt with by national governments or by global companies acting alone, and that what were urgently required were new and more effective partnerships between governments, business and civil society.

> *Big organisations cannot crack the environmental and global challenges alone – they need to work in partnership with civil society and the City to jointly address the United Nations development goals.*
> John Elkington

The Leaders of tomorrow will have fewer people to vertically manage and many more people they need to partner with.

The Leaders of tomorrow will have fewer people to vertically manage and many more people they need to partner with. When we carried out our first triangulation comparing the CEO, HR and millennial data, we were struck by how most HR directors and heads of leadership development are still centrally focused on developing the organisation's employees. Many saw the challenges being: 'How do we recruit the right talent?'; 'How do we develop our people?'; 'How do we get leaders to better engage their people?'. The dominant paradigm or frame of thinking was that leadership is all about leading 'my people, my team, my function, my organisation.'

This was not true of all the HR directors; we interviewed a few 'innovative radicals' who said:

'Our leadership frameworks are still based on industrial age thinking.'

'The leadership challenge now is not the people that report to you – but all the others you need to get on side.'

Many thought leaders – such as Hamel (2007, 2012), Hutchins (2012, 2016), Laloux (2014) and Bersin (2016) – argue that the fundamental design of organisations needs to radically change. If senior leaders are going to have the time to learn and develop as well as attend to the changing global landscape and focus more on the second and third gears of change, they need to spend far less time managing the business of today. This requires them to reduce the dependency of other leaders and managers on them, radically weed their diary of less value-adding activity, and delegate not just activities but decision-making responsibility as far down the organisation's levels as possible. Hamel (2012) argues that we may be entering not just a post-industrial world, but 'a post-managerial world'. Hutchins (2012, 2016) shows how we can learn from nature about how organisations can become adaptive, resilient, self-organising living systems, and Laloux (2014) provides some excellent case studies of organisations that have redesigned themselves to be, what he calls, Teal organisations. Teal organisations are designed on three basic principles:

1. Self-management – driven by peer relationships

2. Wholeness – involving the whole person at work

3. Evolutionary purpose – let the organisation adapt and grow, not be driven

These Teal case studies are drawn from a wide range of sectors including: AES (an energy company in South America); Buurtzorg (a Dutch homecare organisation); FAVI (an Italian engineering firm); Morning Star (a Californian tomato processing company); RHD (an American social care organisation); Sun Hydraulics (an American manufacturing company); and Patagonia(an outdoor leisure clothes and equipment manufacturer). Some of these organisations, as well as others, are developing new forms of self-organising management and leadership through governance based on a culture of autonomy and empowerment.

One HR director concluded: 'Organisations of tomorrow will be different sized, different shape and different design to those we know today.'

2e. Globalisation

Of senior executives, 76 percent believe their organisations need to develop global-leadership capabilities, but only 7 percent think they are currently doing so very effectively.

Ghemawat, 2012

Many of the leaders who were interviewed were leading global companies and they spoke eloquently of the challenges of leading across countries, cultures, different business contexts and time zones. They mentioned the enormous challenge to develop enough leaders who can relate effectively across different cultures and stakeholder groups.

But also, those leaders leading companies operating primarily within one country were emphasising the need for a global outlook.

'Whatever business you are in, customers can benchmark what you are doing with the best in the world.'

'Our customers are informed globally so we need to be.'

'Innovation can come from anywhere in the world, so we need to be globally connected and globally alert.'

Another aspect of the digital revolution, discussed above, is that even locally based businesses need to think globally, as their competition can be based anywhere in the world. The local cinema competes with Netflix and Amazon, the local hotel with Airbnb, the local garage with remote computer car servicing, and the local hospital with patients going abroad for cheaper treatments.

Companies may be listed on the national stock-exchange where they are headquartered, but their largest investors may be sovereign wealth funds, pension funds and insurance funds across the globe, and this mix of international investors could force a sell to an international business.

Whatever your business, investors, customers, suppliers and competitors are globalised, as are the breakthroughs in research, product design, work processes and new ways of organising. As one CEO put it: 'You need to be globally alert, understand the global trends and be looking out for the unexpected.'

One head of leadership development for an international company said:

The challenge is that the world is ever shrinking through the ease of technological inter-connection. Leadership needs to manage the tension of local autonomy and customisation with a group-wide global approach. This is an increasing tension point.

Others talked about how we will see the continuing 'large macro-shifts in activity including technology and professional services and high skills jobs to lower cost locations.'

One of the key areas that distinguished millennial future leaders is that, unlike my generation, they have not spent their time, while at university, going to a library dominated by books by past experts drawn predominantly from their own culture. Instead they have grown up with and been educated by a variety of sources, such as Google-mediated global information and Wikipedia. Their friends, network and peer influencers are much more globally dispersed and culturally and socially diverse than before. They have also, by and large, travelled more, and many of them have studied, lived and worked in different countries and cultures.

There is also an increasing awareness of the effects of globalisation, and a need for people to develop a sense of belonging, clarity of values and perhaps even a feeling of localisation within this globalisation. As one Head of HR noted:

The generational shift, changing attitudes, increasing mistrust and disillusionment of large corporate power, is coupled with the need for more local involvement, more values-led leadership and sense of purpose.

One interviewed millennial spoke about the growing clash between technology driving ever greater global integration and a more recent current sentiment in many Western countries moving away from pro-liberalisation to wanting more national identity and protection from trade and immigration – the rhetoric around President Donald Trump, Brexit, Hungary's referendum and many other international politicians. As this is happening, many global companies have more cash than international places where they can valuably invest it. These are urgent issues for company leaders and political leaders to work on together. A CEO of a governmental investment organisation spoke of how all leaders across sectors need to learn 'how to stay connected in a disconnected world'.

2f.   Climate change

One of the conundrums that has emerged in the research, is that a large majority of the chief executives and HR directors interviewed did not mention climate change in their top three to five challenges that organisations will have to deal with in the next 20 years; yet when prompted they would all say 'yes, of course' climate change will have a major impact on the world in which we operate – an impact which could be devastating.

There were a few exceptions, mostly from those selected for their pioneering and innovative approach. For example, a global CEO of a manufacturing company talked about re-visioning their company mission,

> *taking the company beyond 'zero emissions for 2020' into a future of net positive... 'climate take-back' – how our company can contribute to reversing the impact of climate change, and bring carbon home.*

The majority of millennials spoke of how climate change is one of the most significant challenges organisations and leadership will face, prompting a major rethinking about the whole way we do business:

> *changing business models from linear to circular economies and the impact this will have on business and leadership.*

This could be a generational difference in awareness; however, all the older thought leaders mentioned it as one of the most critical challenges. We concluded that for senior executives it is more likely that this critical issue is drowned out by the pressure of pressing current issues, which are more 'front of mind'. George Marshall's 2014 book *Don't Even Think About It: Why Our Brains Are Wired to Ignore Climate Change* suggests our brains are wired to privilege the current and short term issues and screen out issues with greater long-term consequences, as well as issues that involve potential loss. The immediate will trump the important. He quotes how 85% of people interviewed in the UK think climate change will be a major challenge for future generations, but very few included it in the top three issues that they think the government should be addressing.

Yet the best scientific evidence that we could find suggests that the critical time for addressing climate change is in the next few years. 'To stabilize global temperature, global emissions must peak within the next five [to] ten years and then decline rapidly every year after that' (Roberts, 2016). The International Energy Association has calculated that every year of delay adds $500 billion to the investment required between 2010 and 2030.

The World Bank commissioned the Potsdam Institute in 2012, which concluded:

> *Thus, given that uncertainty remains about the full nature and scale of impacts, there is also no certainty that adaptation to a 4°C world is possible. A 4°C world is likely to be one in which communities, cities and countries would experience severe disruptions, damage, and dislocation, with many of these risks spread unequally. It is likely that the poor will suffer most and the global community could become more fractured, and unequal than today. The projected 4°C warming simply must not be allowed to occur—the heat must be turned down. Only early, cooperative, international actions can make that happen.*

They go on to say:

> we're on track for a 4°C warmer world (by the century's end) marked by extreme heat waves, declining global food stocks, loss of ecosystems and biodiversity, and life threatening sea level rise.

Kevin Anderson, deputy director of the Tyndall Centre for Climate Research, is more graphic in saying that a 4-degree rise is incompatible with any reasonable characterisation of an organised and civilised global community (Anderson & Bows, 2011). The need to act in every business is immediate and urgent, and the consequences for not acting are globally disastrous.

2g. The need to constantly adapt and learn faster, with little time or space to reflect

Many of the leaders talked, on the one hand, of the need for their organisation to learn and adapt faster to the accelerating speed of change in the world around them while, on the other hand, they shared that they had little time to stand back from everyday pressing demands and reflect on the patterns of what was happening in their organisation, in their business ecosystem and in the wider world. They also lacked the space to take a wider view, both in space and time, and to practice 'strategic foresight'.

Reg Revans, the founder of Action Learning, gave us the simple formula 'L ≥ EC'. This is the Darwinian law of organisational survival – that learning must equal (or be greater than) the rate that the environment is changing, otherwise it is on the road to extinction.

Many chief executives talked about the need for leaders to regularly reinvent themselves. They have to unlearn what has made them successful at one level of leadership in order to discover how to be a new leader at another level of leadership.

One international chief executive said:

> Leaders face a learning crisis when they move from leading one size of group to a larger group. This happens at around 15 people, 50, 100, 200 and 1,000. As you progress you need to eat your own children – what made you successful at one stage will not make you successful at the next.

Another CEO said: 'You cannot rely on your MBA – it will help you get to step one, but you will have to find ways of learning steps 2–10 yourself.' Kelly (2016) talks about how the speed of technological change, with shorter innovation shelf life, means that we will need to become 'perpetual newbies' and will need to get used to being struggling beginners.

The most common words used when asked about the leaders of tomorrow were 'flexible' and 'adaptable'.

Yet nearly all senior leaders reported they did not have enough time or adequate support structures to keep learning. Some talked about the value of having a coach or mentor, or good non-executives who act as sounding boards. However, several commented on not being challenged enough, even by their coach or mentor, to accelerate their learning and development. As one CEO put it: 'Unless CEOs are constantly shifting what they think and how they think they will have a limited shelf life.'

3 Tomorrow's leadership: Changing the leadership paradigm and the emerging leadership tipping points

Having explored the merging global challenges that organisations face, in the interviews we went on to ask how the interviewees saw the implications for how leadership and leaders needed to change, adapt and develop. When we then triangulated these responses with what was emerging from some of the world's leading thinkers and researchers on leadership, along with the outputs from the leading global surveys, we began to see the shape of a number of critical tipping points, both in our assumptions about leadership (what it is, where it is located and how it operates) and in how it needs to transform to be fit for our future world.

