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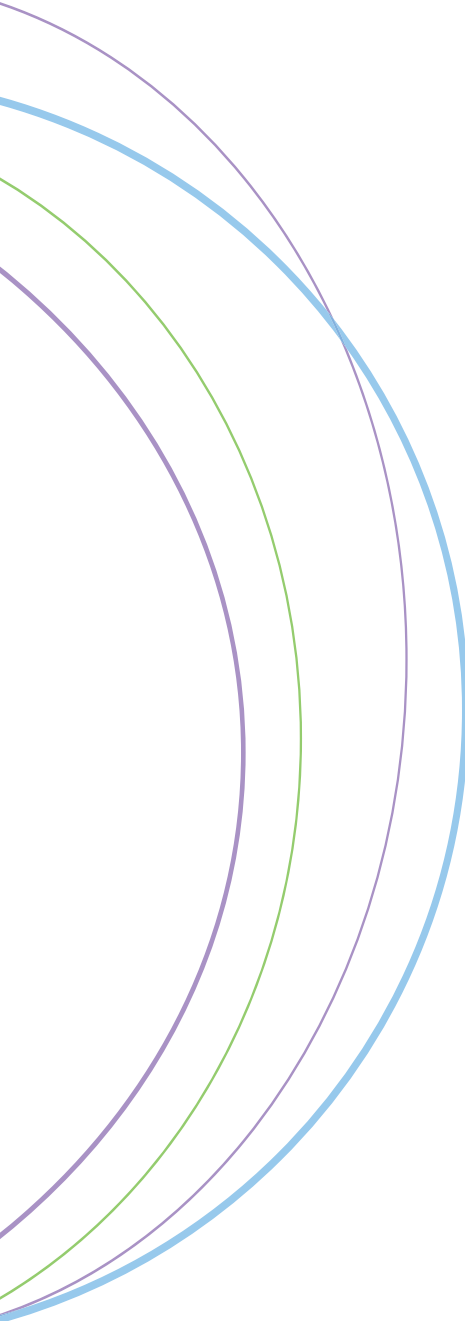
A Study of Senior Executives' Views on the Future

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EXECUTIVE SUMMARY

In 2007, researchers at the Center for Creative Leadership (CCL®) asked 247 senior executives around the globe about 10 leadership trends in business. The goal was to assess these trends, the obstacles they create, and their potential impact on leading organizations. The results show some important patterns that focus on talent, innovation, collaboration, and globalization.

Senior executives face increasingly complex challenges that involve organizational changes, market dynamics and talent shortages. One popular response to increasing complexity is to lean on innovation. Our respondents believe that aiming for innovation through overt processes (systems and structures) and talent development is paramount to creating a culture that is agile enough to address complex challenges.

Talent (and talent development) is another consistent theme. Organizations must create pools of candidates with high leadership potential and give them the space to reach their personal goals. Interestingly, most organizations do not have a well-defined succession plan in place to develop the next generation of senior leaders. Further, most leaders agree that the next generation of leaders will place unique demands on their organization. Senior executives suggest that success relies on flexibility in recruiting, developing and retaining talent.

The next question is: How do leaders need to lead? Our sample predicts that future success will depend on the ability to collaborate and focus on the team rather than the individual leader. But less than half of the executives surveyed believe leaders in their organization are highly skilled in collaboration. One of the obstacles facing those in charge of development is that collaboration is an elusive term ranging from technology-driven skills to team development to interpersonal understanding.

Authenticity – the willingness of a leader to be himself rather than a remote, unapproachable manager – is one skill that can help foster a collaborative workplace. It can build camaraderie and foster personal understanding and communication. But when asked about their ability to bring their authentic selves to work, executives say they face major obstacles: chiefly, maintaining an executive image and the fear of negative reprisals.

Percentages have been rounded to whole numbers and in some instances the total might not equal 100.

