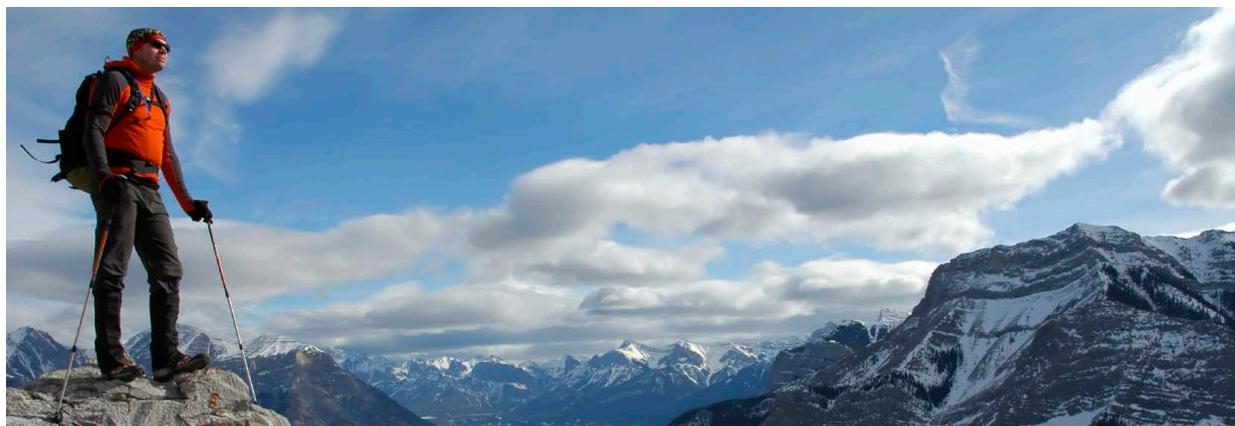


## Leadership.Next: Debunking the superhero myth



Yesterday's leadership theories are not keeping pace with the velocity of today's disruptive marketplace. Organizations are seeking a new model for the age of agility.

Many companies have spent decades trying to identify and clone the mythical "perfect leader." But it turns out there is no such thing. Businesses today face a virtually unprecedented variety of challenges, from harvesting profits in mature economies with flat or declining growth, to establishing toeholds in emerging countries, to creating the next wave of disruptive innovation, to working through the complexity of changing regulations—and everything in between. Each of these unique challenges requires a unique kind of leader. One size does not fit all.



### What's driving this trend?

**Jagged markets.** It wasn't long ago that mature markets were the ones that really mattered. And while those key markets might have been on different continents and separated by thousands of miles, from a business perspective they were more alike than different. Not anymore. Today, companies should find ways to operate successfully in markets that are worlds apart in every way—socially, technologically, and economically. This requires a new type of leadership.

**Perpetual uncertainty.** Companies used to operate in a relatively stable and predictable business environment where the future looked a lot like the past. But in an increasingly complex and fast-paced business world, businesses know that the future is unknown—and unknowable—and design their leadership strategies accordingly.

**Instant obsolescence.** Today, disruptive innovation is the rule, not the exception. Virtually any company could be weeks or months away from facing potential breakthroughs and new competition that could make its entire business obsolete. Leadership styles that worked well in the past simply aren't good enough to cope with this dynamic environment.

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To be effective, companies need leaders who—individually and collectively—can operate across different environments and adapt to the unexpected.

### Practical implications

Organizations have arrived at a turning point in the evolutionary arc of leadership, where yesterday's theories struggle to keep pace with the velocity of today's disruptive marketplace. Although many companies continue to pursue a singular vision of the ideal leadership style, the humbling truth is that tomorrow's leaders should be able to thrive across multiple complex environments including: hyper-growth in emerging economies; value-harvesting or turnaround in mature markets and product segments; entrepreneurial innovation in start-up categories; and enterprise re-engineering for end-to-end value chain optimization.

These are just a few of the business contexts that form the playing field for the 21st century—a jagged landscape that forces companies to launch multi-prong strategic plans in order to gain competitive advantage across a diverse array of contrasting market spaces.

Different situations require different kinds of leadership. For example, capitalizing on hyper-growth in emerging markets requires leaders who embrace chaos and have a high tolerance for risk and failure. In fact, some businesses are pursuing a deliberate strategy of “fast failure” to rocket up the learning curve and accelerate their success. Leaders in this kind of environment must be willing to shun conventional thinking about which markets are worth targeting. They also should be obsessively committed to operational efficiency and execution to squeeze profits from even the smallest opportunities, and should be able to adjust their strategies and goals on-the-fly in response to lessons learned and rapidly changing market conditions.

By contrast, a turnaround in a mature market requires leaders who are practical and realistic, yet also inquisitive and adventurous. They should be able to make deliberate choices that help the company extract the most value from existing assets; yet they must also be able to drive disruptive innovations that can take a business in entirely new directions. Curiosity and a willingness to learn are key, so is the passion to engage employees and bring them along on the journey.