These tipping points were:

a. from 'leading my people' to 'orchestrating business ecosystems'

b. from 'heroic individual leaders' to 'collective and collaborative leadership'

c. leadership needing to be driven by purpose and value creation for all stakeholders

d. from serial and fragmented innovation to working simultaneously in three time frames

e. embracing multiple individual diversity and also systemic diversity

f. leader as developer

g. motivation, millennials and mobility

h. 'no place to hide' – implications of living in a transparent world

i. partnering and networking

3a. From 'leading my people' to 'orchestrating business ecosystems'

You have to have capabilities and scenario planning, you have to have information gathering from all different parts of the globe in all the countries that you are operating, you have to be well-connected – so you have networks in the most unlikely areas with a whole range of stakeholders many [of] which are non-traditional stakeholders.

Interviewed HR director, Africa

Leaders of tomorrow need to be brilliant collaborators with other agencies and this requires a totally different mindset from the dog-eat-dog mindset that characterises most current leaders. They also need to be brilliant impresarios that spot and create partnering and cross-hatching possibilities.

Interviewed thought leader

The very way we think about leadership needs to radically change to be fit for purpose in the changing world. The dominant way of thinking about leadership is currently hierarchical and role based. 'I lead my team, my function, my organisation, my people – the people beneath me in the hierarchy.'

Many CEOs mentioned that they would be employing less people within their organisation, but needing to partner effectively with far more stakeholders to be successful. They talked about how the impact of digitalisation, robotics and

Many CEOs mentioned that they would be employing less people within their organisation, but needing to partner effectively with far more stakeholders to be successful. They talked about how the impact of digitalisation, robotics and outsourcing was going to 'hollow out the middle of the organisational structure'

outsourcing was going to 'hollow out the middle of the organisational structure'. At the same time, they thought that the need to partner with a growing number of suppliers, distributors, customers, investors, as well as with civil society, was making leadership less vertical and more horizontal.

Leaders talked about how the major challenges in leading were not just within their organisation but creating partnership and synergies with the many varieties of stakeholders that they needed to work well with in order to succeed. One global CFO commented:

> *There will be fights between the ecosystems. There will be winning ecosystems and losing ecosystems. Leaders need to understand which ecosystem you should bet on and who are the partners you should work with.*

A head of HR, brand and organisational development noted:

> *There is an increasing recognition that the world is a living system and the organisation and leader is an active participatory living system within this rich milieu of inter-relationality. Rather than leaders being 'outside' the system, affecting change upon the system, or learning through courses separate from day-to-day working life, we require leaders who learn, practice and embody making change within the system, by being self-aware of the ever-changing nature of their participatory impact.*

3b. From 'heroic' to 'collective and collaborative' leadership

> *Leadership will increasingly become the skill of enabling a collaborative co-creative process amongst peers.*
>
> Mark Drewell, Senior Partner, Foresight Group

> *Leadership is becoming less about being the smartest in the room and much more about how we collaborate, work with diverse stakeholders, inspire and bring the best out of others. Being more inclusive and collaborative. It's about developing our ability to be curious; our ability to explore new approaches, new perspectives, engage different stakeholders and view points, and empathise with diverse perspectives.*
>
> Interviewed global HR director

Much has been written about the death of the heroic leader and the need to evolve forms of collective and collaborative leadership (Binney, Wilke & Williams, 2005; Hawkins, 2011a, 2017a; The Kings Fund, 2011; Hutchins, 2014, 2016), yet many of our current practices of leadership assessment and development are still overly focused on producing heroic individual leaders.

Collective leadership can be seen at two levels.

1. At the team level, particularly the executive team, it means the whole team taking responsibility not just for their role and function (e.g. production, finance, HR), but also for 'the whole being more than the sum of the parts' and the team goals that can only be achieved through collaboration.

2. At the organisational level – collective leadership is indeed distributed leadership, where everyone is asked to take responsibility, not just for doing what they have been asked to do, but to do what is best for the wider organisation and its customers and other stakeholders. 'Leadership is less a role and more an attitude, it begins when we stop blaming others or making excuses' (Hawkins, 2005). As one executive said: 'Thus we are all sharing in leadership of the wider system, but from our own particular position in the system, and this

does not mean that we are all trying to do the CEO's job!'. Another HR director said: 'At the heart of business is trust, integrity and quality of relations.'

In the West we have been schooled, examined and measured in individual competitiveness, but as was said in Section 2c, the future will be about working across boundaries, in partnership.

Many of the leaders talked about how: 'the challenges do not lie in the individuals I lead, but in the connections between them.' Some spoke of needing to learn how to build a collaborative and collective team, as well as how to effectively build partnerships both within and beyond the organisation's traditional boundaries.

Some CEOs pointed out a growing challenge to collaboration:

> *We need a high degree of collaboration and high connectivity, and yet innovation in one place can negatively disrupt other parts of the business. To be a successful business we need to be disrupting ourselves in the areas of our strength. This requires mature collaboration that is founded on core purposes and values that we have co-created together.*

3c. Purpose and values driven leadership that creates value for all the stakeholders

> *Leadership will become more purpose-driven, aligned to the greater good for social/ environmental/economic, 'holistic' factors. A wider lens which will call on the skills of coaching, mentoring, ability to develop and build trust within and beyond the organisation through strategic alliances.*
>
> Interviewed CEO

A CEO noted that:

> *We need to create value for multiple stakeholders, not just value for shareholders but for a wider stakeholder group, including the environment which is an important stakeholder.*

He went on to talk about how the company he led:

> *has a new mission which takes the company beyond 'zero emissions for 2020' into a future of net positive contribution to the stakeholder community. My focus is to reignite what is historically a purpose-driven company while remaining true to its core values and adapting to what is relevant for today and tomorrow.*

Several other CEOs referred to the seminal paper by Michael Porter and Mark Kramer – 'Shared value: How to re-invent capitalism and unleash a wave of innovation and growth' (2011) – in which the authors argue that organisations and their leaders urgently need to shift their focus from just focusing on shareholder growth in returns, to focusing on creating value for all stakeholders, including customers, suppliers, partner organisations, investors, employees, communities in which the organisation operates and the wider ecological environment (sometimes referred to as 'the more than human world'). They argue that without this wider stakeholder focus, organisations will not be sustainable.

> *A shift from striving to be the 'best-in-the-world' to being the 'best-for-the-world', an increasing focus on value-creation through stewardship and service.*
>
> Mark Drewell, thought leader

Both the millennial surveys and our own interviews with millennial future leaders indicated that the majority of young future leaders want to work for organisations

that have a sense of purpose and clear values which they could identify with – 'I want to make a difference in the world. I want to be part of something that matters and where I matter'.

As well as providing meaning, a sense of purpose provides something that people can rally around and respond to in a more agile way than to longer term strategy. As one CFO put it:

> *Purpose replaces strategy in many ways… People won't be saying, 'What's the plan we're following?' They'll be saying, 'What's the purpose? What's the thing that guides me?' That is the thing that unifies and guides and directs and engages everybody… That needs to be very simply and very clearly understood and it should be very motivating and it needs to be shared by the majority of the organisation… they're connected to that and they can see and respect the dynamism that's in there and that everything's broadly tumbling towards that general direction.*

Other leaders talked about how the 'collective purpose' of an enterprise needs to go further than all the employees; to become a magnetic attractor that connects and unites the wider stakeholder group, providing a common cause and the motivation to collaborate and contribute. Ismail (2014) shows the important difference between companies that have a vision they try and sell and those that have a galvanising 'massive transformational purpose' (MTP).

3d. From serial and fragmented innovation to three simultaneous time frames

> *As organisations, we need to best equip ourselves to deal with today, tomorrow and the future. At present, there is too much focus on the short term, and not enough on how we transform our ways to become more able to embrace the future.*
> Interviewed CEO

Bill Sharpe, author of Three Horizons (Sharpe & Williams, 2013), explores how leaders need to simultaneously hold three horizons while steering the organisation. These are:

1. Managing business as usual

2. Innovating continuous improvement in products, processes and engagement for tomorrow

3. Creating the business for the future

He advocates that we need to think in the order of 1 to 3 to 2, otherwise we are trapped in micro improvements to today's processes, products and ways of operating, rather than finding innovation that is formed by the 'future desired state'.

> *It is a process of locating ourselves and our area of concern within the broader patterns of life… that helps us act more skilfully together in the present moment towards our shared future.*
> Sharpe & Williams, 2013

This is parallel to my emphasis on helping leadership teams think 'future-back and outside-in', always asking: What does our stakeholder world of tomorrow need that we can uniquely provide? (Hawkins, 2017a).

Gary Hamel (2007), a world-leading strategist, argues that we have overly focussed on innovating products and processes, and that the real competitive advantage in the future will come from radically innovating the way we manage and organise.

If we put these various approaches together we can create the three simultaneous gears of leadership:

1. Managing the current problems and challenges
2. Creating the integration, innovation and synergy not only across the organisation, but across the business ecosystem
3. Creating the organisation of tomorrow – and co-designing and co-creating the web of the business ecosystems that will be required for the future

Freeing up time and developing the skills to anticipate future trends will become more and more critical for tomorrow's leaders. As one HR director put it:

The whole nature of the world is changing, the continued instability of the major economies will mean that things will be very hard to predict, both socially, economically and politically. We're going to have constant paradigm shifts to the point where the so called 'Black Swan' events will be a whole bloody flock of black geese. The ability of leaders to anticipate those trends, to be more prepared to face them, to have greater flexibility in the face of those things will be crucial.

3e: Embracing multiple individual diversity and also systemic diversity

Many CEOs, HR directors and millennials spoke about the challenges of having to lead a more diverse workforce: how to utilise the diversity in age, gender, sexual orientation, thinking styles, learning styles, psychological types and cultural and ethnic background. Nearly all those interviewed believed that diversity across all dimensions would become greater in the future and, increasingly, individuals wanted their difference not only to be recognised, but valued.

One CEO described the need 'to embrace diversity, not just gender and race but cultural, mind-set and experience etc.'

One HR manager talked about the growing age diversity:

work places are going to be flooded, I think, with a lot of older and younger people. A mix of older and younger... Kind of poles apart, so lots of younger 20-year-olds and perhaps 60s and 70s.

