

EgonZehnder

#ArchitectsofProsperity

CEOs: Architects of Prosperity



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of Prosperity**

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CEOs: Architects of Prosperity



In Catalonia, on the outskirts of Barcelona, stands an extraordinary structure. With towers and arches that echo traditional regional architecture, buzzing interconnected workspaces, and lush greenery spilling from courtyards and rooftops, the complex seems part workshop, part cathedral, part playground. But the site was not always bursting with such vitality. In 1973, when young architect Ricardo Bofill first spotted it, this abandoned cement factory was a polluted ruin. Bofill, though, saw opportunity: a space for the diverse team he was putting together—engineers, mathematicians, planners, philosophers, artists, and filmmakers—to grow, learn and build. The firm, which came to be known as the Ricardo Bofill Taller de Arquitectura, established its head office on the site and proceeded to revitalize and reinvent it, selectively demolishing, restoring, and adding to the structure, as Bofill guided his team towards a brilliant creative synthesis.

La Fábrica (The Workshop), where Bofill now lives and works, is globally successful and endlessly transforming. In many ways, it embodies the firm's approach: reinventing processes and employing new technologies, evolving to meet emerging needs, while remaining grounded in its values; a place of multiple perspectives, profoundly

adaptable, winning business across many countries. As Bofill works to sustain and strengthen his company, balancing hard business expectations with emerging market and social needs, his vision radiates to transform communities; his team has created work that brings large-scale benefit, from innovative social housing projects to the National Theatre of Catalonia. In his projects, Bofill aims not to transcend humanity, but rather to keep people always in mind: “to encompass,” as the firm states, “the human experience.”

In this era of global uncertainty, businesses are faced with disrupted models and rapid change. Companies find themselves increasingly entangled in social issues, and are expected to work on solutions that create prosperity in all aspects: “people, profit, planet.” It is a time for CEOs to recognize their roles as architects of this new milieu, with a chance to plan and build something not unlike La Fábrica: resilient, transformative, and generative of value for the many.

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This opportunity presents itself against a challenging landscape. To succeed, CEOs need to embrace a changing world and a changing role, and be ready to transform themselves and their organizations.

Egon Zehnder is pleased to present a series of articles offering insights into exactly these leadership challenges and opportunities, of special interest to current and aspiring Chief Executives and Boards. These narratives draw on our extensive global work with more than 2,000 CEOs in all sectors over the past five years, as well as our services advising the Boards that appoint CEOs. We reflect on transformative work that our colleagues have been privileged to undertake with top executives, and describe their thorny challenges, their flashes of inspiration, their stumbles—in short, the milestones on their paths to creating prosperity for all their stakeholders, as well as the scope and aims of their organizations.

Along the way, you will meet some of the great leaders we've walked beside; people who have inspired us, and from whom we have learnt. We will tell the story of Mateo, whose deep experience in manufacturing and decades of success didn't prevent him from floundering in a shifting economy and society; Tara, who rebranded her restaurants for a new world; Daniel, who realized just in time that being a high-performance executive, well polished in business school, was not enough to guide a multinational firm through turbulent waters; and Jan, who shed an initial hesitancy in the CEO role to unleash a far-reaching transformation.

Others will feature too: Lukas, who marked his rise to CEO by urging his senior people to become Chief Executives in their own right, and established strong bonds beyond the common set of stakeholders; Beth, who shook off a long-held conception of business leadership and learnt to connect; and Raj, who surprised us with his power to adapt, founded on listening. We will describe warriors

and visionaries of business, men and women who transformed themselves, stretching their own performance and that of their firms; who had the courage and imagination to see their relationships to stakeholders as gateways to prosperity, rather than burdens—and who stayed alert, always adapting.

The world is changing—and so is the CEO's role

We are living in a world where geopolitical power is shifting to new centers, causing massive uncertainties; traditional boundaries of influence and responsibility are dissolving; technology is transforming every industry; and individuals, groups and institutions are ever more interconnected and interdependent. For business leaders, this means that their enterprises are embedded in new and elaborate systems, calling for a different view of stakeholders.

