Transform Leadership

The New Model for Leader Impact
The spotlight in talent management is on building a twenty-first century workforce that drives results in an increasingly complex environment.

Our research has told us that Senior Executives aren’t confident in the strength of their leaders – and whether their leaders are future-proofed.

Leaders are missing the big picture. In response to growing complexity in the workplace many leaders retreat, and focus narrowly on their individual span of control, but this kind of leadership is not enough to drive the kind of business results organizations expect.

If you’re reading this, it’s likely you’re looking for the answers to at least one of these questions:

1. Do we have the leaders in our organization to drive future success?
2. How can we improve the return from our organization’s leadership initiatives?
3. My leaders hit individual objectives, but why isn’t this translating to enterprise-wide results?
4. How do my organization’s leaders benchmark against others?

This eBook provides you with revealing insight into the leadership shifts required to drive stronger performance for today and the future.
Three quarters of business units have leaders who are not equipped to handle future needs of the organization.
Organizations Do Not Have the Right Leaders for the Future

According to senior managers, three quarters of business units have leaders who are not equipped to handle the future needs of the organization.

And HR leaders largely agree, with specific concerns around agility, innovation, responsiveness and team enablement.

- **Enablement**: Only 16% believe leaders remove barriers to their teams’ performance
- **Innovation**: Only 22% say their organization is effective at generating innovative ideas
- **Agility**: Only 25% believe leaders will be able to adapt to a significant change in business strategy
- **Responsiveness**: Only 29% believe leaders can adapt to big shifts in the market

Source: CEB 2014 Enterprise Leadership Head of Function Survey
So Why the Lack of Confidence in Our Leaders?

It’s not a traditional leadership competency problem. Two thirds of leaders are already effective or very effective at traditional leadership competencies.* But the performance that got our leaders to where they are today is not what organizations need moving forward.

CEB has studied the work environment for years, and has explored how changes impact employees. For leaders in particular, complexity is the new norm.

So in summary – the work environment has changed, but leaders abilities haven’t kept pace.

* Competencies related to problem solving, agility, collaboration, talent management, innovation
“The world is faster, more interconnected... I’m worried our leaders don’t know how to lead in that environment”

Head of HR, Manufacturing Organization
How Has the Leadership Environment Changed?

Figure 1 below shows just a few of the changes leaders have experienced in recent years. These create new challenges for leaders – specifically when it comes to working with peers across the organization and their teams.

Figure 1: The Changing Leadership Environment

Peer Interactions Are More Complex

More Stakeholders to Consult
The majority of leaders agree that the number of people they need to consult to make a decision has increased.

Shifting Job Requirements
More than 80% of leaders agree their jobs are increasingly diverse, and include more responsibilities than before.

Leader-Team Dynamics Are More Complicated

Geographically Dispersed Teams
More than half of leaders report an increase in time spent working with direct reports in different locations in the past three years.

Leaders Have Less Time with Their Team
Employees spend an average of three hours a week with their direct leader, half the time they had a mere two years ago.
**Implication: Peer Interactions**

- Leaders need to consult and build consensus with more of their peers to make decisions
- Given larger scope of responsibility, leaders must rely on peers’ expertise
- Leaders must navigate unfamiliar peer relationships and new organizational cultures

**Implication: Leader-Team Dynamics**

- Leaders lack visibility into teams’ day-to-day, requiring higher levels of trust
- Teams have a greater span of control and must be more autonomous without constant input from the leader
- Leaders must build a culture that enables staff to seek guidance, support and development from each other
“Right now our leaders aren’t willing to think outside their own business units and it’s hurting our performance. We have to get leaders thinking about how to have an impact on the broader organization”

Director, Global Leadership Development, Logistics Organization
6 out of 10 leaders say that the number of stakeholders they have to consult to make a decision has increased in the past three years. This makes it increasingly hard for leaders to make decisions – but also ensure that they’re getting the right input from the right people.