Many talked about the need for leaders to be able to lead teams that were 'virtual, international and multi-cultural'. A number talked about how good leaders 'embraced diversity' and made greater diversity an asset for their team, rather than a barrier, but how most of us needed greater training and development in this area. Some spoke about the need to grow our trans-cultural capacity, (see Trompenaars & Hampden-Turner, 1997; Goldsmith et al, 2003). This is not just about understanding cultural differences, but having genuine curiosity, open-minded listening, empathy, curiosity in and understanding of diverse perspectives. This is not a competence or skill that can be taught, but a capacity that can be developed, through self-awareness, action learning and supported reflection. But this developmental journey is only made possible with the right starting attitude – one of curiosity and interest in others and wanting to learn from their views, rather than wanting to convince others of your point of view ('tell and sell' leadership).

Coaching, listening, knowing self, self-reflection, building trust with diverse stakeholders and within fast-moving contexts, helps shape our collective awareness
Interviewed CEO

Other leaders spoke of other forms of diversity that needed to be included and drawn-out. These included different cognitive thinking styles (second-order diversity) and personality and teaming styles (third-order diversity). (See my model of four types of diversity in Hawkins, 2017a). The research also brought to light a fourth-order diversity agenda: the need to bring different stakeholder perspectives into the decision-making process. This can be done through holding different stakeholders in awareness, having team members speak from different stakeholders' perspectives – customers, investors, employees; or to invite stakeholders to attend meetings and take an active part in generative discussions.

In many corporations these days, increasingly complex ecosystems of stakeholders are the reality, so the more we can leverage this divergent thinking within convergent meaning-making through generative discussions and stakeholder dialogue, the richer the day-to-day decision-making will be.

Peter Senge (Senge et al, 2005; Senge, 2008) and Otto Scharmer (Scharmer & Kaufer, 2013) have written about the necessary mindset to work with individual and systemic diversity, stressing the importance of cultivating a shift from reacting and critiquing to creating and responding. Much of this shift relates to our emotional and intuitive/embodied intelligence: our ability to open up to the unknown, to see across multiple systems and boundaries, embrace different perspectives, to really listen and sense in to the unfolding situation, so that we respond to our emerging future with an open heart, open mind and open will.

In the interviews and literature there were a number of examples of companies inviting customers, suppliers and millennial future leaders to become part of redesigning products and processes, as well as involved in recruiting staff for them and marketing their products and services. One CEO said: 'It is amazing how much the crowd can do for you, way beyond crowd funding.' However, we did not find any company that was involving stakeholders in the design, delivery and participation of their leadership development programmes and processes. Surely this has to come.

3f. Leader as developer

One of my most important roles is to develop my team, so the business can run without me.
Interviewed CEO

I will never have enough time to focus on the future and the stakeholders, unless I can develop the other people in the company to be skilled and confident enough to run the day-to-day by themselves.
Interviewed CEO

True leaders create leaders.
Interviewed thought leader

Another aspect of the shift from heroic leadership is the realisation that the notion of the 'heroic leader' being a person of action who knows all the answers, is gradually being replaced by the notion of the leader as a developer of others' leadership, both individual and collective.

As leaders, we are accepting that our job today and tomorrow is to create such learning, creative, exploratory environments for our people. This type of leadership requires self-awareness, emotional intelligence, the ability to relate with varied

diverse stakeholders, and be skilled enough to use multiple leadership approaches in different multi-dimensional situations – blending coaching with directive, and reflective with assertive.

Interviewed CEO

One leader from the Middle East said: 'most leaders die with their mouths open' – even in death they never stop talking long enough to listen! She went on to add: 'I tell my leaders, I do not want to see their polished shoes, I want to see the dust on them' as a means of encouraging them to get out of their air-conditioned, protected offices and experience the different worlds outside.

Leadership is about embracing a coaching/mentoring style, where we nurture leadership potential in everyone, helping people realise that everyone is a leader, and their 'solution' contributes through sharing and trust.

Interviewed CEO

As the quotes indicate, leaders are increasingly recognising that they cannot be the main point of integration and decision-making in the company. They need to radically delegate and wean the other leaders from being dependent on them. They also need to encourage and even insist that leaders and managers at all levels can resolve issues and conflicts directly across the organisation, rather than up the hierarchy.

This also entails senior leaders actively leading and role-modelling a culture change within companies that are siloed and operate vertically, towards a much more horizontally networked and empowered organisation, that can work at greater speed and free up the senior leadership to focus on creating the future and orchestrating the business ecosystem.

One CEO described his own evolution in how he led his 'direct reports', from 'an inquisition on their performance' to a more questioning, inquiring style, coaching them to think through their issues, to look at them through different perspectives, to create possible future scenarios for the possible decisions they might make.

This shift also entails the leader moving through the stages of Team Manager, Team Leader, Team Orchestrator, to becoming a Team Coach, where they enable their team to constantly grow its collective capacity to lead in ways that ensure they are more than the sum of their parts (see Hawkins, 2017a: Chapter 12).

3g. Motivation, millennials and mobility

As much as 89% of millennials say, 'it's important to be constantly learning at my job'.

According to Deloitte's Millennial Survey (2016), 44% of respondents expect to quit their current employer in the next two years, and 71% of those are unhappy with how their leadership skills are being developed.

According to the PwC Millennials at Work survey (2017), 51% of those questioned said 'feedback should be given very frequently or continually on the job'.

Motivation at work is changing. For a vast majority of those born 1945–1970, the main motivators were status and financial rewards. Many motivational theories were based on the metaphor of 'carrots and sticks'. However, many of the millennial future leaders we interviewed described different central motivations:

'I want to be treated as a partner and be involved in work that makes a real difference to the world.'

'I want to know the value of what I produce, because I spend a lot of time here.'

'We need to be able to bring more of ourselves to work and behaving in ways that conveys our purposeful leadership while empowering others.'

Another millennial spoke about the increasing focus on the 'psychic wage'.

This is the value that you get from doing what it is that you're doing, beyond the paycheck.

Many HR directors also commented on the difference they were encountering in recruiting and retaining the brightest millennials:

'They want to feel they're part of the team, they're part of the solution.'

'They are wanting to know the company's purpose and impact.'

'They have different expectations in how they expect to be led.'

We have to be very careful about the research on millennials or 'Generation Y', for two reasons. Firstly, it is mainly based on studying white, highly educated middle-class Westerners, so we cannot make sweeping global statements. Secondly, there is often a lack of longitudinal comparisons, such as comparing what those in their twenties are saying today and what those in their twenties were saying in the middle or last parts of the twentieth century.

However, there are some important themes that emerged from our research interviews and focus group with millennial leaders:

1. Millennials thrive on feedback, continuous learning and a high level of trust and empowerment. They wish to be believed in by others and for their work to be purposeful and contributing to a greater whole.

2. A number of those interviewed pointed to a gap between formal programmes and informal learning systems, and that the internal learning and development departments were not bridging the gap, despite some very sophisticated e-enabled tools.

Several of the companies interviewed had brilliant computer-based systems for 'managing your own career', but many of the millennials we talked to wanted this to be combined with regular and frequent personal dialogues/conversations to help them create and navigate their on-going learning journeys.

3h. No place to hide – the necessary ethical maturity for living in a transparent world

Our lives will be totally 100% tracked by ourselves and others.

In the future anything that can be tracked will be tracked.
Kevin Kelly, 2016

Leaders of tomorrow will need incredible ethical clarity. There is nowhere to hide, so you better get it right.
Margaret Heffernan, best-selling author, serial entrepreneur and CEO

Like it or not, we are hurtling to a world of radical transparency – and being driven to the privacy cliff by trillions of sensors recording our every move.
Ismail, 2014: 141

The quotes above capture the challenges of living in not only a fast-paced world but one that is increasingly transparent; there is no place to hide. Interviewed CEOs spoke of 'living in a goldfish bowl', 'being constantly in the public eye' and 'the challenge of making tough decisions with only limited information'.

Several senior executives and HR leaders talked about the world of transparency, and instant and viral social media commentary on what you do:

> *Our impact as an organisation has repercussions in an interconnected world of increasing transparency.*
>
> Interviewed HR director

One head of leadership development talked about 'the pressure of being in the public eye for all senior leaders' and referred to the recent examples of Apple and its tax avoidance, Sports Direct and its pay and employment conditions, and BHS and how it was sold.

Leaders and leadership teams are constantly faced with complex moral and ethical dilemmas and many of these cannot be resolved within their current frame of thinking or, as Margaret Heffernan points out, by recourse to legal guidance, since: 'The law will change much slower than technology' (2014). With the combination of the speed of technological change, the growing breadth of stakeholders that have an interest in your business, and the speed of social media and viral news, there is a growing gap between what is legal and what you might regret doing if and when it is exposed to all your stakeholders. You can no longer control your public relations and so you need to be prepared for anything you do going public in a socially contagious manner.

Michael Carroll (2012) defines ethical maturity as:

> *Having the reflective, rational and emotional capacity to decide what actions are right and/or wrong, having the courage to do it and being publicly accountable for my decision.*

A very good starting place for considering the ethical dimensions of any leadership decision is to ask in the board room or executive team: How will this be seen by our customers and stakeholders when our systems are hacked into or the news gets out?

What is clear is that all leadership development needs to include developing the ethical maturity of leaders and collective leadership. This can be done on programmes through the active exploration of complex ethical dilemmas, and live with leadership teams through systemic team coaching (Hawkins, 2017a). The coach asks the executive team or board of the company to pause and consider the decision they are about to make; they take the perspectives of various key stakeholder groups, such as investors, customers, communities in which the business operates, the press, regulators, the natural environment and from the point of view of future exposés.

3i. Creating successful partnerships and networks

In Section 2c we showed how the world increasingly required all organisations to work in partnership with their customers, suppliers, investors, local communities and a range of other complex stakeholders. This requires much greater leadership capability in the areas of partnering and networking, as well as a shift in how we partner, in order to move from transactional bartering to collaborative partnering. The need is to co-create partnerships that don't just eliminate duplication and

inefficiencies but can collectively sense the future needs and generatively co-create collective responses that would otherwise not be achieved by the parties working individually.

> *Too many people think in terms of trade-offs that if you do something which is good for you, then it must be bad for someone else. That's not right and it comes from old thinking about the way the world works... We have to snap out of that old thinking and move to a new model.*
>
> Paul Polman, CEO, Unilever

Partnering needs to start by asking: 'Who and what do we collectively serve?' and 'What can we achieve together that we cannot achieve by working in parallel?'

An HR director spoke about the urgent need to develop the capability of all their leaders to partner collaboratively and orchestrate networks across the business ecosystem.

