



About FoW

Led by Professor Lynda Gratton, and with researchers in London, Singapore and Mumbai, the FoW Institute is one of the emerging thought leaders in its field. Over the last three years, the team has worked with over 60 multinational companies from Europe, the USA and Asia to build a deep understanding of the external forces that are shaping the context of work; the internal organisational responses to these forces with regard to people-practices and processes; and the manner in which future-oriented practices can be identified, embedded and scaled.

The core of the Institute's research capability is 'collaborative intelligence'. Using a combination of technological platforms, including tailored portals, 48-hour Jams and sophisticated surveys, the team is able to rapidly assimilate the knowledge of communities drawn from both within and outside of a company.

Introduction

Leadership is crucial to the future success of organisations. Our research has shown that the developmental opportunities that support leadership, the capabilities that leaders need to exhibit to be successful, and the notion of followership, are all highly dependent on the external context. As a consequence, if we are to understand leadership, we must understand the future context in which leaders will operate.

Over the coming decades, we will see the context of leadership shaped by a number of external forces. These forces are transforming the value-creation models of many businesses. They are also transforming the every-day experiences of working people throughout the world. As a consequence, these forces present opportunities for leadership to become more inclusive, more collaborative, and more central to the global agenda. However, these forces also create challenges that will require leaders to be more authentic and transparent in their actions, more able to embrace the diversity of their followers, and more capable of creating a powerful point of view in an increasingly complex and challenging world.

In this Future of Work theme, our aim is to both assess and predict the impact of the changing models and requirements of leadership, as well as to identify opportunities and strategies to support and enhance the development of future leaders in an increasingly globalised and technology-driven world.

This document summarises the key emerging insights from the 48-hour online Jam, a one-day Masterclass, the latest academic research, and our own Leadership Survey. The online Jam brought together 221 people from 28 organisations across 15 countries, covering over 100 topics and generating nearly 700 comments. The Leadership Survey looked at current leadership development programmes, and drew on the responses of more than 700 people from 18 organisations across the globe.

Considering the insights from the Jam, Masterclass and Leadership Survey, we see four leadership challenges emerging over the coming decade:

1. **The Growing Pace of Collaborative and Collective Leadership:** Over the coming decade, we can expect work to become more complex, global and task-oriented. As a consequence, we can expect the value of collaboration to become a crucial consideration in business strategy. This will require a more human approach to leadership, with a shift away from command-and-control and towards authentic, horizontal relationships. **(Page 3)**
2. **Shortages in Future Talent Pools:** We predict an oncoming crisis in leadership skills at a global level. Despite a growing world population, many emerging markets have failed, and are continually failing to provide their working population with strong leadership competencies. This presents challenges to many organisations, and puts those that can recruit top talent at a huge advantage. **(Page 6)**
3. **Leadership Competency Gaps:** The results of our Consortium-wide Leadership Survey show the current strengths and weaknesses in today's leadership development programmes. What is clear is that



many current leaders are not fully prepared for the deep level of openness and authenticity that employees are coming to expect, and are still overly fearful of taking risks and being creative. **(Page 8)**

4. **Developing Future Leaders:** Given these findings, it is crucial that leaders are presented with more robust, sophisticated and continuous development tools. A shift from fixed programmes to experiential learning may help leaders prepare for a more collaborative future. **(Page 10)**

All opinions expressed within this report are those of the attributed author, and may not reflect the opinions of their organisation.

Professor Lynda Gratton
London Business School
Future of Work Consortium



1. The Growing Pace of Collaborative and Collective Leadership

In the face of rapid change, growing volatility, and global competition, our FoW members saw leaders as playing a crucial role creating productive environments. To do this, future-proofed leaders must be able to adapt to fast-changing management technologies and methods, and be able to promote collaboration and creativity across a diverse set of contributors, while at the same time responding to the needs of multiple stakeholders. The future of leadership is one of complexity. During the Jam, participants agreed that managing this complexity requires leadership to leverage human potential, which in turn requires a human approach to leadership:

“ I am passionate about how the role of leadership is changing from a task-based command-and-control model to a coaching model. Work is more complex and cannot be done alone; there are too many dependencies that are both process- and technology-driven, and people’s motivations are changing! Just as we do not rear children today the same way we did in the past, we should not lead people the same way. Our generational experiences are shaping our interests and motivations. The world is more transparent, so not surprisingly young people are mobilising (using technology and collaboration) to change the world. They care less about financial reward (though, contrary to popular belief, it is still important) and more about how things get done. They do not want a trophy for their work (boomers wanted them to be singled out to reward ourselves) but instead want to be able to make a difference, which is a much higher bar, and a tougher leadership assignment.