Globalization has not eradicated challenges: our socio-political landscape is polarized, exposing social unrest, alienation, and distrust of the status quo. Yet we have the most educated population the world has ever seen, increased access to clean water, less infant mortality, greater awareness of mental-health issues, and many other powerful marks of progress. We are also experiencing the fourth industrial revolution as it radically alters the work of individuals and organizations. In short, the world is unavoidably complex.

Businesses now are increasingly expected to use their influence as a lasting force for good.

Against this landscape, it is unsurprising that business leaders are facing a new set of expectations from their stakeholders. Businesses now have far-reaching impact, in some cases exceeding even that of governments, and are increasingly expected to use their influence as a lasting force for good beyond

the realm of profits and traditional corporate social-responsibility programs. This pressure is mounting from all sides, and is reflected in the rise of ethical consumerism, impact investing, the expectation that business leaders take a stand on social issues, and demand for work that is not only secure but meaningful.

In this context, the role of the CEO has grown and evolved. Working with the momentum imparted by current events, from crises of public health, societies, economies and the environment, to technological and business-model disruptions, CEOs must design and build the future while generating value for shareholders and a wide range of stakeholders.

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A CEO must recognize the interconnectedness of these seemingly disparate objectives: performance requires transformation, and profit for the many is profit for the business. Integrating broad prosperity into the business model presents novel situations beyond traditional stakeholder management. Maintaining financial performance while serving as a force for good requires not only growth and keeping an eye on the bottom line, but also sometimes elevating one's sight towards the prospect of unexpected opportunities

Architects of a new era

CEOs, and the Boards of Directors with whom they work, are coming to recognize that while the experience and talents of a Chief Executive are still essential, they are no longer enough to secure success. Most CEOs will have sharpened their skills in a previous era, modeling their leadership style on an earlier archetype, developed in different circumstances. To be effective in complex and

uncertain times, CEOs must be ready for an ambitious dual journey of professional and personal reflection and development, while leading and inspiring their teams to embark on the same.

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CEOs are being called on to step up as architects of this new era, designing businesses that are innovative, resilient, and responsive to their environments. This requires leaders to be **self-aware**, **relational**, and **adaptive**—a set of qualities that are not independent, but stand strongly together in mutual support.

Self-awareness is a rigorous and disciplined commitment to being conscious of one's stage on the journey, and to continued learning and personal growth. This involves constant attention to our motives and behavior, as well as how these radiate to transform our business and teams. CEOs must find a delicate balance between self-confidence and mindfulness, always aware of their own limitations. Rather than taking themselves to have reached the terminal point of professional and personal development, CEOs should have the courage and humility to regard their own appointment as a midpoint of their journey, remaining eager to make changes that boost their leadership and effectiveness.

Along with self-awareness, CEOs must cultivate and expand their relationships with genuine openness and boldness, harnessing the collective power of diverse team members and stakeholders to fuel their organization and elevate its performance.

Realizing a **relational** orientation requires learning new ways of listening and communicating: with curiosity, humility, empathy, and authenticity. These

skills allow a CEO to cultivate a “first among equals” relationship with their Board and teams, expanding their self- and organizational awareness by inviting inspiration and insights from diverse perspectives, including responses to their own leadership. Treating these relationships as sacrosanct, defined by mutual trust and respect, will prove essential to CEOs hoping to propel their organizations’ transformation and performance through an increasingly complex landscape.

This relational approach must extend beyond a company’s conventional stakeholders. A CEO should seek out new and uncommon alliances across organizations and sectors, seeing these entities as value creators and pillars of collective strength, offering new opportunities and unique points of view to enrich institutional judgement. As leaders adopt a relational orientation, an older archetype—the “hero” CEO, who stands alone as the head of a hierarchy—is gradually becoming obsolete.