> *Our challenge is how can we enrich the capacity of our leaders at many different levels across our organisation in a way that enriches the relational connectedness of our leaders across organisational boundaries with different stakeholders in the communities we serve, in so doing enriching the way the leaders perceive the world and their sense of place and purpose within it.*

This echoes the question of the mining CEO in Section 2d.

3j. Integrating the future leadership tipping points

Together these emerging tipping points point to a very different kind of leadership – what we are calling 3x3 Leadership.

3x3 Leadership provides a simple grid encouraging leaders to collectively focus on three leadership tasks across the three time horizons discussed in Section 3d. The first task is to give direction to all parts of the organisation, renewing the organisations purpose, setting the strategic priorities and establishing the objectives and key results. The second task is to orchestrate, engage and align all aspects of the business so the whole is more than the sum of the parts. The third task is to network to build collaborative partnerships across all aspects of their business ecosystem.

Spatial \ Temporal	1. Today	2. Innovating tomorrow	3. Co-evolving in relation to the merging future
1. Renewing purpose, strategic priorities, objectives and key results	A	D	G
2. Aligning and engaging all aspects of the business	B	E	H
3. Orchestrating the business ecosystem	C	F	I

4 The necessary revolution in today's leadership development

4a. What is no longer fit for purpose in today's leadership development

Leader development is defined as the 'expansion of a person's capacity to be effective in leadership roles and processes' as opposed to leadership development, 'defined as the expansion of a group's capacity to produce direction, alignment and commitment' (McCauley, Van Veslor & Ruderman, 2010). Most CEOs do not think they have adequate and effective leadership development to meet their organisation's future challenges, and many think they are suffering today because of the lack of the right leadership. 'Around 30 percent of US companies admit that they have failed to exploit their international business opportunities fully because they lack enough leaders with the right capabilities' (Ghemawat, 2012). This is despite the fact that the leadership development industry is both booming and growing. 'US companies alone spend almost $14 billion annually on leadership development' and 'the cost of customized leadership-development offerings from a top business school can reach $150,000 a person' (Gurdjian, Halbeisen & Lane, 2014).

When over 500 executives were asked to rank their top three human capital priorities, leadership development was included as both a current and a future priority. Almost two-thirds of the respondents identified leadership development as their number-one concern (McKinsey, 2012).

Most CEOs we interviewed were not satisfied with the current leadership development processes and programmes in their own companies. Among the HR directors, our research discovered a sharp divide in the view of current leadership development. Some were, what I have termed, instrumentalists, they saw leadership development in their companies as doing good, but needing some improvement. At the other end were a few 'innovative radicals' HR directors who argued:

> 'The challenge is not the people that report to you – but all the others you need to get on side.'

> 'The notion of leadership competencies is fool's gold. They are measuring the wrong things.'

> 'Our leadership frameworks are still based on industrial age thinking.'

> 'Most of the leadership assessment frameworks need to be thrown out of the window.'

The millennials were predominantly critical of the leadership development programmes they were being offered:

> 'Leadership development is too backward looking – it needs to bring in more futuristic viewpoints and trends.'

> 'MBA is too rigid whereas just learning from experience not structured enough and I am wanting something that transcends this polarity.'

One millennial interviewee was critical about how the expensive MBA he was on focused far too much on past knowledge, which has a limited shelf-life and can be gleaned from the internet.

By the time I finish an MBA the learning will be out of date, and I will be exhausted from a 24/7 job, young family and late night studying.

Most millennials wanted leadership development that was much more bespoke and personally tailored, while at the same time diverse; they wanted learning in cohorts that were a lot more diverse regarding levels in the hierarchy, functions, countries and cultures. Some argued for much more involvement of stakeholders in the training.

There has been a good deal of analysis of what is wrong with leadership development from many eminent writers, thought leaders and academics, including John Adair, John Elkington, Nick Petrie (2014a and 2014b) and many others. Barbara Kellerman's eloquent 2012 study The End of Leadership headlines with:

Leaders of every sort are in disrepute; we don't have much better an idea of how to grow good leaders, or of how to stop or at least slow bad leaders, than we did a hundred or even a thousand years ago… the leadership industry has not in any major, meaningful, measurable way improved the human condition.

The leadership industry has not in any major, meaningful, measurable way improved the human condition.

Nearly all the thought leaders were also highly critical, with some pointing out that we are still operating a twentieth century industrial-age leadership development paradigm and approach, which sees leadership as:

- residing in roles at the top of organisations and the province of the privilege
- residing in individual leaders rather than a relational process
- individual and not contextual

and leadership development as:

- starting with the assessment of individual leadership competencies, often based on what made yesterday's leaders successful, in a quasi-scientific approach and then developing individual's skills and behaviour
- the removal of individuals from their context and sending them on programmes to learn new models, theories, tools and techniques

In 2012, Henley Business School's Centre for HR Excellence undertook some research on what was wrong with leadership development and what could be done about it (Boston & Holley, 2013). This involved some large collaborative inquiry events in 2013, with many people active inside and outside organisations in the field of leadership and organisational development, including many HR directors. From the research it emerged that leadership development was currently:

- over-focused on providing individual development for those in the most senior roles and not focused enough on collective leadership and the leaders of the future
- spending too long on skills and knowledge and not enough time on shifting mindsets
- not evaluated in terms of the impact it has on creating value for the organisation and its stakeholders
- not aligned enough to the strategic agenda of the organisation

The third issue from this research, that of inadequate evaluation, was strongly echoed in the research process for the current study. It was striking that when asked how they evaluate their investment in leadership development and its effectiveness, nearly all chief executives had responses such as: 'I have no idea', 'you better ask my HR director', 'I am not sure if it is possible – you tell me?'

However, most HR and leadership development directors gave some sort of explanation, but this rarely went beyond participant satisfaction, subsequent 360-degree feedback and speed of next promotion. In Section 5e we make some suggestions on how evaluation can be taken forward, for without robust evaluation we would not have the feedback to help us constantly innovate and improve leadership development in practice.

5 What is needed – new approaches for new times

5a. From leader to leadership to relational collaboration in achieving a collective purpose

As companies become hollowed-out, fast changing, less hierarchical, embracing of greater diversity, and needing to partner across their business ecosystem, the very nature of how we think about, select and develop leaders needs to change.

Increasingly, the leadership literature has moved over time:

The first turn from 1945 to 1970, was from a trait approach based on so-called great leaders – **a competency based approach of leader attributes** that can be developed and learnt. The second turn prevalent in the 1970s was to see **leadership as contextual**, and needing to be different depending on the situation, the relationship and the complexity of the challenge. This was followed by the **transformational turn**, which emphasised that leadership's core task was to formulate, communicate and orchestrate the transformation of the organisation into what was required for the future. In the nineties came **the 'relational turn', recognising that leadership always takes place through relationships** and requires leaders and followers. Then at the turn of the millennium came the understanding that leadership was not just for senior roles in organisations, but needed to be **distributed at all levels** in organisations and this required high levels of engagement and empowerment. In the last twenty years, there has been an increasing recognition that we need to move from focusing on individual heroic leaders to collective leadership and the need for collaborative leadership teams that are more than the sum of their parts – what I describe as **the 'collective turn'**. In the last few years I believe we have come to engage with the **'purposive turn'** that recognises that leadership is a complex relational phenomenon that involves, at a minimum: a leader, followers and a shared challenge or purpose that requires collaboration. This last turn was highlighted by our research (see Section 3c), and in the quote from one CFO:

> *Purpose replaces strategy in many ways… People won't be saying, 'What's the plan we're following?' They'll be saying, 'What's the purpose? What's the thing that guides me?*

This journey means that we must distinguish between executive leader development and leadership development. The former is individual development of people in senior roles, the latter is the development of collective collaborative leadership. Leader development is focused on increasing human capital, whereas leadership development is focused on increasing social capital.

However, most of the literature on leadership development is still referring to leader development and the terms are used interchangeably by many of those interviewed, the leadership development industry and most of the popular literature.

It has become increasingly clear throughout this research that leadership does not exist outside of multi-person relationships, and therefore leadership does not reside inside individual leaders. Once this is understood, it challenges much of the current practice in leadership development, including: competency frameworks, assessment centres, and leadership programmes centred on individuals out of relationship and out of context.

It points to the need, stressed by so many of the leaders and HR directors we interviewed, for leadership development to be designed in partnership with the organisations, developing not just their senior individuals, but also their collective leadership culture, using current and future-based challenges, working across functional siloes and geographical territories and involving stakeholder groups.

5b. Focus on leader maturity development, then follow with behaviour and skills

If we are to make sense of this new century of ours, we must buckle up and breakthrough, evolving new technologies, new business models, and, most fundamentally of all new mind-sets.

John Elkington, sustainable business thought leader

In times of turmoil, the danger lies not in the turmoil, but in facing it with yesterday's logic.

Peter Drucker, business management specialist

Many in business are now realising that we need a quite different logic to deal with today's and tomorrow's challenges than the logic of yesterday. Yesterday's logic is one that sets humans apart from each other, where life is viewed through the lens of competition, control, trade-offs and separateness and rationalism. It is this flawed logic that is at the heart of all our crises – world poverty, climate change, biodiversity loss, social inequality, wars, etc.

Giles Hutchins, thought leader

The most important task today is perhaps to learn to think in a new way.

Gregory Bateson, anthropologist, cyberneticist and systemic thinker

As our business contexts transform so too do our ways of thinking about, relating to and seeing the world need to transform. For too long we have focused leadership development on adding more content to the human system, rather than on how we can upgrade – or re-design – the operating model. Leadership development courses have been filled with new tools, techniques and models. Even the more experiential and action learning approaches, have focussed on developing new behaviours while leaving the habitual mindset and prevalent worldview unchanged. Much of this has led to putting new wine into old bottles, limiting the shelf-life of the learning, as the power of the new content is degraded and reduced by old habits and ways of thinking.

As the level of organisational complexity has exponentially increased through globalisation and digitalisation, what has been most critical for leaders is to be able to learn to think (and relate) in new ways. Many of the CEOs interviewed spoke about the need to 'constantly reinvent yourself', discover 'new ways of thinking', and thought leaders talked about how this is achieved by 'confounding your current ways of thinking' so that we 'open up to our emerging future with new eyes'.

Our leaders need assistance in learning to transform their own and their teams' mindsets, patterns of behaviour and worldview beyond yesterday's action-logic.

The last few decades have born witness to the general application of a number of developmental psychology models for organisational leadership: Torbert's (2004) action logic levels of consciousness applied to business leaders; Gebster's Integralism (see Feuerstein, 1987), Wilber's (1996) Integral Theory, Beck and Cowan's (2005) Spiral Dynamics; and the recent study by Barrett (2010) about the seven levels of consciousness for leaders and organisations.