- Tammy Johns, SVP Innovation & Workforce Solutions, ManpowerGroup

“ This debate on command and control is an interesting one for ex-military commanders like myself. Command is very different to control, yet they are so often used in the same phrase. For me, command is about the leader ensuring that everyone fully understands the situation, the intent and their own role within it. You can keep a tight rein on the overall direction of travel without having constrictive control. As one of the other jammers put it, this is very important in risky scenarios. And it is very easy, having provided the contextual leadership, to ease back on the control when shaping the environment, allowing others to take the lead.

- Iain Harrison, HR Programme Manager, Royal Bank of Scotland


“ I don’t necessarily believe that the stereotypical role of a leader is disappearing, but I do believe that in some aspects the leadership role is changing. What I do miss in many such discussions is the much greater impact of the followers, as well as the possible dynamics arising when practicing leadership. The constant focus on leaders continues to support a discourse of leaders being the most important asset in the equation. Don’t both parties deserve an equal amount of focus? A leader cannot lead without followers; a follower cannot be lead without a leader.

- Mikkel Marfelt, Organisational Researcher, Novo Nordisk

The shift away from command-and-control, and towards a more collaborative model of leadership, places a strong emphasis on coordination. Finding solutions to complex tasks increasingly requires collective movement and momentum, emphasising the ability to foster authentic and sophisticated relationships between multiple parties. Jammers agreed that building collaboration will become an important skill of future leadership:

“ We (People In Aid) have been looking at boundary spanning leadership and how tomorrow’s leaders require a new set of skills/competencies/behaviours in order to meet increasingly complex challenges. Anecdotally, it seems to me that innovation comes from the edge of the organisation, and there’s no doubt that creative partnerships are required to deliver aid on the ground.

- Ben Emmens, Director of HR Services, People in Aid



The shift towards a more collaborative approach to leadership both reflects and encourages the complex interdependencies between organisations, departments and individuals that previously viewed themselves as independent and often competing units. Over the last year, I have chaired the World Economic Forum Council on the Future of Leadership. One of the members of the council described the challenge in this way:

“ The collective dimension of leadership requires leaders to think, sense, and act beyond the boundaries of their own institutions. Leaders must be able to co-sense and co-create at the level of the whole ecosystem. Corporate leaders need to think and act on the scale of their extended enterprise. NGO and government leaders need to think beyond the silos of their own traditional focus and geography. The biggest leadership challenges today deal with this contradiction between eco-system reality and ego-system awareness. The leader’s new work is about helping people and communities to move from ego-system awareness (generating well-being of a narrow interest group) to eco-system awareness (generating well-being of the whole). The process of moving from ego-system to eco-system awareness requires a profound intellectual, emotional, and social journey, a journey to our real sources of presence and self.

- Otto Scharmer, Senior Lecturer, MIT (cited in the WEF New Models of Leadership Discussion Paper)

“ Moving away from a mechanistic and bureaucratic organisational culture is important if we consider how to enable a "collaborative" top down approach. Fundamentally the drive and capability (including ego) needs to be channelled as a common set of articulated needs, desires and wills. Critical to this being negotiation and stakeholder management skills.

For me, collaboration is about not competing internally, about being cognitive regarding the environment that the leader is operating in, forming reward frameworks that sponsor strong collaboration, not being afraid to fail fast and take learning from this, aligning objectives to mitigate duplication of effort or strategy, and about managing stakeholder expectations.