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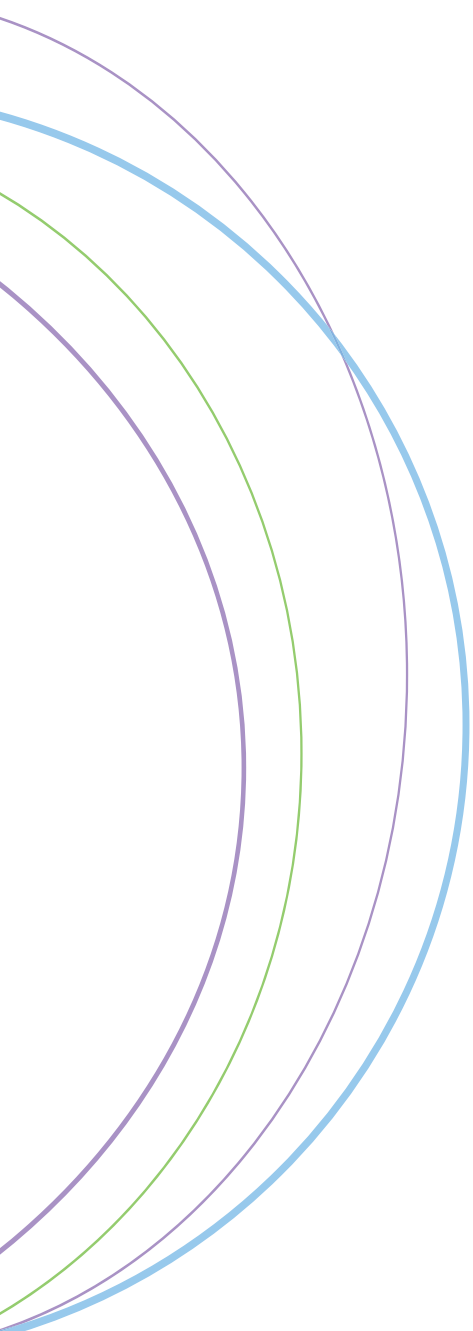
WHY THESE TRENDS?

Based on the results of CCL's groundbreaking research "The Changing Nature of Leadership," a number of business trends emerged. Through the Center's Leadership at the Peak program, our research team sought to gain the perspective of senior leaders to increase understanding of these trends, the obstacles they create, and their potential impact on how to lead organizations.

WHO PARTICIPATED?

Data was collected from 247 CCL participants who attended the Leadership at the Peak program between July 2006 and April 2007. Leadership at the Peak is designed for senior executives and leaders with more than 15 years of management experience. They work in the top three tiers of their organizations and have leadership responsibility for 500 or more people, often including executive-staff functions. Admission to the program is by application only. During the program, executives were given a brief introduction to the research project and invited to complete a brief electronic survey. Almost all were male senior executives, and a large majority were between the ages of 41-55 and living in the U.S.

FIGURE 1

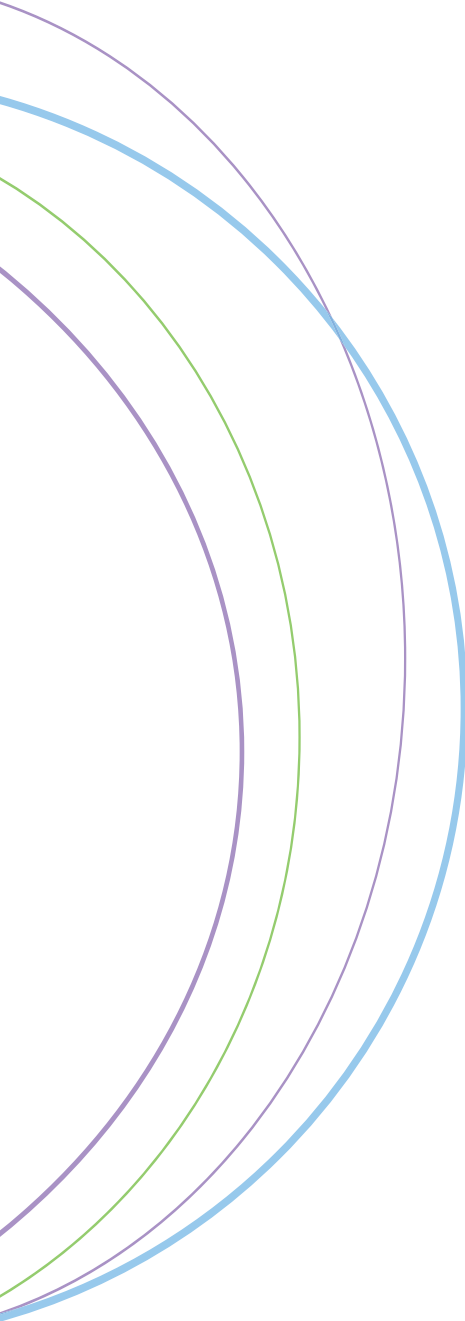| GENDER	PERCENTAGE
Male	87%
Female	13%

FIGURE 2

AGE	PERCENTAGE
31-35	2%
36-40	11%
41-45	22%
46-50	26%
51-55	28%
56-60	9%
61+	1%

FIGURE 3

ORGANIZATION LEVEL	PERCENTAGE
Top Management (Chief Executive, President)	31%
Executive (Vice President, Director)	62%
Upper Middle Management	6%
Middle Management	1%

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WHO PARTICIPATED? (continued)

FIGURE 4

| COUNTRY OF RESIDENCE	PERCENTAGE
United States	72%
Canada	4%
Germany	3%
United Kingdom	3%
India	2%
France	2%
Other Countries	14%

WHAT ARE THE 10 TRENDS?