These examples illustrate the need for a pool of leaders with diverse skills, personalities, experiences, and capabilities. They also underscore the importance of flexibility and adaptability. To be effective, companies need leaders who—individually and collectively—can operate across different environments and adapt to the unexpected.

### Lessons from the front lines

Companies around the world are actively looking for ways to develop new types of leaders. For example, Unilever has a major initiative to develop 500 global leaders through intensive leadership development programs designed to position them for expanded roles. According to CEO Paul Polman, “Unilever’s Leadership Development Programme prepares our future leaders for an increasingly volatile and uncertain world where the only true differentiation is the quality of leadership.”<sup>1</sup>

Here are some specific strategies that may help companies unlock the answer to tomorrow’s leadership puzzle.

**Get rid of the cookie cutter.** Instead of trying to clone an army of identical superleaders, embrace the idea of leadership diversity. According to the Chief People Officer at Southwest Airlines, Jeff Lamb, one of the things that makes the airline a great place for leaders is the “freedom to be yourself.” Strive to create a pool of leaders who have different skills, styles, and experiences—and then work hard to assign people to leadership positions that fit their unique capabilities. Proctor & Gamble, for example, analyzes each individual leader’s capabilities and targeted leadership role, and then maps out a unique path for reaching the destination.<sup>2</sup>

**Focus on resilience and adaptability.** To thrive in an unpredictable environment, select and cultivate leaders who—both individually and collectively—can readily adapt to a future that is constantly in motion. Support them with leadership training, tools, and coaching that can help them get up to speed as quickly and effectively as possible. Also, be willing to change leaders if necessary. Proctor & Gamble purposely moves leaders across regions and countries to give them “discontinuous” experiences that accelerate their growth and help them learn to operate in a multi-dimensional business environment.<sup>3</sup>

**Be disruptive.** Today, many effective companies push the envelope on innovation. They create change ahead of the curve, even if it threatens to make their existing products and business models obsolete. This “creative destruction” requires a special kind of leadership. For example, many of Amazon’s biggest innovations initially appeared to be money-losing distractions. However, as CEO Jeff Bezos explains, Amazon is “willing to be misunderstood for long periods of time.”<sup>4</sup> Creating your own disruptions enables you to shape the future of your industry in a way that plays to your company’s strengths. It’s risky, but not as risky letting your competitors make the rules.

**Don’t shy away from conflict.** Traditionally, when leaders clash, one side wins, the other side loses, and everyone learns that open conflict is something best avoided—which ends up stifling creativity and innovation. Companies today must create a leadership environment where individuals can be “creatively abrasive,” standing up for what they believe in and openly challenging each other when necessary—without pouting or shutting down if they lose.

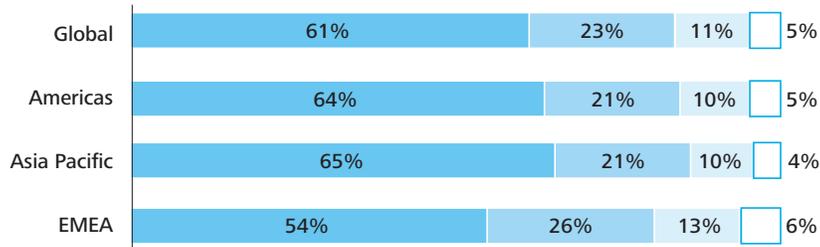
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Although many companies continue to pursue a singular vision of the ideal leadership style, the humbling truth is that tomorrow’s leaders should be able to thrive across multiple complex environments.



## Leadership.Next: Survey highlights

### Relevance by region



- Trend is highly relevant today
- Trend will be relevant in the next 1-3 years
- Trend will likely be relevant in 3 years and beyond
- Not applicable

Region	Total
Americas	315
Asia Pacific	582
EMEA	412
<b>Total</b>	<b>1309</b>

### Digging deeper

- Both HR executives (61%) and other business executives (62%) rank this trend in the top two as the most highly relevant today
- Among industry respondents, Manufacturing (68%) and Life Sciences and Health Care (60%) rank Leadership.Next as the most highly relevant today

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### Endnotes

- <sup>1</sup> "A New Era for Global Leadership Development", *Harvard Business Review* website, February 17, 2012.
- <sup>2</sup> "How Companies Develop Great Leaders", *BloombergBusinessWeek*, February 16, 2010.
- <sup>3</sup> Ibid.
- <sup>4</sup> "Jeff Bezos Reveals His No. 1 Leadership Secret", *Forbes*, April 23, 2012.

**Resetting horizons: Global human capital trends 2013**

Looking beyond continued uncertainty, the world's leading organizations are raising their sights, and pivoting from the great recession to the new horizons of 2020 with a focus on talent, globalization, growth, and innovation. This report introduces 13 global trends that are driving critical business and human capital decisions. The report provides information on these trends across global markets through results of a survey of over 1,300 business and HR professionals from 59 countries. [www.deloitte.com/hctrends2013](http://www.deloitte.com/hctrends2013)

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