80% see an increase in the diversity of job requirement and 85% see an increase in the number of job responsibilities as well. These shifting leader job requirements mean that they are increasingly reliant on others – especially their peers – to do their increasingly complex jobs.

And that’s not all. The days of compact single-site teams are long gone, with 6 out of 10 leaders saying that they’re spending more and more time working with employees in different locations. And one of the clear challenges is less direct visibility into the day-to-day work of the team.

With more direct reports per leader, it’s no surprise that leaders spend a lot less time with their direct reports today – about half the time they did even just a couple of years ago. This means that teams are more autonomous – and management is more social – meaning that employees are turning to each other increasingly and not just to their managers or leaders for direction, support and development.
Most leaders respond to complexity by avoiding it, focusing instead on their individual business unit.
So What Does This Mean?
When it comes to our leaders – their organizations, their work environment, their jobs, their teams – have all changed radically, and the models and assumptions that have governed a traditional outlook on leadership are no longer sufficient to drive business results. It means that in this new environment, we need a new kind of leader.

What is the New Model for Leader Success?
Most leaders primarily contribute to the organization by focusing on their individual goals and business unit. In Figure 2 overleaf, the left hand side of the model shows the primary focus of most leaders and leadership models today. The focus here is on the individual leader achieving their individual objectives and helping their teams do the same. This is traditional the vertical leadership model.
Figure 2: Transform Leader Performance: The CEB Enterprise Leadership Model

**Individual Leadership**

**Leader Task Performance**
Leaders effectively execute individual tasks

**Team Task Performance**
Leaders enable their teams to achieve their collective tasks within the team

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**Network Leadership**

**Leader Network Performance**
Leaders improve others’ performance and use others’ contributions to improve their own performance

**Team Network Performance**
Leaders are effective at driving their teams’ network performance
Enterprise Leadership

Effectiveness meeting individual goals, contributing to and using the performance of other teams, and leading their team to do the same

Business Results

Teams with enterprise leaders have:

+12% revenue
+20% customer satisfaction
+23% innovation
+30% engagement

While leaders still need to focus on individual objectives, they also need to work together collectively as well. We call this is network leadership. Together, strong individual plus strong network leadership creates enterprise leaders.
Enterprise leadership is an orientation for every leader at every level to focus on the broader network and organizational outcomes – not just their individual responsibilities.
Individual Leadership is Not Enough – Enterprise Leadership is the New Way to Drive Results

Our research shows that enterprise leaders drive superior team outcomes. These statistics below compare characteristics and outcomes of teams who work for enterprise leaders against strong individual leaders.

**More Innovative Teams**
*Percentage of Teams Achieving a High Level of Innovation*

- 34% of Other Leaders’ Teams
- 57% of Enterprise Leaders’ Teams

**More Adaptable Teams**
*Percentage of Teams Effective at Generating Solutions to New or Unanticipated Problems*

- 72% of Other Leaders’ Teams
- 87% of Enterprise Leaders’ Teams

Source: CEB 2014 Enterprise Leadership Survey.
Clearly these improved team outcomes have a positive effect on organizational outcomes as well.

Most organizations have more ambitious growth objectives than their current individual leaders can deliver against.

It is no longer enough to have a C-Suite with a broad remit. All leaders – at all levels – need to take a broader view to drive business results.
It’s not just a theory. Enterprise leaders drive stronger team outcomes and boost business unit revenue by up to 12%.
How Are Your Leaders Performing?

When Heads of HR look at their leaders today, they tell us that over 8 out of 10 are meeting or exceeding their performance objectives relating to their business unit. So when it comes to individual leadership, our leaders do it really well.

However, when it comes to network leadership, only 31% of leaders are effective at these types of tasks.

As a result, leaders struggle to support enterprise-wide outcomes, with just 13% of heads of HR rating their leaders as effective at supporting the performance of other leaders.