Essentially, it seems adults develop vertically through stages of adult development, growing their capacity for cognitive and ethical complexity – the capacity to hold, in dynamic relationship, conflicting perspectives, ideas and beliefs, and to integrate them successfully. We can progress from operating out of self-interest, to conformity with social norms and rules, to a more utilitarian concept of serving the greatest benefit, to finally embracing self-reflexivity and systemic and ethical complexity while engaging diversity and differing world views.

Many developmental psychologists agree that what differentiates leaders is shown by their preferred ways of acting under severe pressure or challenge. This often reveals their perception and interpretation of the situations they find themselves in. Their specific mode of responding to these pressures constitutes their internal 'action logic', and this is what discriminates between different types of leaders. Bill Torbert (2004) emphasises how important it is for a leader to understand his or her own action logic and then explore how he or she can change it, through what he calls 'a voyage of personal understanding and development'. Such a journey not only transforms the capacity of the individual, but can also transform the capacity of an organisation. Torbert's research with thousands of executives shows the positive impact of understanding their own action logic on their ability to lead. The research, conducted over 25 years, indicates that levels of corporate and individual performance vary significantly according to the prevailing range of action logics preferred by these leaders.

As one forward-thinking HR director from a global manufacturing organisation noted,

> *This is about our leaders helping create environments where people feel they are on an unfolding journey of exploration rather than climbing a career ladder; where the people know the leader genuinely encourages us to bring our whole selves to work.*

Another HR director told the story of how: 'We are starting to shift our culture – but this requires more than shifting the capacity and competencies of our leaders, it requires shifting their worldview.'

5c. Joining up informal and formal – co-creating the personalised leadership journey

> *We have been talking about 70:20:10 for several years, but we still need to find more sophisticated ways of integrating the formal and informal aspects of leadership development.*
>
> Interviewed head of leadership development for a global company

The 70:20:10 principle (Lombardo & Eichinger, 1996) mentioned by many of the people interviewed, is the notion that 70 percent of learning takes place on the job, only 10 percent on formal courses and 20 percent by reflective and application practices that connect the formal and informal learning. The application practices can be: planning to handle your team meetings in new ways, rehearsing how you are going to do a major presentation, using a new approach, or sharing your learning with colleagues and exploring with them how to apply it to a joint challenge. The reflective practices can be a mixture of: coaching, mentoring, journaling, 'time-outs' in meetings to review the process, 'after-action reviews' to harvest the learning from major projects or presentations, and learning reviews with a more senior colleague (see Hawkins, 2017a: Chapter 6).

Many companies have invested in creating sophisticated e-enabled programmes that all individuals can use to help them manage their careers and also their leadership

development journey. But a number of companies reported that the uptake in the use of these was disappointingly low. When this was further questioned, the answers varied from: 'Executives just don't have the time.' 'urgent emails always take precedence', 'they spend so much time on their computers, many people prefer their learning to be through human interaction.'

What has become clear is that the old linear learning methodologies, even those based on action learning cycles developed by Kolb (1984) and Revans (1980) and others, are no longer fit for purpose in the fast paced, volatile and unpredictable world in which organisations operate today. These approaches, which are still wide-spread, saw the learning cycle as:

- Acquiring new thinking and skills on courses

- Working out how to apply this to your current work situation

- Applying it

- Reflecting on what worked and what didn't

- Building this into new thinking and models

- …and then back around the cycle

So if a mixture of 70:20:10, Kolb learning cycles and e-enabled learning approaches are useful but not sufficient, what else is needed?

From this research, as well as from many years of other research – on the learning organisation, creating a coaching culture (Hawkins, 2012) and leadership development (Hawkins & Smith, 2013), leadership team coaching and developing collective transformational leadership (Hawkins, 2017a) – we have gleaned three new principles for creating continuous leadership learning through a blended approach.

1. **Base your leadership development in the real work of the organisation: Connect leadership development and organisational development**

    Our leadership development and organisational development are currently separate functions; we need to connect them and ensure they each fuel and drive each other.

    Interviewed HR director

Rather than take individual leaders away from work to do leadership development, we can reverse this and take leadership development support, processes and inputs to the collective leadership in the midst of their most important work. One CEO talked about bringing in a systemic team coach and a futurist to their board and executive team strategy event:

> *I wanted to not only improve our strategy, but also the way we co-created it together and to shift our thinking from our current bubble to a bigger horizon… Not only did I feel good about the strategy we produced but also how our teamwork and every team member's thinking had moved on.*

A global HR director of a finance company described how they had set up a five-day, e-enabled hackathon taken for their best and brightest future leaders, where they could work intensively on major future challenges facing the company. This work involved: working with a diverse team, drawn from different functions, countries and cultures; future scenario planning and other foresight strategy techniques; bench-marking and researching what was done elsewhere; e-consulting different experts and practitioners across the company, fast prototyping new ways forward and upgrading following fast-feedback.

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2.   From agreement to commitment: embodied change

From earlier research in coaching (Hawkins, 2012; Hawkins & Smith, 2013), we discovered that coaching was relying far too much on insight and good intentions to create change in the coachee's behaviour and leadership. Despite new understanding and an action plan to apply it, so often the good intentions quickly become submerged by a mixture of the pressures of urgent work, the culture norms of the organisation and the need to conform, and the strength of old habits. We came up with the conclusion that if the change does not start to happen in the learning space, it will not happen back at work. Insight and good intention are cerebral, neocortex activities and we have become increasingly convinced that learning and change that involves new behaviours and ways of relating is always embodied. We can agree with words and thinking, but commitment involves the body.

This means that all leadership programmes, coaching and mentoring need to spend less time theorising and agreeing what needs to be done and move quickly into trying it out – fast-forward rehearsals and fast prototyping of new leadership behaviour with immediate feedback and second (and possibly third) rehearsals or experiments. Fast-forward rehearsals and action prototyping can also be incorporated in leadership team meetings (Hawkins, 2017a).

3.   Connecting rituals: new habits

Michael Puett in his best-selling book The Path (2016) on Chinese philosophy and its application to living and learning today wrote:

> It is self-cultivation alone that enables us to exceed what we thought we were while remaining fully human.
>
> Puett and Gross-Loh, 2016: 181

He shows how Confucius, 2,500 years ago, thought that change comes from 'acting as-if' and practising new rituals daily to change old habits. Our much-practised old habits, are wired into our neural pathways, engrained in our bodies and connected into our cultural habitats. They fit comfortably inside and out. To change them we need strong new rituals and routines.

One chief executive spoke to me about when he was first elected chairman of a region within one of the Big Four professional services firm. Every day he would keep two scores: one of how many people he had met that day and the other of how many he thought he had inspired and motivated to do more than they previously had thought possible. He would then look at the gap between the two scores and ask himself what he could try differently the next day to inspire and motivate a higher percentage. Nelson Mandela, in his many years in prison, had his own daily routine of reviewing his day and his interactions with others and asking himself how kind and helpful he had been.

A number of executives interviewed also spoke about the benefits they got from simple mindfulness practices they had been taught and could do at their desk, or stuck in traffic jams. Others talked about introducing new rituals into their team meetings, such as: starting with a personal check-in, calling a time-out to step back and review the process half-way through the meeting, rehearsing how each person will communicate the decision to others. One ex-CEO in a professional services firm talked about how he could always recognise the partners who had been on the 'partner survival programme' on physical resilience and well-being, because they would have a jug of water and a bowl of fruit on their desk. These were their new daily healthy routines. He commented: 'we need the equivalent new routine for their mental and relational well-being.'

5d. Agile design thinking and inquiry

Many of the HR and leadership development executives interviewed talked about the need for new agile design thinking and ongoing inquiry within leadership development. Some of the elements of this have been covered in other sections. To summarise these here, we would suggest that leadership development needs to be designed on the following design principles:

1. Involve today's and tomorrow's leaders in the design process, as well as key stakeholders.

2. Focus on developing leadership not just leaders.

3. Developing leadership needs to focus on the interplay between leaders, follower and the collective purpose, goal or endeavour that they can only achieve through collaboration.

4. It is a life-long journey, not a series of events.

5. Our individual leadership development journeys need to be: personalised and bespoke, co-created between us and our organisation, regularly reviewed and adapted and providing new stretch opportunities.

6. It is fuelled by real-life challenges that shake our assumptions and stretch our capacities and develop capabilities in new areas.

7. It requires a blend of 'immersive experiences', collective activity, periods of retreat and reflection, and new habits and routines that can be built into daily practice.

8. It requires the cultivation of an improvisational exploratory mindset that can be cultivated through embracing our other ways of knowing beyond the rational mind (for instance, emotional intelligence, the intuitive mind, somatic awareness, presencing and learning to be in flow) (Hutchins, 2014; Scharmer & Kaufer, 2013).

9. Apply the lean agile design processes to co-creating new forms of leadership development.

5e. Evaluation

In Section 4 we showed how there was a highlighted gap between what HR and L&D leaders thought they were doing to evaluate leadership development and the lack of impact this was having on CEOs and senior executives. When we explored with both HR leaders and thought leaders what could be done about this, several rich avenues for developing the rigour and systemic aspects of evaluation emerged. Three key aspects are described below.

1. **Evaluate not just separate elements of the leadership development programme (e.g. programmes, coaching, e-tools), but the blended aspects of the whole leadership journey.**

One leadership development executive pointed out that: 'there is a great deal of interesting stuff emerging in HR analytics, including tools that log lots of responses to a variety of areas, which means that we can more easily do more complex and more thorough evaluation.'

2. **Moving evaluation from input, to output, to outcome and, finally, to value creation.**

A number of the companies interviewed stopped their evaluation at measuring the perceived quality of the input, through scored feedback by the participants on the programmes on the presenters, coaches etc. This emphasis was due to the pressure on HR to evaluate their outsourced suppliers and justify spend.

Many companies stopped their evaluation at the output level, asking participants to show what they had learnt and carrying out a before and after, 360-degree feedback on how the perception of the leader had changed, in the eyes of their boss, colleagues and from direct reports.

A few companies also measured outcome by evaluating the change in the performance of the leader from prior to the development to afterwards, including how quickly they were promoted to a higher level of leadership, and also their subsequent retention in the company.

No participating organisation was evaluating in any meaningful way, the change in the value created by the leader for all their stakeholders, within and outside the organisation (see Section 3c).

To evaluate in any meaningful way, the return on investment in leadership development, we would argue that it is necessary to include all four levels of evaluation: input, output, outcome and value creation.