- David Flowers, GIC Sales Partnership Strategy, BT Global Services

However, some participants in the Jam highlighted that leaders who encourage collaboration may miss the importance of making leadership itself a dynamic and distributed process. In addition to leaders encouraging collaboration, the focus should also extend to encouraging collective leadership:

“ Maybe there needs to be a distinction between: 1) Collaborative leadership, which references the ability for individual leaders to promote collaboration between peers, and 2) Collective leadership, which refers to a more dynamic sense of leadership itself - where the act of leading is a collective or collaborative process.

- Max Mockett, Research and Forecasting, Future of Work

“ I think you’re right about the current trend for encouraging collaboration rather than understanding collective leadership. A powerful approach I have seen recently is where leaders champion causes on behalf of the Board that you wouldn’t expect them to: for example, HR pushing technology and innovation. An observation I often make on Leadership Teams is that they are not a team, but a set of individuals leading separate business units. CEOs should look in the future to have a diverse mix of backgrounds and perspectives at their table and use them dynamically to lead the business.

- Iain Harrison, HR Programme Manager, Royal Bank of Scotland

“ In some organisations, it might prove beneficial to have periods of shifting leadership positions among followers. Organisations can benefit from creating collaborative leader-follower relationships and to pursue dynamic and non-fixed leadership roles. Such non-fixed or dynamic leadership positions might seed the ground for knowledge sharing, the utilisation of diverse competencies and diverse personalities and encourage mobility.

- Mikkel Marfelt, Organisational Researcher, Novo Nordisk



What is clear right now is that the combination of increasingly complex challenges and increasingly diverse workforces is already beginning to change the nature of leadership. Over the coming decade, the nature of teams will come to reflect the complexity and diversity of work, particularly with regard to hyperspecialisation. Therefore, the ability to manage and lead will increasingly depend on multiple skills and traits. This will put pressure on organisations to look at new ways of developing and deploying leaders:

“ Would we need to move away from the concept of 'a' leader towards leadership as a process that is distributed across members of a team? With the business world moving more and more towards project-based work, maybe it would be helpful to embrace and trust in the power of self-organising and the emergence of natural leadership.

- Jennifer Stanzl, Project Manager for Women's Leadership Program, Tata Consultancy Services

“ Distributed leadership requires that the problem to solve is clearly articulated in a compelling way. That organisation also has to understand the benefits of a distributed leadership model against the standard, and take away the institutional barriers to having leadership responsibilities be distributed.

- Rebekah Kowalski, Director of Global Solutions, Right Management

There was broad agreement among Jam participants that the notion of distributed leadership will help to solve the distinction between collaborative leadership (where leaders encourage collaboration within their teams), and collective leadership (where leadership itself is a collaborative process). This will be achieved by placing the responsibility of leadership at the level of the team itself, rather than with a single leader. As a result of this, we can expect that the ability to lead will become evermore context-dependent. This suggests that people will emerge as leaders as a result of a short-term match between their specific skill-set and the demands of the task they are engaged with.

Case Study: Self-Management at Morning Star

The US-based tomato processor Morning Star does not have a managerial structure. Its 400 employees effectively manage themselves, and have together created revenue of \$700 million a year, becoming a global market leader.

Workers negotiate their responsibilities with their peers, and are responsible for obtaining the tools to deliver on their objectives.