Undeniably, commitment to a relational orientation is challenging. Relational CEOs must be perceptive enough to sense which relationships can benefit their business and broadly promote prosperity, and then astute enough to realize these advantages.

In an era of rapid transitions, CEOs who can remain clear-sighted and adaptive will be innovative architects of outstanding business performance.

In an era of rapid transitions, CEOs who can remain clear-sighted and adaptive will be innovative architects of outstanding business performance. They will be bold and creative, honoring valuable traditions while forging new strategies with benefits that ripple out beyond the organization.

These CEOs, especially if relational and self-aware, will use their unique vantage, enriched by insight from their team and stakeholders, to grasp genuine opportunities, as well as to meet or bypass challenges. They will recognize that apparent polarities between people and profit, if synthesized creatively, can be engines of value instead of problems to be solved. And they will travel the tricky adaptive path from old to new models of operation, inspiring their organizations and navigating them through the transition.

Flexibility involves openness, an unquenchable appetite for learning, visionary foresight to predict future challenges and opportunities, and an ability to tap into institutional strengths and origin stories to energize and stretch the organization.

As CEOs lead us through complexity into a better future, they must maintain strong values—recognizing their responsibility to use unwavering humanity as their compass, or North Star, when making decisions or changing paths.

Every era sets its own demands for leadership. In response, a great leader not only accepts the challenge, but brings their own vision to it. Ricardo Bofill knew that to attain global excellence, it would not be enough to pursue architecture in the old way. Instead, he assembled a diverse and skilled team, stretching everyone’s capacities to the limit as together they built in ways no one had envisaged before, creating magnificent and inspiring new landmarks that celebrate the vast potential of humanity. As we enter a period that offers challenges and opportunities on a global scale, it is an honor for us at Egon Zehnder to share the experiences of leaders who are striving to reinvent themselves and their teams, building new organizations together. We hope you will join us as we present the struggles and accomplishments—the imperfect and inspiring human drama—of their stories.

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Navigating a World in Flux



“I wouldn’t reveal this to my managers, or the Board,” Mateo confided in us, soon after we began to work with him. “But the truth is, I’m puzzled. I can’t say exactly where I went wrong.” Until a few years ago, his career had been as smooth and reliable as a precision-engineered instrument, with a stellar performance as CEO.

Mateo started his career as a talented science graduate at a prestigious manufacturing firm, where he drew on his analytical skills to streamline processes, run an efficient team, and stave off competitors in a market of tight margins. Rising steadily to CEO, Mateo drove innovation and performance over several business cycles, maintaining a strong position in his dynamic and highly competitive industry. He created a global footprint, drawing on resources and skills at the forefront of multiple technology sectors. His company’s brand came to signify leading products with outstanding functionality and customer value.

“We were a top performer in our industry, even across manufacturing globally, for ten years. But then the problems began,” Mateo reflected in one intense and frank session with us. “Performance dropped slowly, then fast. I thought: *This is one of the cycles I’ve managed before.* I kept doing what I’d always done. When the tried-and-tested responses didn’t

work, the team and I came under massive fire from all sides. As CEO, you’re so attuned to the fortunes of your company, so attentive to quality, costs, sales, that you feel the blows in your body as they come.”

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The industry was upended by radically novel product technology, with much higher social acceptance. This called for a new mindset, fresh skills, massive investment, and bold innovations to remodel the entire customer journey. Mateo had seen the approach of the new technology, but rejected it as unreliable and far too investment-heavy; he thought any disruption would come far in the future. By the time he became aware of its true potential, nimble competitors and unexpected new players had begun taking market share. “When I saw our competitors’ products, I had to admire them,” Mateo told us, shaking his head. “But I felt queasy. A voice in me said, *This is the future—and you’re not there.*”

For Mateo, the second hit came amid a rise in social-justice activism from shareholders, supported

by high-profile journalists. Questions mounted about the sustainability of processes and products developed under his leadership, and about the sector as a whole. Activists claimed that Mateo's company, being a leader in the industry, had ignored its negative environmental impact and missed opportunities to conserve natural resources. External stakeholder groups claimed they should have been allowed to collaborate in building environmentally sound practices. Mateo had always thought it best to continue with his core mission of producing outstanding high-technology products. Now, as the pressures grew overwhelming, Mateo and his team continued to underestimate emerging trends, remaining hesitant to commit to transformation—and the company's reputation began to lose ground.