TREND 1: THE RISE OF COMPLEX CHALLENGES

Theodore Modis, a physicist, once predicted that we will face the equivalent of all the milestones of the 20th century – world wars, creation of the automobile, sequencing of DNA, rise of the Internet, etc. – in a single week in the year 2025. Modis argued that both the breadth and intensity of change will continue to increase at alarming levels. Is leadership truly becoming more complex? If so, are business leaders and their organizations feeling the effects? What can leaders do to prepare?

Nearly 92 percent of the executives surveyed believe the challenges their organizations face are more complex than they were just five years ago. This finding alone creates two compelling questions: Why does the world feel more complex? How will leadership function differently to address it?

We asked each participant to provide two factors (internal or external) that are contributing to increasingly complex business challenges. Generally, the top factors listed were internal changes to the organization, market dynamics, a shortage of talent, and globalization (see Figure 5). The combination of changes in market dynamics and a shortage of available talent create an environment where organizations will continually be asked to do even more with less and respond even faster to changes in their industry and economy.

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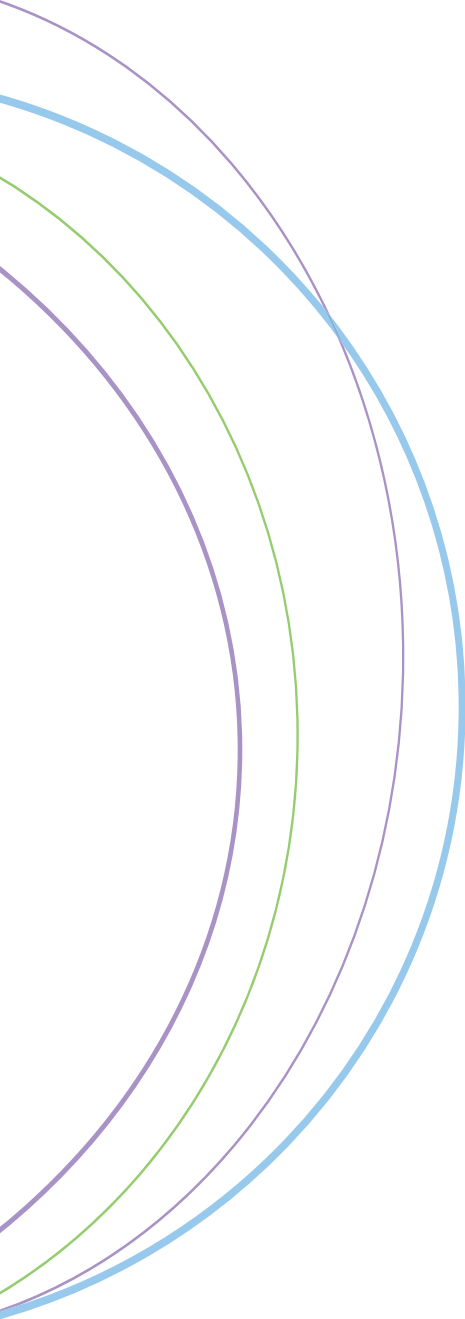
FIGURE 5

FACTORS	PERCENTAGE
Internal Changes in Structure/Process	23%
Market Dynamics/Regulation	18%
Talent Shortage	12%
Globalization	12%
Rise in Competition	9%
Technology	8%
Cost/Profit	5%
Customer Expectations	5%
Miscellaneous	5%
Mergers	3%

Though there is no one solution to overcoming complexity, CCL has been developing developmental experiences to address the trend, such as Navigating Complex Challenges in which organizational challenge – not the leader – becomes the focus. It is through this program that CCL is testing a number of new leadership skills that must be developed, such as co-inquiry, paying attention, risk-taking, adaptability, and navigating challenges.

TREND 2: THE INNOVATION REVOLUTION

Though our organizations grow in different ways, there is no topic that is providing more fuel to that fire than innovation. Everywhere you turn, organizations from Google to Apple to Honda are looking for the next big thing. How many organizations believe they are strong innovators? What strategies are they employing to build an innovation culture?