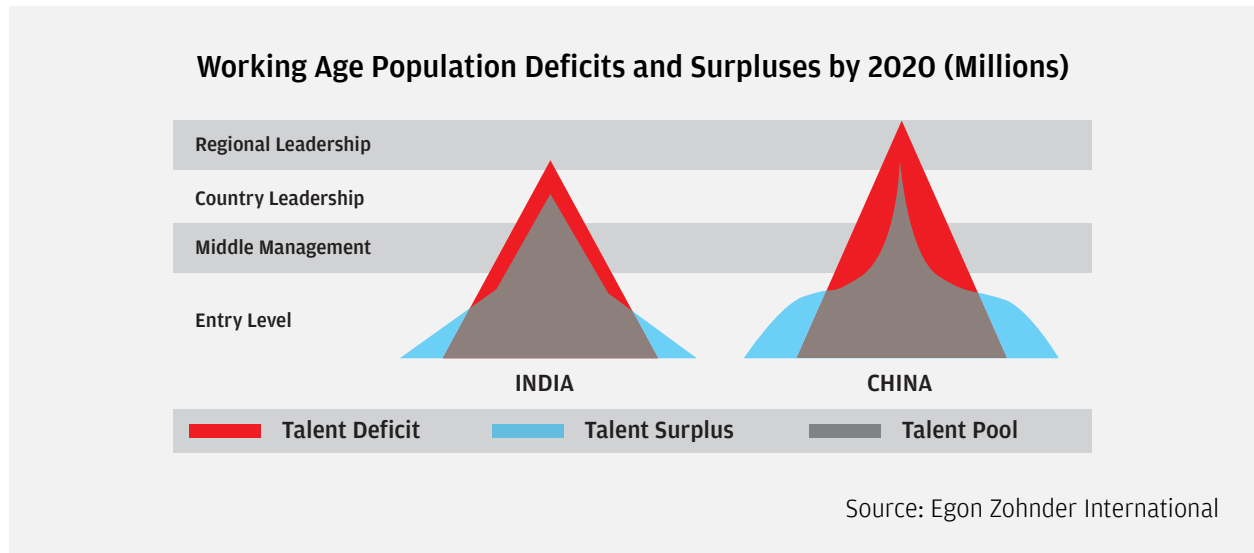
The company has locally-elected committees to determine compensation, which is based on employee contribution to the company.

Each employee writes a personal mission statement outlining how they will help the company meet its aims.

Each year, the employee creates a Colleague Letter of Understanding (CLOU), which forms an operating plan for delivering on their mission statement. This CLOU must be agreed with other colleagues.

2. Shortages in Future Talent Pools

Our members describe how they are currently facing a shortage of leadership skills. This is true even in the emerging markets, which are characterised by growing young populations. For many regions of the world, current deficits in high-level education are producing too few talented people capable of filling leadership positions in international organisations. For example, the graph below reveals a hierarchical breakdown of talent deficits and surpluses within India and China. The dark grey areas represent the present talent pools, the red areas represent excess demand for talent, and the blue areas represent excess supply.



While there is a talent surplus in India and China for entry-level positions, there is a deficit of middle management, country and regional leadership. This global skills shortage will see business success increasingly driven by the ability to recruit or train top talent in an increasingly competitive environment. There are a number of ways this shortage can be tackled, and in the Jam, participants reflected on some of the ways these challenges could be addressed within their organisations:

“ Partnership is key between governments and companies to remain focused on potential talent gaps. This is especially relevant for the established markets in EU and US. Another aspect is around the behaviour of established business and the willingness to amend profiles to the changing people environment. The majority of companies are too attached to traditional job descriptions to formulate individual talent needs.

- Ernst Blom, Manager Process Excellence Talent and Learning, Shell

“ Virtual working is viewed as a key component of the Human Age, and could offer one solution to the lack of talent at the leadership level. Moreover, virtual leadership emphasises the need for skills such as collaboration and emotional connectivity. Virtual work throws different challenges to leaders, as they have to use innovative ways to connect, communicate and collaborate.

- Anil Agarwal, Vice President HR Telecom Business, Aditya Birla Group

“ Randstad has been looking into this question for a considerable while now. In terms of where the responsibility lies within the triumvirate that is the State, Employers and the Individual, we concluded that each party has a significant role to play - and certainly a mutuality of obligation and/or interest.

From an employers perspective, whilst it is clearly evident that up-skilling existing workers is a priority for employers, there is less evidence than we would have hoped for that this is translating into actuality. Much of this, we are aware, is down to affordability.



When we looked at the efforts being undertaken by the individual to broaden and deepen their expertise within their core area of competency, or put down the second leg of expertise as is becoming increasingly important, we identified significant levels of activity taking place via formal and informal learning.

From the State perspective, the UK has almost a quarter of its 16-24 year olds, over 1 million people, currently unable to find work. This is fuelling much debate, and subsequent corrective initiatives, around how we enhance the tangible and intangible skills/talents that pupils and students are leaving our education system with - and what we need to do to more closely align outputs from education with employer needs.