Proactive and responsible leadership, not mere compliance

Mateo gradually came to realize that he was facing some of the business challenges of our era. He would need to respond not by shrugging them off as a problem for the distant future, but by engaging immediately, transforming radically in order to survive.

While the past year has felt like a departure from the script, requiring adaptation to a tumultuous “new normal”, it has also been a continuation of our current age, if faster and more demanding: presenting humanity with uncertainty, accelerated change, interconnection and interdependence.

Technological innovation is no longer a discrete sector, but a force of ubiquitous change and disruption, challenging not only the products, processes and technologies to which Mateo was accustomed, but the workings of entire business sectors, and the nature of society. Alongside rapidly changing technology, we are presented with a political landscape in which once stable trade networks, political orders, and allegiances are

in flux. Widespread social concerns and increasing polarization add to the fractious nature of the landscape.

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The responsibilities of companies have never been greater, as corporate leaders and stakeholder groups increasingly acknowledge. Governments, employees, customers, shareholders, and activists are calling for businesses to be a force for good, creating prosperity for the many. This new mandate is evident in the rise of impact investing, consumer demand for ethically mindful goods and services, and new metrics for business success such as the “decency quotient”. In short, there is a growing expectation that business leaders will provide foresight as opposed to mere compliance.

With numerous businesses under pressure from both these forces and the COVID-19 pandemic, many CEOs are feeling the urgent need to forge new ways of leading their institutions. A new leadership archetype is required—someone who can sense the future in an age of uncertainty, perceiving trends and transforming proactively; who is agile and adaptive, empathic and principled, and attuned to the opportunities inherent in chaos and crisis.

How to step up

The past year has been a trial by fire for CEOs: Some have not been ready to meet its challenges, while others have stepped up, demonstrating the kind of leadership that is needed for a period of crisis and uncertainty.

Our deep engagements with thousands of leaders globally show that CEOs who are well prepared for this new age commit to staying clear-sighted and self-aware, adaptive, and alert to opportunities for valuable relationships.

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One CEO who illustrates the rewards of adaptiveness is Tara, the CEO of a large restaurant chain, who has led her company through a massive and prescient transformation. Over several years, Tara and her management reviewed every aspect of the customer experience, evaluated and enhanced their capabilities, and implemented a constant flow of thoughtful daily adjustments to revitalize the company.

Under her leadership, beginning in 2017, the company made strategic decisions which have delivered growth even during the pandemic. Tara, who stays aware of her need to adapt and is always ready to question her own practices, inspires the same openness among her executives. Listening to customer needs and rigorously observing trends, Tara and her team have measured the pulse of emerging shifts in consumer behavior, as well as changing ways of accessing her restaurants. The company invested significantly in streamlining its drive-through and digital and mobile-app ordering systems, long before COVID-19 forced competitors to do the same. While these changes meant a departure from old service-delivery models, they continued to honor the restaurant chain's longstanding values of convenience, efficiency, and community presence.

Tracking changes in consumer demand, Tara's company has radically adjusted its menus; for instance, it has inverted the ratios of certain food and beverage categories to meet new customer tastes, while reinventing popular favorites. Tara also introduced options to blur the restaurant chain's traditional dayparts in response to customers' needs for more flexible choices. The chain has expanded into new markets, which allowed it to weather a sales downturn in traditional urban strongholds. To signify these transformations, Tara has rebranded her company to communicate its new direction, while keeping enough of the old brand to retain its iconic regional status.

