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The future of leadership: A practitioner view

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Summary This article explores the crisis in leadership focusing on the period since the banking crisis. It is written from a practitioner perspective and includes a review of a survey of 16 global companies and their attitudes and perspectives on leadership development. The article also explores applications of a framework developed at MIT looking at leadership in an age of uncertainty. There are in-depth recent case studies on leadership development at Sony Europe and PricewaterhouseCoopers. Key assumptions include the fact that leadership is distributed across an organisation and that leadership evolves as an organisation's environment shifts. The article concludes with some views on future leadership development.

Introduction

In 2006/2007, just before the global financial crisis, two of the authors, surveyed the Heads of Leadership and Talent in 16 global companies (Chambers and Drysdale, 2007). These companies came from a range of sectors including Banking, Insurance, Technology, and Food. They had diverse national ownership: Dutch, French, Swiss, US, UK and Japanese.

In the 2007 study we found that less than a quarter of these companies were satisfied with the development of their leadership talent and that senior stakeholders in less than half of these companies had clear expectations of talent development.

The minority of companies that were satisfied with leadership development had a number of factors in common:

- Strategic intent clearly articulated each company's impact across a broad range of stakeholder interests i.e. clients/customers, markets, financial performance, culture, corporate and social responsibility.
- Integrated business and people planning processes linked performance and people development goals.
- Leaders' remuneration was linked to an assessment of ''how'' they led as well as ''what'' business results they achieved.

Three years ago the majority of leadership practitioners were not satisfied with the impact of leadership and talent

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development. Since then life as a practitioner and as a leader has become much more challenging. Press coverage of business leaders' behaviour clearly shows heightened public, regulatory and shareholder scrutiny. At the same time our study showed that leaders have to balance many competing demands within their roles. We therefore welcomed the invitation from the Windsor Leadership Trust to explore from a leadership development practitioner's perspective, how things have changed. In particular, we looked at how requirements of business leaders have changed, what companies are doing to enable leaders to develop the required capabilities and what has been the impact.

We focused our attention on the European businesses of five global companies, two of which were Sony Europe and PwC UK. In all five companies, we interviewed the Heads of Talent and Leadership Development. The other three companies included the UK business of a European owned telecoms company (Telco), the European business of a global US owned technology company (Techco) and a global UK owned publishing and media company. These companies employed on average 20,000 people in Europe. We feature in more depth, the experiences of the consumer electronics company (Sony Europe) and the professional services firm (PwC UK), both of which have made considerable investments in leadership development which they have sustained throughout the global economic crisis.

A crisis of leadership

Since our first study, the global political and economic landscape has shifted considerably. In the autumn of 2008, after the collapse of Lehman Brothers and the government rescues of what had been financial power houses, such as AIG, RBS and Lloyds Banking Group, the financial crisis deepened. Since the Enron collapse, public opinion surveys have shown deepening distrust in our business leaders, which in turn caused a crisis of faith in our institutions and ultimately in our government. The speed of the credit crisis was exemplified in the case of one of the companies in the 2007 survey. In the spring of 2008, the survey company held a top Leadership Summit, exhorting its leaders to pursue opportunities for business growth in Asia. The same company six months later was fighting for its very survival and had to be bailed out by the national government. The speed of the downturn took many leaders by surprise. It was difficult for us all to comprehend how the financial system had begun to unravel and had done so at such a deep-rooted level and in such a short time.

A mood of deep uncertainty prevailed. Many questions were asked about how and why Banking leaders had not just caused their own organisations to falter, but also impacted the whole economy and contributed to its downward spiral. Press articles abounded about reckless leaders who showed apparent disregard for their shareholders and for the general public, whilst rewarding themselves with substantial bonuses and share options. Sample public commentary is included in our references to articles and speeches by Bain et al., The Governor of the Bank of England and a special issue from the Institute of Directors.

Some individual leaders received more criticism than others — perhaps because of a perceived lack of remorse or humility. The public, as well as the regulators, were in no mood for excuses — there was simply too much at stake. The overall impact was an increased public focus on integrity, ethics and accountability leading to demands for greater scrutiny and stronger regulation of financial services companies (those organisations who had dared to challenge the underlying principles).

Although the crisis was averted, many questions remain about the leadership of those organisations who had brought the global economy to the brink of disaster — to what extent did they contribute to it? To what extent should they have had greater foresight and be more attuned to the real risks posed within their own businesses? This has led us to look at leadership post the crisis in a new light — and in particular to focus on how organisations can prepare future leaders for the extreme challenges of leadership in the 21st century — i.e. balancing increasing uncertainty and ambiguity whilst handling greater regulation.

A framework for our inquiry

All the companies we surveyed in 2007 had a framework or model that defined their requirements of leaders. The majority of these models were bespoke and focused on a combination of behaviours, intellectual capabilities and values. In a third of companies, these models had been in place for five years and they provided the basis for much of the leadership development activity in these companies.

Much has been written recently about ''Leadership in challenging times'' as academics, consultants and companies themselves seek answers to the questions of ''what must leaders do now?''. We found the work of Deborah Ancona and her colleagues at MIT particularly helpful in providing a frame of reference to guide our inquiry. (Ancona, 2005). They have developed a framework which integrates prior theories of leadership whilst focusing on what leaders actually do. Developed by four MIT Sloan faculty members, Deborah Ancona, Wanda Orlikowski, Peter Senge and Tom Malone, it has the following core assumptions:

- Leadership is distributed.
- Leadership is personal and developmental.
- Leadership is a process to create change.
- Leadership develops over time.

We found the model particularly apt as it helps us as leadership development practitioners to build hope — in fact the very representation of the model is a compass to help our leaders navigate through these turbulent times.

Their framework has four key leadership capabilities:

- *Sense making* — seeking many types and sources of data and involving others in the process.
- *Relating* — developing key relationships within and across organisations.
- *Visioning* — providing people with a sense of meaning about their work and answering the question ''why am I doing this?''.
- *Inventing* — creating new ways of working together, including the processes and structures needed to make the vision a reality.