- Belinda Johnson, Knowledge & Insight Director, Randstad

Though the skills deficit is a challenge for organisations investing in leadership, some shortages are more accurately attributed to lack of opportunities within various demographic groups. This is particularly true in the case of highly educated women in emerging markets. Jammers considered the changes needed to enable women to rise to leadership roles:

“ The key challenges faced by women were flexibility and mobility constraints due to family issues, lack of networking opportunities, lack of female role models and lack of confidence. But we also found out that quite often it was a mind-set challenge. The women that succeeded to get to the top were driven, confident and actually asked for support from their managers and families. They were clear in their expectations and limitations and communicated that effectively to their teams and managers.

- Jennifer Stanzl, Project Manager for Women's Leadership Program, Tata Consultancy Services

“ Senior Women Leaders need a lot more "advocacy" in the workplace, especially from TOP Management. We need women managers to be seen in "non-traditional" roles and this can happen only when someone at the top "sponsors" her cause, guides her, helps her navigate the Organisation dynamics and is willing to take risks by sticking out his neck and advocating her for top jobs.

The other issues are related to women in middle management. We found that the derailment/attrition is at its maximum at this level, and here is where the organisation needs to build a "support mechanism" for women managers.

- Sunita Sinha, Portfolio Head- Org Effectiveness, Aditya Birla Group

“ I think it is important to develop woman as leaders - not to develop woman to lead like men! As we are challenged to build more collaborative organisations there are skills that many woman naturally display that make them ideally suited to collaborative leading of anything. Of course there are very real structural and cultural bias that needs to be addressed (depending on the Country you are in) and we will know that we have addressed them when leaders stop asking women when they are going to have children.