Tara has also worked to ensure that any benefits permeate her organization and radiate to external and indirect stakeholder communities. The company expanded its CSR initiatives in the pandemic, while reopening and operating branches cautiously to ensure the health of staff and customers.

Today's CEOs must understand that uncertainty and instability will continue to be the norm, but recognize that change brings opportunity. Great CEOs may, like Mateo, stumble. But, like Tara, they will come to seek out innovative business models and technology to amplify existing organizational strengths and allow new prospects to emerge and flourish. They will recognize that today, transformation is not an optional ingredient for companies striving to perform. Rather, transformation is performance: as CEO, if you aren't standing at the center of a loud, diverse and diverging set of interests and stakeholders, taking the lead to transform, you aren't performing.

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Time to Open the Doors



As soon as we started working with Daniel, the new CEO of a global financial services firm, he impressed us as an intent listener. When we spoke, he gave us his steady attention. He offered his responses in well-crafted sentences, orchestrated with precise movements of his hands to emphasize how the elements of a situation were connected. In short, it was luminously clear to us that Daniel was a deep learner and profound thinker—and that his identity as a systematic analyzer has driven his career.

With senior experience across a range of key functions in major financial-services firms, Daniel was recognized for his contributions by the Board of a multinational company seeking a new chief executive. The Board appointed him unanimously; the firm celebrated his arrival. Yet Daniel was not one to be complacent: He understood that even with all his executive experience, leading a multi-billion-dollar firm with many thousands of employees in a turbulent global environment would call for a new level of consciousness and practice. The previous CEO had been admired globally for his wisdom as he grew the firm, and there were websites dedicated to his remarks and achievements. But Daniel, who was relatively unknown, would be facing a rockier business environment: an aggressive competitor that threatened to overtake the company, and a digital startup that could disrupt the whole industry.

“I have to review my entire approach,” Daniel told us. “I value the qualities that got me to where I am today, but I know I’m going to have to build on those in some important ways to get where I want to go.” Daniel asked us to help him rise to the challenge.

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Double down or open up?

At first, he was inclined to double down on the skills that had worked so well for him. “Initially, I thought that my CEO position and challenges might be similar to my previous senior roles, but bigger, essentially calling for more data management and analysis,” he mused. But with his MBA and decades of executive experience, he had already pushed these capacities to the limit—and now found they were not enough to manage the complexity he faced. We wondered whether he might turn to those capacities that had *not* been at the forefront of his corporate rise so far; to reflect on himself not just as an analytic decision-maker, but as a richly intricate person. He

could begin with some questions to inspire self-reflection: *Who am I? What do I stand for?*

We had in mind a powerful schema proposed by Erica Ariel Fox, Harvard Law School Lecturer and author of the bestselling book *Winning from Within*. Fox, who has worked with thousands of executives globally, has identified four archetypes in every person: the Thinker, the Warrior, the Dreamer and the Lover.¹ The Thinker gathers and analyses facts; the Warrior draws on resolve to get results; the Dreamer develops an inspiring vision; and the Lover is attuned to human emotions, fostering rich and rewarding relationships.

Each person nurtures some of these ways of being, says Fox, but few people develop them all. Yet none of the archetypes should be neglected, as human beings enlarge themselves and assist others by cultivating every archetype: reason and resolve, vision and emotion.

We began to wonder whether Daniel had worked so hard to be a great Thinker and Warrior—to analyze and resolve whatever arose—that he might benefit from rediscovering his inner visionary, and his urge to connect profoundly with others. Daniel was intrigued, and he began a journey on the path of self-reflection, connecting with other CEOs and leaders who had undergone a similar personal transformation with us. Though he had already experienced many past interventions to promote personal development, this time he didn't approach the task in a detached manner, as if he were taking an analytic MBA course. In his program with us, he began a genuine—indeed, brutally honest—process of self-reflection.