3. **Evaluating impact on leadership culture and collective leadership**

The above two recommendations, while taking forward the rigour and value of evaluation, still are focussing on 'leader development', not 'leadership development' (see Sections 3b and 5a).

Evaluating the impact of development on collective leadership and the leadership culture requires starting by working with strategic foresight (Lustig, 2015) on future trends and possible scenarios, and by ascertaining the collective leadership and leadership culture that will be required. Then, it is necessary to carry out a gap analysis between that and what is currently in the company. This then sets change goals that can be evaluated. Ways of doing this include: culture evaluation tools, stakeholder descriptor analysis (Hawkins, 2012), and working out the percentage of leaders operating at different levels of leadership maturity. One professional services firm recognised that to deal with the growing complexity, diversity and speed of change, both in their organisation and marketplace, they needed far more of their partners to be at the levels defined by Torbert (2004) as 'achiever' and 'strategist' than they had currently. This informed both the design of their leadership development and also provided ways of measuring collective leadership change.

One HR director also pointed out that 'network analysis' that looks at the influencing flows and hubs in an organisation could also be a useful addition to evaluation.

Author Chris Johnstone, provided a more challenging view of evaluation:

> *the people who can really evaluate are the people who will live in 2035. What left-field views now might be valued by our grandchildren? We need to hold a larger view of time.*

Many leaders would find this too long a time to wait, but Johnstone also said:

> *You can start now, with imagination. What if you had a conversation with your great-great grandchild and explained what you did in your business. How you feel about the world you have left them. What leadership development have you undertaken that has made a real difference to the net benefit you have created for the world.*

There is clearly a lot to be done in this area and a need to share best practice as it emerges. (See Section 6f).

6 Green shoots – seven places where the future leadership development is already sprouting

6a. Integrating organisational and individual learning

Many companies pointed to new technology systems for integrating knowledge management, individual learning pathways, and organisational learning. One example is the World Bank, who said:

> *Our learning management system enables us to link learning activities to annual learning plans and learning road maps based on the bank's business and strategic objectives. This is a critical building block to continuously leverage the bank's effectiveness in the fight against poverty.*

Their learning management system joins up: a) all individuals having personalised learning pathways which are updated annually, and can be linked to b) learning activities, which may be articles, videos, training packages, simulation or workshops that individuals can either e-access or attend, and c) learning road maps which identify the skills and knowledge requirements at the individual role, team and unit levels, and articulate how these can be supported through the learning activities.

When a local team is struggling, they can then ascertain ways of either filling in the lacking skills and knowledge through the development of the people there, or identify individuals with the right skills and knowledge that can be added to the team.

We need to go further than just integrating the leadership development and organisational development functions within companies by integrating both these development groups with the organisation's strategy function, so that the way we co-create, communicate and execute strategy is a rich organisational and individual learning process – one that grows the collective capacity to anticipate and agilely respond to the emerging future challenges.

6b. Challenge-based leadership development

To create leadership development that creates both vertical and horizontal development, it needs to be 'challenge-based' – that is, starting not by teaching what we already know how to do, but starting with emergent organisational challenges or 'wicked issues' that no individual can solve by themselves. It's even better to have challenges that everyone recognises as important, but which cannot be addressed or resolved within our current way of thinking.

Examples of applying such thinking to leadership development can be found in the example of the finance company (mentioned in Section 5c) organising a 'hackathon' for their millennial future leaders to work on a major challenge for the bank.

Michael Schrage at The Martin Trust Centre for MIT Entrepreneurship has developed the '5x5x5x5':

> *The idea is fairly simple and straightforward. A company looking to drive breakthroughs in a particular area sets up five teams of five people and gives each team five days to come up with a portfolio of five business experiments that should take no longer than five weeks to run and cost no more than five thousand dollars*

We need to go further than just integrating the leadership development and organisational development functions within companies by integrating both these development groups with the organisation's strategy function.

each to conduct. These teams are fully aware that they are competing with their colleagues to come up with the best portfolios to present to their bosses, perhaps winning the chance to implement the best performing concept.

Schrage quoted in Diamandis & Kotler, 2014: 235

Although this is designed for innovation, the team members are learning to work in diverse multi-disciplinary teams, engage with stakeholders in both defining the problems and prototyping the solutions, and manage change.

Another version of Challenge-based development can be seen in the Bath Consultancy Group/Ernst & Young description of developing leadership training for the partners at EY in UK, South Africa and India (Hawkins & Wright, 2009).

Another organisation asked me to help it develop its 'leaders of tomorrow'. I asked its top team to shortlist its top organisational challenges that would come over the horizon in the next five years but that it lacked the headspace or time to fully address. I then asked them to choose five from their shortlist to be the core challenge for five cross-functional challenge teams, which were made up of 'future leaders'. Each team was mentored by a different member of the executive team and supported by a change team coach. The coach's primary role was to facilitate the enabling condition that would hold the team in exploring the challenge. The coach would assist in bringing in different and varied systemic perspectives and expertise. They would then facilitate generative dialogue within the team, in a way that avoided creating simplistic solutions within their current frame of thinking, and ensuring that the challenge and complexity created the necessary heat to forge new collective thinking. This coach would also introduce useful frameworks and tools as was helpful at various stages in the process.

6c. Deep immersion development

An extension of challenge-based leadership developed is development programmes that involve deep immersion in a very different culture and setting to the one you are used to. We talked to Simon Hampel, one of the partners at Leaders' Quest (leadersquest.org). Leaders' Quest specialises in taking groups of leaders or intact teams to very different parts of the world and engaging them in solving a social or community challenge in partnership with the local people (see also Levin, 2013).

Henley Business School also uses this approach, taking groups of MBA students to work with NGOs in townships in South Africa.

This form of training 'takes leaders out of their bubble', 'provides the existential rattle' and the 'confounding and paradoxical situations' that accelerate the development of leadership and ethical maturity, transcultural capacity, increased empathy and the ability to partner across difference.

6d. Developing intact teams and systemic team coaching

The growing recognition that leadership is becoming a more collective rather than an individual activity has led many of the companies that were interviewed to talk about how their development activities focus on **'developing intact teams while they are doing real work'** – this can be boards, executive teams, operational teams or project teams, rather than sending individuals away for leader development programmes.

Leaders can learn best when working together on real current and future issues

…said one HR leader, but then added:

> *they need [a] skilled team coach to help them regularly stand back and reflect on their process, learn new ways of thinking and doing and experiment with new behaviour and approaches to collective leadership.*

The last five years have seen a significant growth in systemic team coaching (Hawkins, 2011a, 2014a, 2014b and 2017a; Wageman et al, 2008; Ridler Report, 2016; Henley Business School, 2016) and in innovative ways of incorporating just-in-time learning into the executive team's core work. However, the use of systemic team coaching for other types of teams and partnerships is only just beginning (see Hawkins, 2017a: Chapter 10). Many HR and learning and development directors emphasised the growth of different forms of temporary teams:

> *We are seeing the rise of small agile teams with greater fluidity that form and disband, self-organise, are multi located, multi-generational, and need to establish trust and relationships fast and effectively.*
>
> Interviewed global head of L&D and OD

Leadership development team based organisations are simultaneously developing: leaders, the relationships between them, the collective leadership culture and capacity and the capability to partner and orchestrate across the business ecosystem (see Section 3i).

Programmes of developing collective leadership through intact teams also need mechanisms to enable learning and development between teams, to create what General McChrystal calls a 'team of teams' (McCrystal et al, 2015). Also, leadership learning needs to be built into partnerships and networks, as these increasingly become central aspects of organising (see Hawkins, 2017a: Chapter 10).

6e. Secondments and peer consulting

The need for leaders to have greater systemic awareness, flexibility and the ability to partner, is being addressed by a number of companies we talked to by the innovative use of secondments, not only to different parts of the organisation, but also into other organisations in the company's business ecosystem. Thermo Fisher, a US bio-tech company with a large, growing business in China, has a successful 'China–US exchange programme' where young leaders from both sides take new thinking into a very different cultural context.

Some companies were also using small group peer consultancy, where groups of between two and six young leaders were given an issue in another part of the business and would be seconded into it for between a week and three months, not only to recommend but also to implement changes, working in partnership with the local leadership. They reported learning a wide range of useful skills in partnering, team work, leading change and strategic thinking.

6f. Shadowing

We discovered a number of senior teams were developing one or two of their brightest young future leaders by having them shadow the senior team and do a period as an executive assistant working with the leadership group. Ismail (2014: 208) expands on this idea, when he says:

> *Find the smartest 25 year olds in their organisations and have them shadow leadership positions to help close the generational and technological gaps, accelerate their learning curve in management and provide reverse mentorship.*

One company had gone further and had set up a shadow board of young leaders, drawn from across the organisation, who worked parallel to the board, addressing most of the issues they had on their current agenda and generating different thinking.

6g. Self-system awareness – developing agility, resilience, capacity and consciousness

> *Start by journaling, self-reflecting, giving and receiving feedback. Deepening our listening, trust and compassion as leaders.*
> Interviewed CEO

Many companies stressed the importance of tomorrow's leaders being highly self-aware, having great EQ, and highly developed system awareness, as well as being healthy and resilient. They were focusing more of their leadership development efforts on such areas as: growing individual self-awareness through feedback and coaching; training in mindfulness and compassion; well-being workshops; and supporting them in the midst of being thrown into new challenges.

Some highlighted that for this not to become 'expensive personal development for the already highly privileged', self-awareness needed to be linked to greater 'other-awareness' and systemic awareness. This was summed up by Giles Hutchins:

> *Rather than leaders being 'outside' the system, affecting change upon the system, or learning through courses separate from day-to-day working life, we require leaders who learn, practice and embody making change within the system, being systemically sensitive and self-aware of the ever-changing nature of their participatory impact.*

The leader of tomorrow needs to be able to combine self-insight, foresight of future trends and system awareness, in a way that appreciates how they are all integrated.

7 Recommendations – immediate steps we can all take to make a difference

Forms of business education and training must now rise to the challenge.
John Elkington

7a. Leaders

Realise that your leadership development journey never stops, even though it may constantly change.

Build your development as a parallel track running alongside your daily work as a leader, so you are a 'constant leader learner'.

Take on board that you are one of the most important elements of the leadership development of the other leaders that are around you and reporting to you. They need you to be a role model for how to both lead and learn. They need you to make your team a 'learning team', and be a team coach and orchestrator, not just a team manager or team leader (Hawkins, 2017a: Chapter 12). They need you to be invested in their development, to coach and mentor them and regularly sit down and help them design their own leadership journey.