Only 50 percent of the executives surveyed believe their organizations are "top in class" in innovation. This number shows that there is room for organizations to grow in their approach and position on innovation.

As a follow-up question, these executives were asked the strategies they used to promote innovation in their organizations (see Figure 6). The strategies most cited were overt processes aimed directly at innovation. They included such things as forming and relating ideas, establishing task forces, cross-functional innovation teams, off-site innovation programs, and stage-gate processes (i.e. product development broken down into distinct stages). The next most cited categories focused on talent/talent development, reward/recognition programs, and research/external best practices.

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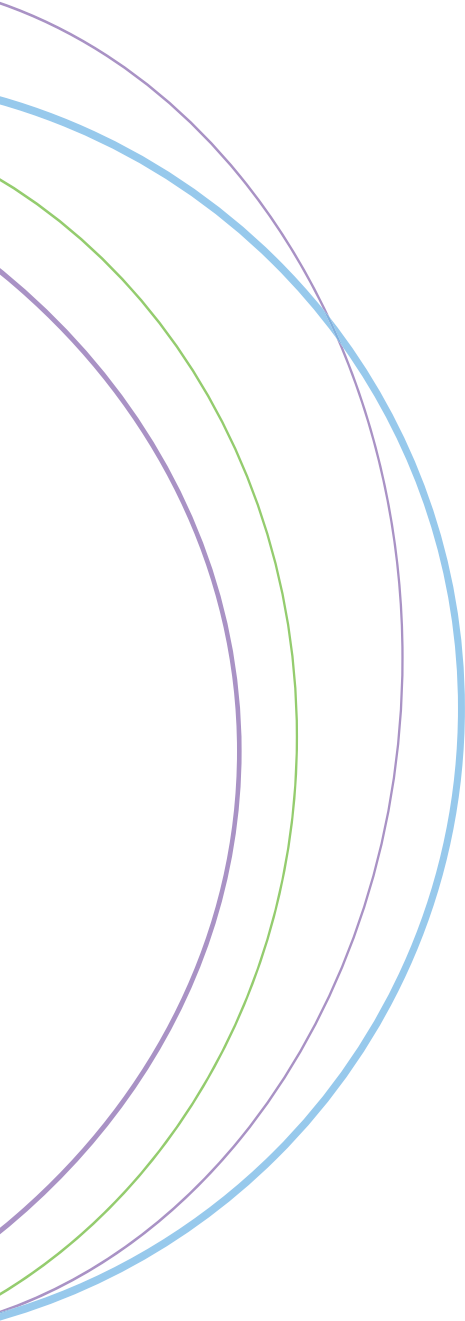
FIGURE 6

STRATEGIES TO PROMOTE INNOVATION	PERCENTAGE
Overt Innovation Processes	25%
Talent/Talent Development	17%
Reward/Recognition Programs	13%
Best Practices in Industry	10%
Performance Metrics	9%
Increase Resources to R&D Functions	7%
Organizational Restructuring	6%
Miscellaneous	6%
Consultants	3%
Monetary Investment (outside of R&D)	1%
Action Planning Groups	1%

How do we drive higher levels of innovation in the future? We need to look toward experts in the field such as the Gore Company, Apple, Ideo and StoneYamashita. They have processes and tools that can help make innovation an organization-wide competency.

Google is a great example of this approach. In a recent *BusinessWeek* article, Marissa Mayer, director of Google's Consumer Web Products, shared her approach to building a culture of innovation and collaboration. Her formula is simple:

- Provide "office hours" where any employee can pitch new ideas.
- Create an "idea listserv" where anyone can suggest or comment on ideas.
- Take risks and launch products early and often.
- Stay in touch with the ranks of employees no matter how large the number swells.

TREND 3: THE ART OF VIRTUAL LEADERSHIP

As globalization increases, organizations are continually asked to bridge cultural, geographical and functional boundaries effectively and efficiently. Is virtual leadership different from face-to-face leadership? If so, what skills and approaches are central to success?

Of those surveyed, 85 percent of 129 leaders believe virtual leadership is a necessary skill for senior leaders in their organization. Further, 92 percent of 115 executives believe virtual leadership requires different skills from face-to-face leadership. The questions then become: What can be done to train leaders for a virtual world, and what skills will they need to be effective in the future?