All of this combined shows us that enterprise leaders are few and far between. Only 1 in 10 leaders are working this way.
Enterprise leaders are few and far between – only 1 in 10 leaders are working this way.
How Can You Recognize an Enterprise Leader?
Organizations have spent decades setting goals and rewarding leaders for their individual leadership capability. A behavior shift is needed to

Figure 3: The New Way to Drive Leadership Results

**Shift 1**
**Take—and Give—with Peers**
Individual leaders use peer contributions to improve their business unit. Enterprise Leaders use and provide contributions to improve the broader enterprise.

**Shift 2**
**Push—and Pull—Team Contributions**
Individual leaders delegate work to their team. Enterprise Leaders delegate work and ensure team contributions receive the resources and visibility needed for success.

**Shift 3**
**Facilitate—Don’t Direct—Team Performance**
Individual leaders provide their teams with direction to accomplish their tasks. Enterprise leaders connect their teams with those that can enhance and benefit from the team’s performance.

\[ n = 908; n = 2,101. \]
move to an enterprise leadership approach – Figure 3 shows three key ways that enterprise leaders behave.

Enterprise Leaders are 1.5x more effective at evenly giving and taking than individual leaders.

Enterprise Leaders are 1.2x more likely to pull than individual leaders.

Enterprise Leaders are 1.3x more likely to facilitate than individual leaders.
What Might Your Organization Look Like With Enterprise Leaders?

An organization of enterprise leaders looks and feels very different than an organization without them.

Figure 4: Leadership in Action at the Organizational Levels

**Organization WITHOUT Enterprise Leaders**

- **Conflicting Strategies**
  Leaders present strategies to maximize business unit results, resulting in conflicting strategies.

- **Cross-Functional Projects Ignored**
  Leaders deprioritize cross-functional projects as side-of-the-desk work.

- **Competition for Resources**
  Teams compete for and allocate resources based on business unit objectives rather than enterprise objectives.

- **Talent Hoarding**
  Leaders reluctantly discuss their top talent and listen for talent to poach.

Source: CEB analysis.
Connected Strategies
Leaders present strategies that incorporate strategic needs beyond their business unit.

Cross-Functional Coordination Prioritized
Leaders seek out cross-functional partnerships.

Strategic Alignment of Resources
Teams allocate resources to business unit objectives that align with organizational goals.

Talent Viewed as Corporate Asset
Leaders share opportunities to leverage their own talent elsewhere and develop others’ talent.
Start Driving a New Approach: Three Changes You Can Make to Leadership Investments

Change 1
Invest in Targeted Development to Change Leadership Skills and Mind-Sets

The current generation of leaders honed their skills by watching the most successful executives they worked for achieve great outcomes on their own. After copying their role models for years, they now need to change their own mind-sets on working independently.

HR Leaders need to invest assessment and development budgets on the enterprise leadership skills and behaviors proven to drive business results.

Change 2
Make it Easier to Collaborate

Enterprise leaders hold a unique information advantage. They know who they can get help from and who they can help. Unfortunately, most leaders don’t have all the information they need to understand when to take or give at the right time – especially as gathering this information takes time.
Some organizations have solved this challenge by increasing transparency into leaders’ relative strengths and needs. This doesn’t mean publicizing each leader’s personal strengths and weaknesses but proactively explaining how the capabilities of different leaders and their teams align with the organization’s strategic objectives.

**Change 3**  
**Recognize and Reward Enterprise Leadership**

Only 17% of enterprise leaders received top ratings in their last performance evaluation.  

97% of leaders have at least one objective that falls into the enterprise leadership category. Even so, leaders say that helping peers endangers their personal bottom line. Barely one third of these leaders say their contributions to others’ work are financially rewarded. Too frequently, objectives centering on enterprise-level collaboration are neither specific enough to galvanize leaders to action nor accurate enough to capture all the different ways leaders can meet these objectives. Contributions are hidden and go unrewarded, with only 17% of enterprise leaders receiving top ratings in their last performance evaluation.
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