- Tammy Johns, SVP Innovation & Workforce Solutions, ManpowerGroup

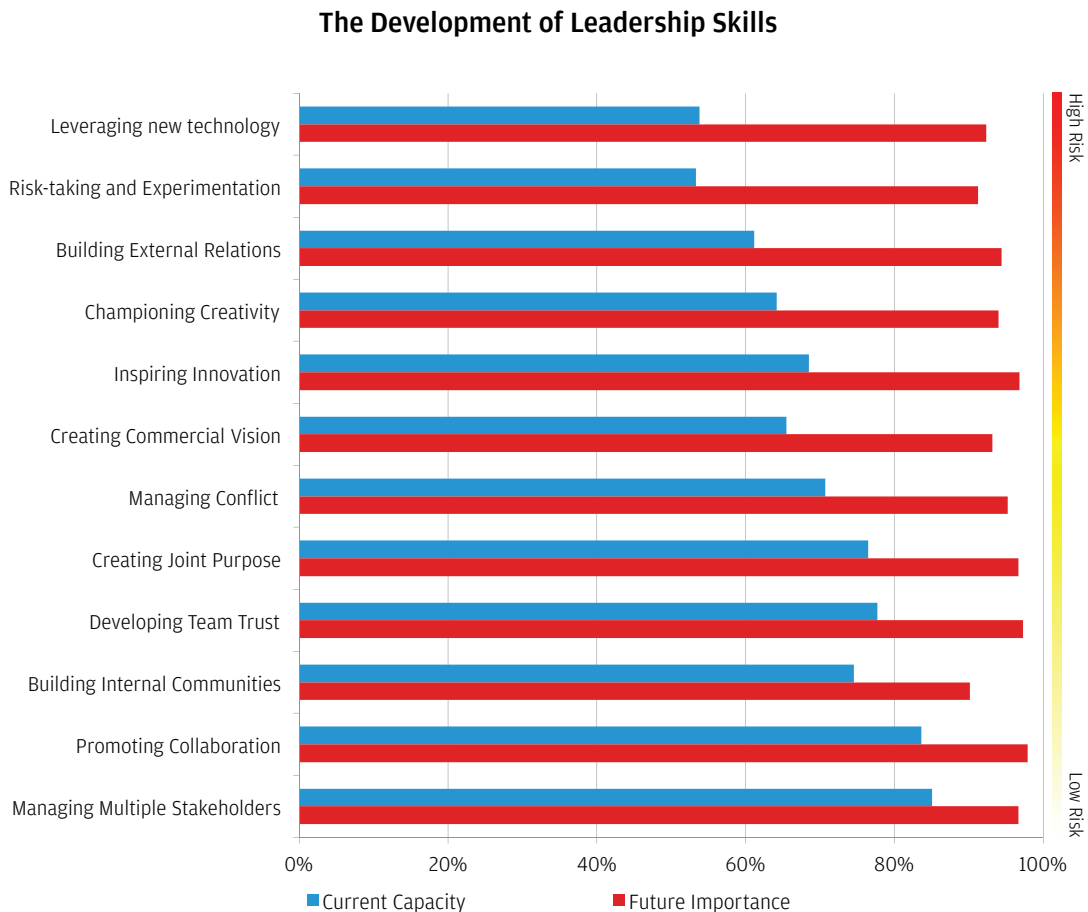
Case Study: Women in Leadership at TCS

The Women's Leadership programme was set up by Tata Consultancy Services as a result of interviews with male and female managers to identify the factors impeding women rising to leadership roles. A key finding was that a major barrier was mind-set.

The programme was set up to connect women across the organisation, build a strong network, get role model women leaders to engage with the broader female population within TCS, and develop strong support systems to enable women to thrive while changing mind-sets among the TCS population.

3. Leadership Competency Gaps

In order to assess the capacity for organisations to develop future-proofed leaders, we surveyed our FoW members about their leadership development programmes. We asked respondents to rate how their current leadership programmes help develop 20 core competencies (12 skills and 8 traits), and how important each competency is for the future viability of their leaders. The consortium averages, based on 769 responses from 12 organisations, are shown below. The competencies are ranked by the gap between current capacity and future importance, with the highest-risk competencies first.



For some competencies, the gap between current capacity and future importance is narrow, indicating that current leadership development programmes are already developing a number of future-proofed skills associated with managing complexity. In terms of the skills developed in current leadership programmes, there is an existing emphasis on enabling leaders to **manage multiple stakeholders, promote collaboration, build internal communities, develop team trust, and create joint purpose.**

However, for other leadership competencies, the gap between current capacity and future importance is wider. This suggests that there are notable deficits in current leadership development programmes. In terms of future leadership skills, these programmes are underdeveloped in encouraging leaders to **leverage new technologies, take risks and experiment, build external relationships, and champion creativity.**

These risk areas indicate that current development programmes may not be fostering truly open leaders - leaders who are open to embracing new ideas, new ventures and new innovations. The four top-risk skills all relate to the ability of leaders to understand and facilitate novel and open ways of working, be that in the use of new technologies, the ability to take risks and experiment, the opportunity to create links beyond the organisation, or to think creatively about tasks.