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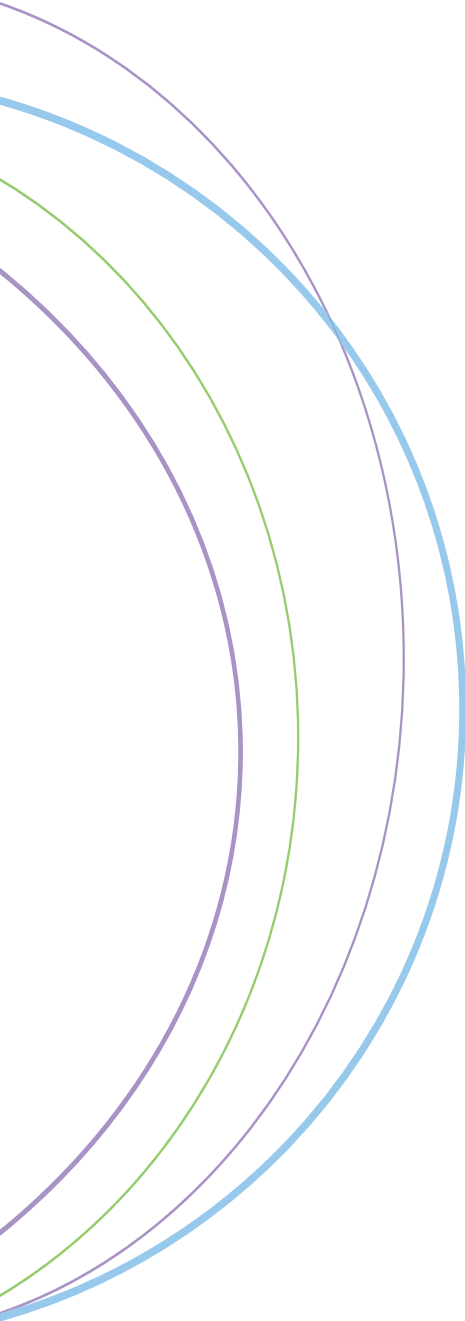
The executives surveyed were asked to choose one skill that is central to effective virtual leadership. Communication dominated with over 70 percent of the responses. The most frequently cited communication skills were frequency of communication and clarity/effectiveness of the message (see Figure 7).

FIGURE 7

| VIRTUAL LEADERSHIP SKILLS	PERCENTAGE
General Communication	30%
Frequent Communication	18%
Well Written/Clear/Effective Communication	18%
Relationship Building /Face-to-face Contact	10%
Time Management	8%
Miscellaneous	6%
Emotional Intelligence	3%
Consistent Communication	3%
Honest Communication	2%
Integrity/Credibility	2%

In a CCL guidebook titled *Leading Dispersed Teams*, authors Mike Kossler and Sonya Prestridge hit on some strategies to improve communication and information sharing by:

- Creating guidelines for when and how to communicate.
- Designing ways for the team to document and store its knowledge in a central location.
- Utilizing a variety of collaborative technologies whenever possible.
- Creating a dispersed-team communication planner to aid in prioritizing the urgency of messages and available communication choices.

TREND 4: COLLABORATION NATION

Collaboration has been talked about in business circles for years, but few strategies have been put forth to accomplish it effectively. However, in a complex, global environment and with new technology, collaboration is becoming a central part of our work as leaders. Collaborative Strategies, which promotes collaborative technology, claims that over 1,000 companies are focusing on collaborative practices and the number is growing daily. Is collaboration a necessary part of a leader's job? If so, are we accomplishing it effectively?

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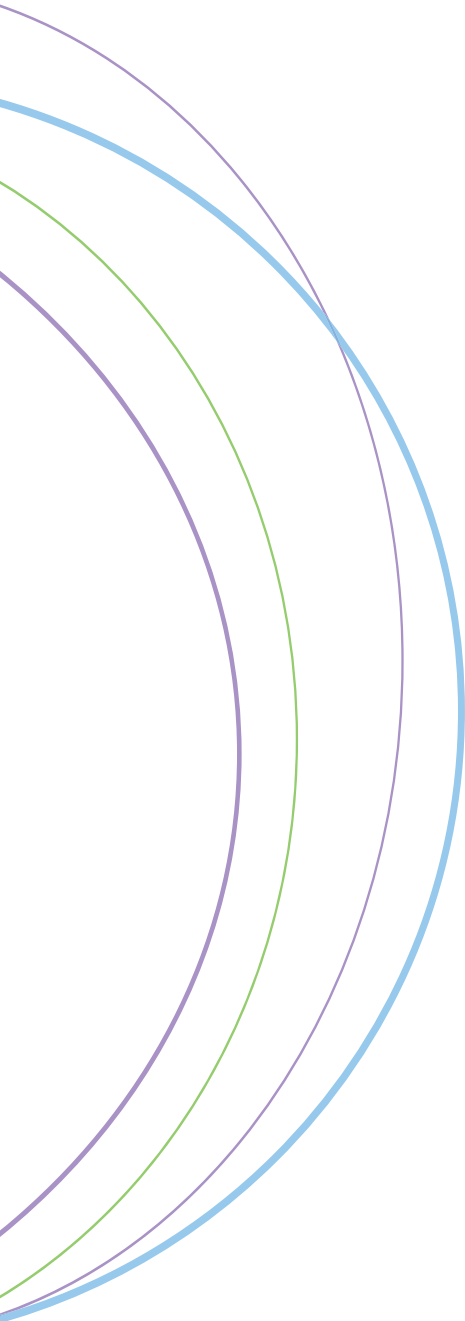
Based on the sample, over 97 percent of executives surveyed believe leaders in their organization must collaborate to succeed, a clear indication that this skill should be a key leadership quality. However, only 47 percent of 115 executives believe leaders in their organizations are skilled collaborators. Thus, a huge gap exists that must be closed to prepare leaders for the future.