As our discussions continued, Daniel began to feel that his relentless focus had narrowed his consciousness. One day he said to us, “I think there are doors in my life that have been closed for a long time—and I want to open them.” We had the privilege to work closely with him as he embarked on a journey of transformation. As Daniel became more authentic and vulnerable, facing up to his anxieties

and developing inspiring hopes, he began working to open himself up not only as a business leader, but also as a father and a spouse; he strove to operate not only with his powerful intellect, but with an integrated mind and body. He would never lose his powers as a Thinker and a Warrior—but now he was finding his potential as a Dreamer and Lover, with rewards for himself and for others.

As Daniel worked on himself, he found that he was naturally reaching out to his top management, and feeling the same commitment to their development. “It’s not just about me,” he said; “it’s about an expansion of consciousness for the team and the firm, an enlargement of our vision and imagination—and, ultimately, an inclusiveness that spans society at large.” No profound change is easy, and there were days when Daniel was tempted to narrow his focus again, returning to a purely analyze-and-execute mindset. But he kept enlarging himself, and his expanded vision—self-aware, relational, and adaptive—yielded innovative ideas, benefiting the ecosystem in which the company operates. His firm has lent its financial, technical and strategic expertise to many other organizations, supporting them in the broader economy.

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In one initiative that grew from his enlarged awareness, Daniel identified data analytics as a strong enabler of performance that his company was well positioned to address—so, at the height of the COVID-19 crisis, he rolled out cutting-edge analytics support for businesses, at no cost to them. He has also stepped up collaboration with other institutions to strengthen financial inclusion worldwide, and he

¹ Fox, EA, “This is the voyage of your life”, Egon Zehnder, 2018. egonzehnder.com/insight/this-is-the-voyage-of-your-life; Kruse, K, “How To Win The Conflict Within”, Forbes.com, 2017. forbes.com/sites/kevinkruse/2017/05/08/how-to-win-the-conflict-within/?sh=10c3611b17c5

faces new challenges with everything he can bring to them. Maintaining his firm's innovative position in an environment of new and established competitors, Daniel is no longer the newcomer stepping into the large shoes of his revered predecessor; he is a leader striving continually to fulfil his own potential, and that of his company.

The dual journey

Transitioning into the role of CEO requires an intense period of personal reflection, as the majority of the CEOs who formed part of our research project—a global group of more than 400 CEOs—have strongly affirmed.² Daniel's extraordinary journey shows the power of great leadership in this new period of global change. At Egon Zehnder, we believe that for CEOs to be successful, they must embark on a *dual journey*, simultaneously transforming themselves and their organizations.

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Every era presents its own social, economic, political, and technological environment—and thus, its own requirements for leadership. In our time, human connection and self-awareness have emerged as core qualities. The focus is shifting from *doing to being*: CEOs are moving from the traditional command-and-control approach to a mindset of constant

personal growth, embracing curiosity, adaptability, and the ability to build strong teams.³

When leaders choose authenticity, as Daniel did, they connect purpose to personal meaning, and naturally develop a deep commitment to their organization, its people, and its stakeholders. The authenticity at play here is not a rigid insistence on a preconceived set of beliefs and behaviors, but a deep and adaptive willingness to experiment and find ways that promote thriving.⁴

Many companies have embraced a broader role of care for society during the COVID-19 pandemic—spurred by the crisis, they have already embarked on a journey to the new way of leadership.⁵ Indeed, the new leadership is aligned with philosopher Peter Singer's classic account of the *expanding circle*—a process of reflection and care that becomes ever more encompassing.⁶

Our research indicates that the consciousness of an organization's leadership determines the organization's performance; a firm cannot perform at a higher level than its leaders' self-awareness.⁷ Hence, self-awareness is an organizational imperative. CEOs can follow several paths to self-awareness: being curious and surrounding themselves with honest, strong and intelligent people; adopting personal habits, like mindfulness, that allow them to listen with their minds and hearts; and learning to experiment outside their comfort zones.⁸

² Najipoor-Schütte, K & Patton, D, "The CEO: A personal reflection – Adapting to a complex world", Egon Zehnder, 2018. egonzehnder.com/what-we-do/ceo-search-succession/insights/the-ceo-a-personal-reflection

³ Ibid

⁴ See, for example, Ibarra, H, "The Authenticity Paradox", *HBR's 10 Must Reads on Leadership*, Vol 2. Harvard Business Review Press, Massachusetts, 2020.