7b. HR and leadership development

Start your thinking about leadership development 'future-back and outside-in' – that is, by asking, in dialogue with the executive team and board, What is our collective purpose?; What will the organisation's future stakeholders need from this organisation?; What will that require from future leadership? Only then ask, what does that require our collective leadership to learn and develop today to be future-fit?

Realise that leadership development is not the same as developing leaders, and requires developing the leadership culture and leadership teams.

Involve the future leaders, current executives and organisation stakeholders in the design, delivery and evaluation of the programme.

Role-model innovation by how you innovate and co-create the leadership development journey and processes using creative, agile and lean design processes. Discover what new approaches are working elsewhere in the world and share what you come up with.

Integrate your leadership development with your organisational development and strategy functions so these three engines work together to get transformation and development running faster.

7c. Business schools

The time has come for all business schools to fundamentally rethink their role in the world.

Business schools mostly came into being in the post-Second World War industrial boom, with a great need for managers and leaders in large corporations and government departments to learn basic management and leadership skills. This was the time of managers going on programmes for several months, with plenty of time to study and reflect, and develop their personal effectiveness. The world was smaller

> Integrate your leadership development with your organisational development and strategy functions so these three engines work together to get transformation and development running faster. Integrate your leadership development with your organisational development and strategy functions so these three engines work together to get transformation and development running faster.

and simpler. The global population has more than trebled since Henley Business School was first formed 70 years ago; an unprecedented growth in one generation of human history. Knowledge and information, once in short supply, has been liberated and commoditised by the internet and has become an overwhelming tsunami.

It is clear from this research that much of what business schools are doing is still based on an industrial-age approach of developing the knowledge and competencies of individuals, rather than accelerating the beneficial impact of collective leadership at the pace that it is needed. Several CEOs argued that at business schools' 'management science, leadership science, organisational science and economic science needs to shift – more fundamentally and more rapidly.'

One head of leadership development interviewed said:

> *Business schools are too textbook focused and case study orientated [with] emphasis on knowledge from the past, but the best ones are already changing and being much more innovative.*

However, she went on to explain how to create integrated leadership development: HR departments are having to buy different elements from different providers – knowledge inputs from business schools, assessment from selection companies, coaching and team coaching from different providers, and immersive learning from leadership development consultancies – leaving them having to integrate it into a meaningful, whole process, as well as spend lots of time assessing providers!

However, there is still an important place for business schools and the areas that most emerged from the research were:

1. In partnering organisations and interconnected groups of organisations **in designing, orchestrating and enabling bespoke, embedded individual and collective executive development.** This development is: based on real future-back and outside-in company challenges; context specific; supported by a blended approach using coaching and mentoring, facilitated cross-functional challenge groups and real-time strategizing.

2. **As centres for executive retreat/advance.** Places that allow executives to step back and deeply reconnect with:

   a. themselves, their thinking, emotions, body, spirit, soul and purpose

   b. their network of necessary collaborators in deep peer-to-peer generative dialogues

   c. their global stakeholders and all those they do and could serve

   d. the 'more than human world' of the biosphere – how we learn from it, are nurtured by it, dependent upon it and need to find a new inter-relationship with it

3. **In developing leadership programmes that are neither 'open' nor 'bespoke' but focused on a business ecosystem.**
   One experienced global CEO who had been involved in many leadership programmes, spoke of the weaknesses of open programmes that were too generic, and of bespoke programmes that were too insular. 'I think the gap is about sensing and acting in relationship with the broader industry, learning from and with other organisations... Where is the inter-company learning experience that we can only get through networking leadership development in the wider ecosystem, that involves our clients and suppliers?'

4. **As places for bringing together diverse groups to address the major challenges facing our world in the twenty-first century.** Enabling these groups/networks to have true intellectual exchange – not of 'pre-cooked' thoughts, but consisting of generative dialogues, enabled and supported by:

   a. expert convenors and facilitators

   b. latest action research methodology including such approaches as appreciative inquiry, world café, real-time strategising, strategic foresight, systemic team coaching etc

   c. the technological support to carry out innovation jams and hackathons, inquiring and networking emergent thinking with the network on the world wide web, fast prototyping and sharing of new trialled approaches

   d. a conducive setting embracing the natural world

5. **In creating new forms of instant multidimensional feedback.** Many leaders commented on how the 360 and peer feedback they had received while on their leadership development or MBA programme was one of the most valuable pieces of learning. However, they said that in today's world of instant feedback (such as wearable technology that tracks your health or Trip Advisor recommendations on travel destination) there is a need for a more constant feedback loop for all leaders. Business schools should be partnering with technology innovators to produce the right app.

6. **Alumni networking.** Another much valued part of leadership and MBA programmes was peer action-learning on current critical issues, and several leaders felt they needed this to be continued within the alumni network.

7. **'Leadership feed'.** As noted above, there is more to learn but less time to access the learning. Some busy senior leaders suggested the development of a leadership feed, like the customised 'news feeds' or updates on your sports interests that you receive. 'Short, practical, impactful content, written and video,' that makes you want to 'dip in again and again', but also leadership feeds that connect you to a network of leaders in other businesses.

Our major recommendation to business schools is that they fundamentally change their strategy debate from how they can climb the international league tables and increase their turnover, and to start a wide-ranging, strategising conversation about the fundamental purpose and role of business schools – 'what can you uniquely do that the world of tomorrow needs?' They should include in this process the diversity of their stakeholders, including millennial leaders of tomorrow, and many of the groups mentioned in the next section. Business schools have a great opportunity to make a much greater contribution to the wider society and planet, but this requires a fundamental revisioning of their purpose.

7d. Leadership development industry

Be aware that we are all part of a very large, fast-growing industry, which will come under increasing scrutiny and which already faces a lot of criticism.

Many HR directors commented on how: 'currently the sector is very fragmented and expecting the buyer to do the assembly and integration'. The sector is ripe for consolidation and/or joint working, so it is a good time to look at how you can work in partnership across different types of organisation and integrate different offerings.

Move away from focusing on selling products and solutions, and towards partnering organisations on developing their development. Start to integrate the varied offerings by partnering with those offering different aspects of what is needed.

There are lots of conferences for coaches, leadership academics, consultants, HR, facilitators, but mostly they are each talking to themselves, not to each other, and are trapped in their own isolated discourse. We need to stop being so parochial and start embracing our own diversity.

We need strategic conferences including critical customers and investors, young millennial current and future leaders, and the greater variety of suppliers that address what the leadership development industry can uniquely do that the world of tomorrow needs.

Also, it is clear from the research that the leaders of tomorrow need to develop:

- greater leadership maturity (see Section 5b)
- greater ethical maturity (see Section 3h)
- strategic foresight, scenario planning and dealing with what is not expected
- systemic and complexity thinking
- how to orchestrate and partner across diverse and complex business ecosystems (see Section 3a)

The leadership curriculum needs to shift to reflect these needs.

7e. Leadership academics

We need more studies on leadership as a relational process for collaboratively co-creating value and on collective leadership, rather than on leaders as individuals.

We need the development of more systemic and holistic evaluation and research methods on leadership and leadership development (see Section 5e).

We need outcome-based evaluation that looks at how leadership development can best develop the whole leadership culture in ways that make the organisation more fit for the future and co-create greater stakeholder value.

We need more participatory action research, which involves leaders, future leaders and leadership developers, working collaboratively with academics on action research projects. This needs to be research that is both a form of leadership development and that also provides breakthroughs in understanding new ways of carrying out such development.

There is also much to explore about how to integrate self and system awareness, rather than just focusing on one side of this polarity.

7f.   What can we all do together?

> *Big organisations cannot crack the environmental and global challenges alone – they need to work in partnership with civil society and the City to jointly address the United Nations development goals.*
>
> John Elkington, sustainable business thought leader

The partnerships that need to be formed are large and diverse as, even if we have investors, regulators, big corporations and governments talking together, it is a conversation among the privileged in a world that has growing levels of inequalities. We need to bring into the dialogue both not-for-profit organisations working at the

frontline and radical campaigning organisations; as John Elkington said: 'These are often like the canaries in the coal mine, they sense the impending dangers first.'

However, even this could become a conversation between just the highly educated and informed. The recent growth of far-right organisations in the developed world, radicalisation in the Arabic world, radical extremist parties in developing countries, and the UK's vote for Brexit. These instances show us that there is a growing gap between those experiencing themselves as 'disenfranchised', without influence, ignored by those in power, distrusting of experts and leaders and suffering the costs of globalisation but not experiencing the benefits, and those we consider the new elites, in terms of education, opportunity and voice. Anthony Painter (2016), at the RSA, argues that we need to consider the combined effects of the three 'i's – 'inequality', 'in poverty' and 'insecurity' – shows how 'insecurity has been growing for at least two decades. Technological change could make it far worse.'

If we do not find a new way of inviting the disenfranchised to the party, they will become like the thirteenth fairy in the Brothers Grimm Sleeping Beauty story who, when ignored, brings the curse of future retribution.

The even larger disenfranchised group is the trillions of living beings that we share this planet with, and whom we are decimating and polluting in ever increasing ways. The biosphere will also bring great retribution unless we find ways of having its voice at every meeting and in every discussion.

It is clear that having moved the leadership learning focus from IQ to EQ over the last 30 years, we now need to move it on to 'We-Q', and then to 'more than We-Q' (Hawkins, 2017c).

The need for new forms of collective partnering leadership is enormous and all those of us working in leadership development have an important responsibility to step up to enabling this. I hope this research and report helps all leaders and developers in this collective partnership endeavour. None of us can do what is necessary alone.

8 The way forward

8a. Next iterative cycles of the research

This report is not the end of the research, it is just the end of the beginning. The report will be widely shared and we will seek further comments and contributions, before it becomes a book later in 2017.

8b. Invitation to contribute

Having read the report please answer the following questions:

1. What in the report would you like to correct or challenge?
2. What struck you as most important?
3. What gave you the best insight or new learning?
4. What do you think is missing?
5. What further questions does the report raise for you and your organisation?

Please send your answer to peter.hawkins@henley.ac.uk

9 Correspondence between today's leaders and the leaders of tomorrow

Many of the most personal and heart felt answers in the interviews came from the question: What would your advice to future leaders be?

The answers were rich and varied, but together the collective wisdom was profound. So I have decided to combine them into a joint letter from the leaders of today to the leaders of tomorrow.

To balance this, I reviewed all the comments the millennial future leaders made about today's leaders and what they want from them. This provided the basis for a text response from future leaders to today's leaders.