Some leaders within organizations long have been honing their skills of collaboration, innovation, and relationship-building. They live beyond our organizational norms but still manage to succeed. Organizations should begin looking closer at these leaders. Their successes should be studied. Now is the time to pull these individuals from the fringe and create from their success models we can follow.

TREND 5: THE WORLD OF INTERRUPTION

Research by Gloria Mark (reported in *The New York Times Magazine* in October 2005: "Meet the Life Hackers" by Clive Thompson), concludes that the average worker is interrupted on the job every 11 minutes. Even more interesting is that it takes those same workers about 25 minutes on average to return to the original task. Does interruption impact executives? If so, what do they do to remain effective?

Our research with senior executives shows that they often are interrupted about every half hour. (Note that our data is self-reported whereas Mark's is by observation.) Some executives say they are interrupted every five minutes, while some say never. The difference in the self-reported data and observational data begs the question: Do we even realize when we are interrupted in this age of information overload?

Regardless, the leaders shared their insights about strategies to overcome interruption. The vast majority of strategies utilized such solutions as closing their door, empowering their executive assistant and turning off phones (see Figure 8).

FIGURE 8

STRATEGIES TO OVERCOME INTERRUPTION	PERCENTAGE
Close My Door	29%
Prioritize Calendar	18%
Utilize Executive Assistant	14%
Turn off Phones/Urgent Calls and Meetings Only	13%
Telecommute	12%
Limit Email	6%
Miscellaneous	5%
In Early/Stay Late/Work Weekends	4%

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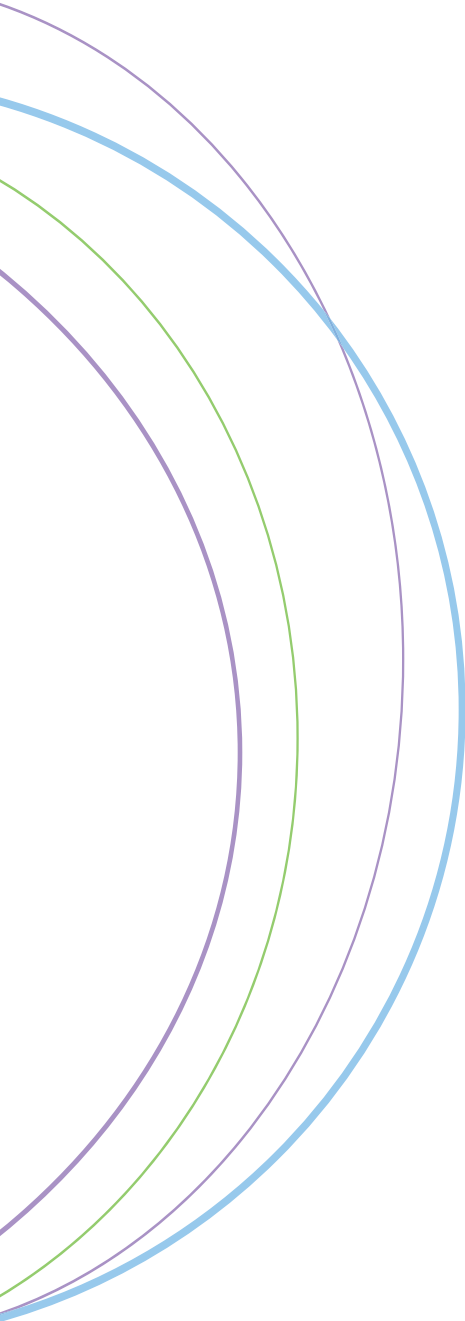
Also reported in the article by Clive Thompson was research done in 2003 by technology writer Danny O'Brien. O'Brien interviewed 70 of the most prolific people he knew. He made some surprising discoveries about their approach to interruption and productivity. Surprisingly, none of the most prolific workers used complex technology (e.g. palm pilots) to manage their lives. Instead, they utilized a simple application (word processing program) where they recorded all the data they would need (tasks, addresses, thoughts, birthdays, etc.). In essence, they focused on "small-bore" fixes to problems in order to reduce complexities of life.