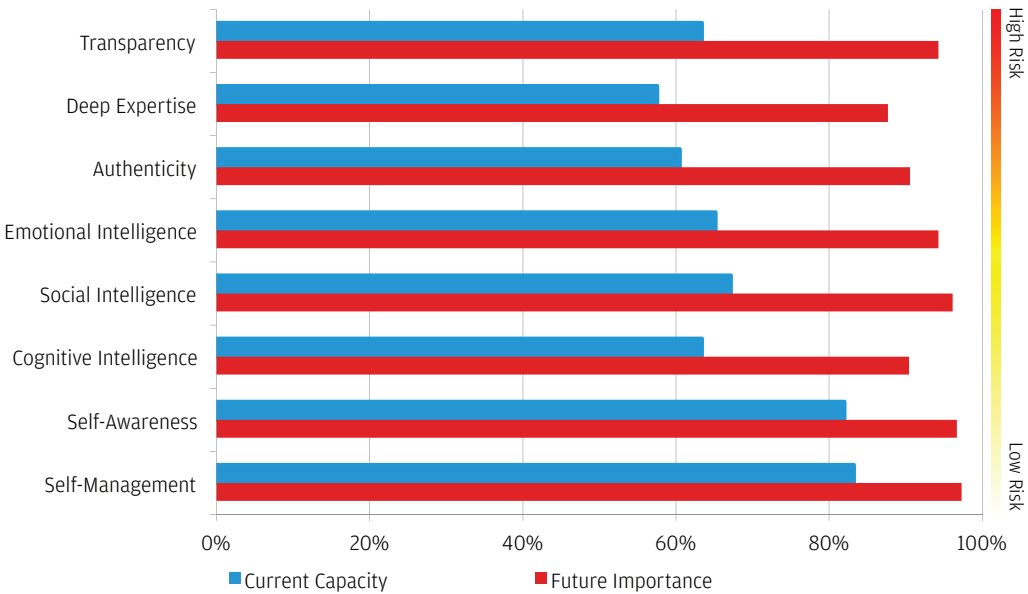


If the future of leadership is about emphasising the power of collectives, it will be crucial for leaders to promote openness and manage complex networks of people with specialist skill-sets who may not be used to collaborating across functions. The four high-risk leadership skills are central to this endeavour: if they remain underdeveloped, they could limit the ability of leaders to promote innovation. A number of Jam participants commented on the importance of these attributes:

“ [Leaders] will need to better leverage the collective intelligence available to them, both internally and externally. Internally, this requires better leveraging internal teams and networks. Externally, this requires an awareness of the tools and networks that can help solve big problems. This requires a mindset shift - an understanding that their role is to unleash human potential and bring together collectives, and the ability to be clear on the outcome but open to how teams get there.

- Rebekah Kowalski, Director of Global Solutions, Right Management

The Development of Leadership Traits



In terms of developing leadership traits, current programmes are doing much to enable and encourage **self-management** and **self-awareness**. However, there is a risk around the capacity to promote **transparency, deep expertise, and authenticity**. This is crucial, as both transparency and authenticity are vital in the era of social media and global connectivity. If these traits remain underdeveloped, leaders will struggle to gain followership and trust, particularly among Generations Y and Z. This was very much a topic of conversation in the WEF Council on Leadership. As a fellow member from Google commented:

“ Social media offers leaders the chance to communicate from a platform where their constituents are effectively their peers. It is an opportunity to pull back the curtain, to connect with their audiences directly, to be human, emotional, and vulnerable. This creates a constant opportunity for leaders to lead by example. I believe this is the most important advantage in this emerging social media world. While chances for missteps abound, the opportunities to display grace, clarity, and integrity make the associated exposure worthwhile.

What is clear is that social media is rapidly eliminating any notion of physical boundaries, distances and time zones. Leaders must expect to be translated, examined, and re-tweeted wherever their relevance extends. This means there is limited opportunity to craft and execute a country-by-country strategy. In the context of this new world, all communications must be assumed to be public, whilst the information consistency doesn't have language barriers. The opportunities this presents to leaders is awesome.

- Max Levchin, Vice President, Google USA (cited in the WEF New Models of Leadership Discussion Paper)



4. Developing Future Leaders

We asked our members to think about how to develop future leaders. There was a broad agreement that future leaders need tacit knowledge gained from practical experience to make prudent judgements. In the context of increasingly complex work tasks, the value of experiential learning was widely acknowledged. Many reflected on whether new leadership models are able to adequately provide the crucible experiences needed to enable leaders to meet the challenges of the future:

“ I am convinced that understanding, practising and mastery are very important. Therefore, we should expose our talents and future leaders to every possible situation that involves change - like new cultures, use of different media, new learning environments - until finally the status of constant change and a wide environment of colleagues form a base that feels familiar to them. For us in the field of development, this means that we constantly rewrite our concepts for job rotation, reverse mentoring, addressing new target groups etc.

- Gudrun Blankenhaus, Head of Management Development, GEA Group

“ We've worked with a consortium of aid agencies to build consensus around core leadership behaviours and have emerged with a core framework. From there, we have developed curricula for on-the-job facilitated learning programmes that rely heavily on coaching and peer mentoring/support. We chose to support individuals through real life learning experiences and in their cultural context.

- Ben Emmens, Director of HR Services, People in Aid

“ Leaders can really benefit from practicing holistic approaches to different concepts and strategies early on. We should be encouraging some time for almost philosophical discussion and practice.