⁵ Kuhn, F, & Malhotra, B, "Master complexity before it masters you", Egon Zehnder, 2020. egonzehnder.com/what-we-do/leadership-solutions/insights/master-complexity-before-it-masters-you

⁶ Singer, P, *The Expanding Circle: Ethics, Evolution, and Moral Progress*. Princeton University Press, 2011

⁷ Najipoor-Schütte, K & Patton, D, "The CEO: A personal reflection".

⁸ Ibid.

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Thousands of deep and sustained engagements with CEOs in every sector across the globe, as well as our relationships with the Boards that hire them, have convinced us of the essential importance of CEO self-awareness. Indeed, self-awareness is one of Egon Zehnder's three mutually supportive pillars of CEO leadership, standing together with a relational orientation and adaptiveness. Self-awareness strengthens leaders' relationships by enhancing listening skills that promote learning, rather than a rush toward a hasty "fix"; it also promotes adaptiveness by raising perception of trends and opportunities.

Self-aware leaders enable others in their organization to become reflective and vulnerable too, in a process of collective self-awareness. And because this collective self-awareness typically does not arise spontaneously, it is the CEO's responsibility to foster it. In the words of Fox: "Self-awareness is now a central driver of success. A self-aware leader helps an organization be more self-aware so there's a huge multiplier effect."⁹

A CEO might adopt simple mechanisms such as asking management-team members to check in at the start of meetings to say how they are feeling that day, and what they hope their impact on their colleagues will be. They might also embrace more challenging approaches. For example, one group explicitly asked itself why one of its members was always critical, and learnt that she expected perfection from herself and others; this realization helped her to be less hard on herself, and the team to appreciate her critical contributions.¹⁰

When they have the courage to choose openness and unfamiliar ways of being over the goal of invincibility, as Daniel so vividly displayed, leaders redefine their role for our times. They promote changes in themselves and their organizations that radiate outwards, bringing their vision to help create a more supportive and collaborative world.

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⁹ Fox, "This is the voyage of your life".

¹⁰ Reitz, M, & Chaskalson, M, "Why Your Team Should Practice Collective Mindfulness", Harvard Business Review, August 19, 2020. <https://hbr.org/2020/08/why-your-team-should-practice-collective-mindfulness>

#ArchitectsofProsperity

Perform and Transform



“Some are born great, some achieve greatness, and some have greatness thrust upon them.” This line from Shakespeare feels only too apt for Jan, an ambitious young executive who was handed the top job at a major global retailer—when he least expected it.

The call to greatness came on a Saturday evening when Jan was at his beach house with his young family. He’d just returned from a challenging kayak trip through rough swell when he glanced at his cellphone and saw five missed calls from his company’s Chairman. “And I thought I’d had my adrenalin jolt for the day!” he remembers wryly. His predecessor had suddenly departed after a clash with the Board, and Jan had been chosen to take his place. An ambitious, fiercely intelligent achiever, he’d always had his eye on the CEO prize—he just never dreamed it would happen so soon. He felt anything but ready.

Not that he lacked ideas. At a time of immense change in the industry, Jan was itching to lead a large-scale transformation. He wanted to unleash digitization—in everything from automation to contactless payments to e-commerce—in a company that had built its reputation in very traditional retail. He wanted to shift from a heavily operations-driven environment to one that was designed for emerging

customer needs and experience. And he was passionate about transforming the company culture to make it much more open, diverse, inclusive, and appreciative of its people.