TREND 6: AUTHENTICITY IS THE NEXT CELEBRITY

Many people feel as though they lead dual lives, switching identities between work and home and conforming to the expectations of others. Others, however, are able to be authentic in both contexts.

Do executives struggle with this same issue? Nearly 90 percent of the 247 executives surveyed say that in their role as a senior leader, they present their authentic self to others. In other words, the vast majority of leaders are able to do their job without compromising their values, beliefs, or personality.

Many executives, however, believe they face major obstacles to remaining authentic because of the need to maintain an "executive image." These executives are cognizant of the importance of perception management, and they acknowledge that they conform to others' perceptions of how a senior leader should act. One executive observes, "The pressure to show self-confidence even during times of insecurity is a major impediment to remaining authentic." Therein lies the key struggle of authenticity: Do you fill the roles your coworkers and shareholders expect of you? Or do you present your true self without fear of negative outcomes?

Home Depot's CEO, Frank Blake, is a good example. When MSN Money reported Home Depot's poor customer service, more than 10,000 readers flocked to the message boards to tell their stories of dreadful service. Home Depot's top executive took a risk and posted his own message, in clear and simple language, to say change is on the way.

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FIGURE 9

| OBSTACLES TO REMAINING AUTHENTIC	PERCENTAGE
Public Image Maintenance	17%
Awareness	10%
Fear of Negative Outcome	10%
Performance Expectations	10%
Organizational Culture	9%
Resources (Time, Energy)	8%
Deliver the Party Line/Consistent Communication	7%
Interpersonal Dynamics with Other Leaders	7%
Value Differences	7%
Politics	5%
Miscellaneous	3%
Maintain Morale	3%
Situational/External Factors	2%
Change/Pace of Change	2%

TRENDS 7 & 8: THE FALLOUT FROM THE BABY BOOM AND FILLING THE LEADERSHIP VOID

The 2000 U.S. Census estimated that the baby boomer generation is comprised of nearly 83 million individuals who would start leaving the workforce in about four years. What would this mass exodus mean to organizations? When asked to rank the expertise that is most likely to be lost if their tenure ended tomorrow, 30 percent of 132 leaders selected institutional vision, followed by knowledge, external personal networks, internal personal networks, skills and historical context.

FIGURE 10

RANK ORDER OF EXPERIENCES LOST WITH DEPARTURE	RANK
Vision	1
Knowledge (Content Expertise)	2
External Personal Networks (Relationships/Partnerships)	3
Internal Personal Networks (Relationships/Partnerships)	4
Skills (Technical Expertise)	5
Historical Context (Key Events/Meaningful Stories)	6

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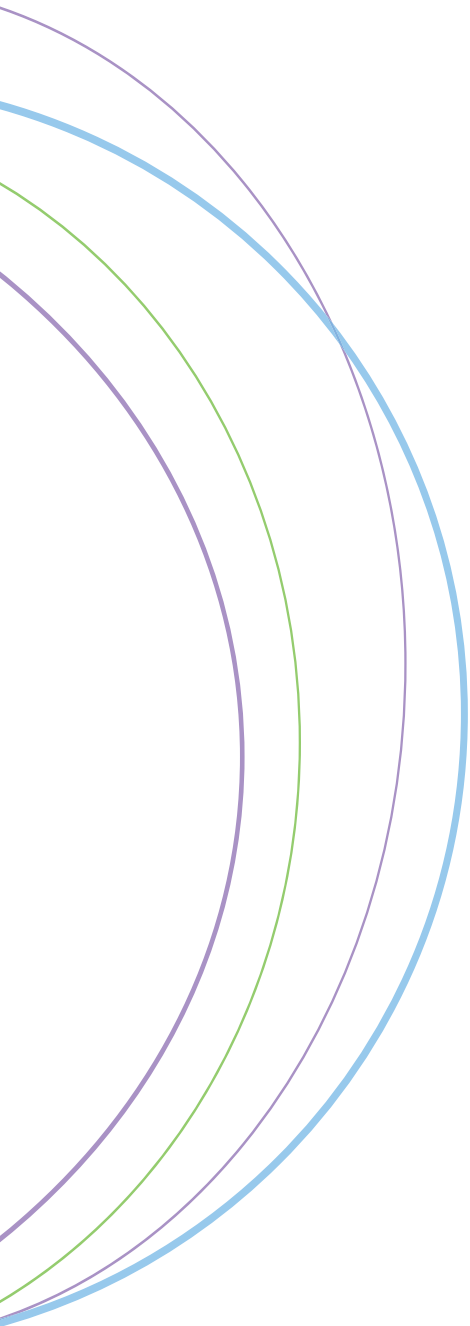
TRENDS 7 & 8 (continued)