9a. Letter to tomorrow's leadership from today's leaders

Dear Leaders of Tomorrow,

We are aware that you will be taking on a world full of great, complex and interconnected challenges that are both daunting and exciting.

You will need to work collaboratively and effectively in teams and partnerships with others, both inside and outside your organisation, as none of the challenges can be handled by individual leaders, even the most powerful and best developed.

Computers and robots will increasingly replace a large number of the jobs that now exist, but there will also be a global skills shortage for people who can take leadership, working across boundaries, creating connections between different ages, genders, personality types, functions, cultures, approaches, as well as stakeholders occupying different parts of the wider business ecosystems.

It is never too early to start developing your leadership, and hopefully yours started at home with your parents, at nursery and through your schooling.

It is never too late to continue your leadership learning, as leadership development is a life-long journey.

To be an effective leader-learner, be always curious about different worlds and different perspectives, love learning and welcome every challenge life throws at you as a new learning opportunity. Go and work in a different part of the world while you are young and freer of tying responsibilities.

To deepen your curiosity, learn to listen deeply, empathically putting yourself into the skin of the other person and being interested in understanding their perspective and viewpoint. Do not get too invested in your own viewpoint but stand back, learn to see connecting patterns between the various perspectives that you can find. Discover what needs connecting, and develop enabling skills to bring different worlds together.

Constantly stretch yourself, get out beyond the laptop and find people that will rattle your cage, challenge your assumptions and shake you out of your comfort zone. Be globally mobile. Read widely, including global politics and economics, latest science, psychology, but also biography and literature, especially the great novels, poems and plays of the past.

Find your own passion and purpose – discover what the world of tomorrow needs, that you can make a unique contribution to – and then find others to team with you.

Learn to fail and learn quickly. Leaders ask for forgiveness not for permission, are not afraid of making mistakes and learn fast from failure. They are not afraid to decide, to make choices, to focus, and then to change their minds, when they discover better ways forward. Be an experimenter, a prototyper, a collaborative inquirer.

Keep yourself fit – physically, emotionally, mentally and spiritually – and learn how to pace yourself; leaders will have to be elite athletes in all these spheres.

You become a leader when you see something that needs to be done and you get on and organise a response.

Realise you can take on and achieve far more than you think you can.

Help others become leaders. Have fun and enjoy the journey of learning and leading.

We wish you well.

Signed,

Today's Leaders.

9b. Text to today's leaders from the leaders of tomorrow

Hi. We need help to step up to the challenges you guys are leaving us. We need role models we can learn from by working alongside them, not lectures or even inspirational talks. People who are ordinary and level with us and yet are extraordinary in the way they listen, empathise, challenge and inspire us, create energy, creativity and fun, reflect back to us, open new perspectives and help us realise we can do more than we thought we could.

Come alongside us and partner us, don't manage us. We need mentors and coaches, who help us recognise what we are good at, help us discover what we are passionate to do, challenge our assumptions and blind spots and above all open new opportunities and connections for us.

Also, don't wait a year and then do a formulaic tick-box performance review. Be interested in the whole of me, not just how I deliver for you. Sit down with us at least every three months – because things change fast – and ask us how we see our future, and then co-design with us a bespoke personalised development journey: a mixture of new challenges, roles, secondments, projects, learning opportunities, e-links, videos, people to speak to, coaching, mentoring and anything else that you think will help.

We need people who care about us and our development and show they do, not just when we threaten to leave the organisation. We need people who don't just send us a list of courses we can go on, or tell us 'you will learn plenty on the job', but who can be skilful navigators and designers with us for our learning journey.

Show us your passion and purpose. We want to make a meaningful difference. We want to create the future with you. If you are not up for that, tell us and we will go and find somewhere we can.

Let's talk soon.

Appendices

A

Appendix A. Companies interviewed

Abesse (Hungary)	Kone
Anglian Water	Lego
Anglo American	London Stock Exchange
AngloGold Ashanti	MOL (Hungary)
British Land	Munich Re
Bunzl	Civil Service College (Singapore)
BUPA	Oman Civil Service
City and Guilds	Prezi (Hungary)
Deutsche Telekom	Saracens Rugby Club
EPAM	Scott Bader
EY Global	Standard Life
Grant Thornton	Thermo Fisher (China)
Hiscox	Thomson Reuters SA
HSBC	Turning Point
IBM	Unilever
Interface	United Arab Bank
Investec	Vienna Insurance Group
Invest NI	

Appendix B. Some of the thought leaders interviewed

B

Richard Barrett (author of many books including *Building a Values Driven Organisation*, 2006; and *The New Leadership Paradigm*, 2010)

Mark Drewell (Senior Partner, The Foresight Group)

John Elkington (co-founder of Volans. Author of many ground-breaking books including: *The Zeronauts*, 2012; *The Breakthrough Challenge*, 2014; *The Power of Unreasonable People: How Social Entrepreneurs Create Markets That Change the World*, 2008; and *The Chrysalis Economy: How Citizen CEOs and Corporations Can Fuse Values and Value Creation*, 2001)

Simon Hampel (Managing Partner, Leaders' Quest)

Margaret Heffernan (author of *Wilful Blindness: Why We Ignore the Obvious at Our Peril*, 2011; and *A Bigger Prize*, 2014)

John Higgins (Research Director, The Right Conversation)

Giles Hutchins (author of Future Fit, 2016; *The Illusion of Separation*, 2014; *The Nature of Business*, 2012)

Marshall Goldsmith (Leading thinker on leadership, leadership development and coaching. Author of many books including: *Triggers: Creating Behavior That Lasts – Becoming the Person You Want to Be* (with Mark Reiter), 2015; *Managers as Mentors: Building Partnerships For Leaders* (with Chip R Bell), 2013; *Succession: Are You Ready?*, 2009; *What Got You Here Won't Get You There* (with Mark Reiter), 2007; *Global Leadership: The Next Generation* (with Alastair Robertson, Cathy Greenberg, Maya Hu-Chan), 2003; and *The Leadership Investment: How the World's Best Organisations Gain Strategic Advantage Through Leadership Development* (with Robert Fulmer), 2001)

Richard Hames (author of *The Five Literacies of Global Leadership: What Authentic Leaders Know and You Need to Find Out*, 2007)

Chris Johnstone (co-author with Joanna Macy of Active Hope, 2012)

Vic Luck (The Foundation for Leadership through Sport, ex-managing partner in PwC EMEA)

Patricia Lustig (author of *Strategic Foresight: Learning from the Future*, 2015)

Malcolm Parlett (Gestalt psychologist and author of *Future Sense: Exploration of Five Whole Intelligences for a World That's Waking Up*, 2015)

Alper Utku (founder of the European Leadership University)

Appendices

C Appendix C. Survey of Surveys

CEOs

1. IBM *Redefining Competition Insights from the Global C-suite Study – The CEO perspective* (2016) (5247 C-suite Executives)

1. PwC 19th Annual CEO Survey *Redefining business success in a changing world* (2016) (1,409 CEOs interviewed in 83 countries)

1. The Conference Board CEO Challenge 2017: *Leading through Risk, Disruption, and Transformation.*

HR directors

1. Henley Corporate Learning Survey 2016 (439 responses from 47 countries)

1. Deloitte Human Capital Trends 2015: *Leading in the new world of work* (7,000 responses from 130 countries)

1. HR Insights Leadership Development: *A more collective approach to leadership* 2016 (600 organisations, 102 countries)

Millennials

1. *The 2016 Deloitte Millennial Survey: Winning over the next generation of leaders.* (7,700 millennials representing 29 countries)

1. IBM Institute for Business Value 2015. *Myths, exaggerations and uncomfortable truths The real story behind Millennials in the workplace*

1. Gallup *How Millennials Want to Work and Live for an in-depth look at what defines the millennial generation as employees, people and consumers.* (2016)

1. PwC *Millennials at Work: Reshaping the Workplace* (2017)

Appendix D. Focus groups

D

1.   Renewal Foundation, December 2015 – 20 thought leaders

1.   Renewal Foundation, April 2016 – 15 millennial leaders

1.   Henley Corporate Conference, July 2016 – 100 plus participants

1.   Bath Consultancy Group Conference, September 2016 – 35 participants

Appendices

E

Appendix E. Research partners

Bath Consultancy Group

BlessingWhite, USA

Engage for Growth

Giles Hutchins

Henley Business School – Executive Education

Henley Centre for Engaging Leadership

Henley Centre for HR Excellence

Institute for Leadership and Management

Metaco, South Africa

Mila Aliana

OD Partner, Hungary

Paul Lim, Singapore

Renewal Associates

Coaching Határok Nélkül (CHN) – Coaching Without Borders, Hungary

Wilson Sloan Consulting, Northern Ireland

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G

Appendix G. Research methodology

The companies were selected to provide a maximum mix of different sectors and country of origin. We were then constrained by the companies that agreed to take part.

The interviews, although undertaken by 15 different people, had a set of standard questions, but interviewers were able to ask follow-up questions to clarify what the interviewee had said.

The interviews were either recorded with transcripts produced, or answers were typed live. The script was sent to the interviewee for checking and agreeing.

The scripts were then coded by someone different from the interviewer, using grounded theory coding methods.

This produced a measure of what themes had been mentioned by the largest number of respondents. In Section 2 (on tomorrow's challenges) and Section 3 (on tomorrow's leadership), I have included all themes that were mentioned by more than 33 percent of those interviewed and did not include themes that were mentioned by less than 10 percent. The themes are included in the order of the frequency of being mentioned.

Themes raised by thought leaders were only included when there was corroboration of its importance by an in-company interview, or evidence provided by them from company evidence.

I then carried out the first triangulation process (– of four, see Figure 1) of comparing and contrasting the differing responses of senior executives, HR and learning and development directors, and millennials.

The second triangulation was to compare and contrast the data from the best three global surveys of CEOs, HR directors and millennials.

The third triangulation was to explore the linking themes between the literature surveys, the thought leader interviews and the themes from the focus groups.

The draft report was sent to all interviewees that had been interviewed prior to its completion, and all research partner interviewers, with requests for comments, corrections and challenge. Early themes were also tested out through presentations at several conferences and presentations in different countries.

The fourth triangulation was to compare the data and emerging themes from the three original triangulations.

Appendix H: Acknowledgements

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Executive Education
at Henley Business School

For more information, please contact:

Henley Business School
Greenlands
Henley-on-Thames
Oxfordshire
RG9 3AU

exec@henley.ac.uk
Tel +44 (0)1491 418 767
www.henley.ac.uk/hrc