- Romilos Politopoulos, Revenue Management, PepsiCo

“ We need future leaders with the ability to embrace globalisation. Some skills that would be essential to succeed with this would be multilingualism, the flexibility to be internationally mobile and cultural sensitivity. The ability to embrace new technologies will also be important.

James Grant, Human Capital Consultant, Royal Bank of Scotland

There was also a broad understanding that employees would be challenged over the coming decade to ensure that members of Generation Y are successfully nurtured for leadership roles. This will require capitalising on their strengths and helping them overcome their perceived weaknesses. Jammers reflected on Gen Y as leaders, and whether they are in fact any different to those generations that came before them:

“ Is there actually a difference in Gen X and Gen Y? My view is that there isn't - both could adopt the same leadership, both could adopt the same styles. The difference here is purely on the emphasis of collaboration.

- Nimesh Chauhan, Sales Manager, BT Global Services

Case Study: Re-thinking Leadership Development at Shell

Shell is rethinking leadership development. The key objective is to adjust the focus from programmes to in-role development.

Shell sees continued opportunities in the use of mobile and just-in-time learning in the leader development area, enabling leaders to identify and access content whenever needed, in a format that meets their immediate need.

There are also opportunities in more fully utilising supervisors, teams and peers in the development of future leaders.



“ Are values deterministic and static or do they change over time and across spheres (work, home)? And to link it to leadership, how do leaders actually need to 'be' to engage Gen Y employees on the basis of their values? And would that lead to increased motivation and more satisfaction in the workplace?

- Jennifer Stanzl, Project Manager for Women's Leadership Program, Tata Consultancy Services

“ In my view, Gen Y are clear in terms of career aspirations, willing to learn and make extra effort, no hesitation in taking feedback, and since they are tech savvy, they are also open for learning from others.

- Anil Agarwal, Vice President HR Telecom Business, Aditya Birla Group

Creating diverse learning experiences at Aditya Birla

Aditya Birla is creating sector-agnostic leaders, supported by a career mobility policy. This development is founded on the belief that:

1. Individuals have abundant potential and unique capabilities. Leadership has no rigid boundaries and is fungible across businesses.
2. Development is best achieved through varied experiences, including diverse assignments, exposures, leadership styles, cultures, geographies, environments, and technology.
3. Throughout the process, the individual is responsible for directing and sharpening their innate potential by taking the lead.

The demand for constant feedback that characterises Generation Y will put current managers under greater stress. Given the primacy of learning opportunities for this generation, new methods of mentoring may need to be established. Jammers reflected on the role of current feedback and mentoring in developing Gen Y:

“ I think that sport and the arts provide many great parallels for business. Professional athletes, musicians and actors train daily and are coached daily in order to ensure that they perform at their peak. Their coaches do not see providing them with feedback as a six monthly performance management process. Feedback will be instantaneous and specific to the performance.

- Matthew Cruice, Head of HR Business Partners, Marks and Spencer

“ If reverse mentoring is designed as a peer-to-peer relationship rather than a younger to older person thing, both people have a lot to teach and lot to learn.

- Seren Cankiri, Category Marketing Manager, PepsiCo

When developing collaborative leadership, forging shared purpose is crucial. The decreased focus on individual reward requires new mechanisms to recognise contributions. Within the Jam, there was a consensus that people will be recognised more for collective contributions than pursuing their own ends:

“ For the altruists, peer recognition or just the sense of adding value is a reward. But in a corporate arena where performance management is very competitive, there is a risk that individuals will over-play their role in collaborative success to get bigger rewards at the expense of the quieter but more effective contributor. So if we move to a collaborative world, reward structures have to be modelled on cooperative societies and partnerships, where the collective success is recognised.

- Iain Harrison, HR Programme Manager, Royal Bank of Scotland

“ The purpose has to actually matter... it needs to resonate with people in order for them to be willing to mobilise and be part of solving the problem. Particularly in organisations with competing priorities and increasingly complex problems, I think leaders will have to get very good at 'marketing' their problem and communicating a very deep and significant purpose.

- Rebekah Kowalski, Director of Global Solutions, Right Management

Company Members of the Future of Work Phase3