It can take years to groom and develop effective senior managers, and most experts agree that there will be a critical shortage of middle and top leaders in the next few years. Organizations that understand the immediacy of this radical shift in the employee base and carefully develop new management will be best able to handle the rise of complex challenges (*CLO*, June 2005).

Surprisingly, only 35 percent of the leaders we surveyed believe their organization will experience a leadership void as the current generation of leaders retires. So, what are these organizations doing to prepare the next generation of leaders?

Organizations will need to create pools of candidates with high leadership potential, but only 47 percent of 115 executives surveyed have a well defined succession plan in place to develop the next generation of senior leaders. This is not surprising considering that CCL knows from previous research on this population that only 20 percent of executives were chosen for their positions via a formal succession plan.

More than 74 percent of the leaders surveyed believe the next generation of leaders – employees currently entering the workforce – will place unique demands on their organizations. Organizations will need to find innovative ways to attract and retain older workers while meeting the development and career needs of those just entering the workforce. According to Howe and Strauss (Millennials Rising), these younger workers – or Millennials – are harder workers and better community builders than their parents' generation.

TREND 9: LEADERSHIP FOR LONGEVITY

Research shows that effective leadership and regular exercise are strongly linked. Executives who exercise are rated significantly higher by their coworkers on their leadership effectiveness than non-exercisers. In addition to the health benefits, exercisers score better than non-exercisers in all leadership categories including organization, credibility, leading others and authenticity (*European CEO*, December 2006).

Forty-seven percent of 115 leaders surveyed believe that they are role models for diet, health and fitness. And they're right. Executives who attend Leadership at the Peak are slightly healthier than the average American. Almost 50 percent are regular exercisers, and about 30 percent exercise more than three hours per week. The fact that these leaders are in a higher socioeconomic group also means they tend to be marginally healthier.

Interestingly, when asked about other senior leaders in their organization, only 33 percent believe their counterparts serve as role models. As we attempt to lead and live in an increasingly complex world, improved levels of stress, health, diet, and fitness will be essential to ensure a sustainable and productive career.

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TREND 10: WHAT'S NEXT?

When asked to identify a trend they see emerging in leadership, 112 executives mentioned 21 different trends, including everything from internationalization (9 percent) to internal alignment (6 percent). But the trend most often mentioned is the shift from an autocratic style to one that's more participative. Leaders predict that future success will depend on the ability to be collaborative and to focus on the team rather than the individual.

Leaders also note the trend towards instant gratification. Employees are becoming less patient, less company-centric, more mobile and more interested in near-term tangible rewards.

A trend towards the more effective use of technology as a communication and management tool was noted by 13 percent of leaders, as the need for global virtual communication and the management of mobile workers increases.

Executives also comment on the increasing importance of balance between time spent at home and at work. Employees are becoming less willing to sacrifice family commitments and private time for job demands. Executives see flex time as a concept to be taken seriously.

FIGURE 11

FUTURE TREND CATEGORIES	Percentage
More Participative Leadership Style	17%
Instant Gratification	14%
Collaborative Technology	13%
Work/Life Balance	13%
Internationalization	9%
Internal Alignment	6%

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BIOS

Corey Criswell is a research associate with the Center for Creative Leadership in Colorado Springs, CO. Directly involved with our senior-executive group, she facilitates data collection, interviews, and analysis on a wide variety of subjects. Recently her focus has been on future trends, executive image, and CEO tenure.

André Martin, a former enterprise associate with the Center for Creative Leadership, is currently the Leadership Development Director for Mars, Inc. André holds a master's degree and Ph.D. in Organizational Psychology from St. Louis University.

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