Yet, as Jan later confided in us, he found himself uncharacteristically daunted by the prospect. This was a man not well acquainted with failure—as a “straight A” guy his whole life, he’d always had accolades. Now, however, there were no superiors to bestow approval; no one to give him permission, or pat him on the back, or talk him down if he overreached—no one but himself. “It was disorienting,” he admits now. “Here I was, at the brink of my greatest success, and I felt like a kid in school, waiting for my gold star.”

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And, of course, there was the Board. This body loomed large in his mind—Jan was all too aware of the fate of his predecessor, and naturally feared the Board might dispense with him too if he fell short. For someone who’d always been the best, such a public humiliation would be devastating. It didn’t help this dynamic that the Board members

were stalwarts of local industry, of an older generation, and with largely traditional worldviews. Transformative change was always going to be a hard sell. Jan felt he had to earn his spurs in their eyes, before broaching his ambitious plans—meaning several quarters of solid bottom-line results. This left him in a kind of limbo, waiting for the nod to proceed.

Shortly afterwards, the COVID-19 pandemic struck, putting further huge pressure on the company’s sales and profits—and on Jan. He felt more nervous than ever about embarking on a bold transformation program, when the Board’s instinct was to steady the ship. “It was full-blown impostor syndrome. I knew what I wanted to achieve as CEO, but I didn’t feel I had the right—or the true authority—to give voice to that vision.” It was at this juncture that Jan, at a loss, did something he had seldom done in his professional life: He asked for help.

Truly inhabiting the CEO role

We recognized Jan’s predicament: Hesitancy and insecurity are not uncommon in new CEOs, particularly those who have not been fully groomed for succession. Jan needed to stop seeing himself as beholden to the Board, and fully embrace his new mandate and identity: CEO of a huge global company.

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As a first step, he met with several other CEOs, all established leaders of large companies. This would help him build connections and alliances with his peers, and sense the tremendous freedom he now had to be the architect of his company’s future. The experience might well ease his dealings with his own

Board. Most importantly, though, it would show him ways to inhabit his new role more comfortably.

“It wasn’t easy, at first,” he recalls. “I really felt vulnerable on those calls, laying bare my struggles. But I wouldn’t have learned as much if I didn’t open myself up in that way. It was a massively significant experience for me.” He remembers in particular one conversation that really turned him around: “The CEO of a financial services company told me—‘You know, those Board members? They didn’t entirely know what they were doing when they started out, either. And maybe they still don’t!’”

He saw that the current Board were not necessarily the role models that our volatile times demand; indeed, perhaps they could learn something from Jan’s forward-looking attitudes. Where Jan was future-focused, their frame of reference was their past business success. Where his mindset was global, theirs was narrower. And where he saw opportunities to transform the organization, they tended to see threats from new competitors, new technologies, and new expectations from consumers and talent. “I was more in tune with what the company needed now. It was up to me to be my own governor—nobody else, even with a wealth of experience, could do that for me.”

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Our conversations also helped Jan reconsider his assumption that he needed to “perform to transform”—focusing first on delivery to earn the right to set an agenda. One of his first independent acts was to call a massive virtual town hall and

announce a bold program to “be a purpose-led, values-led company” that would bring new value to customers and communities, embrace diversity and inclusion, train and develop the next generation, and unlock the power of technology. That step took Jan beyond his familiar terrain of intellectual leadership and prompted him to work on his capacity to connect with people at every level. “I knew that if I was going to bring the organization along on the transformation journey, I’d have to truly engage,” he said.

A year or so later, Jan’s evolution in confidence, and his perform-*and*-transform approach, are visible across the company. Its embrace of digital technologies has brought customers back, and has contributed to a significant uptick in stock price—even during the COVID-19 crisis. Its doubling down on purpose and values has resonated at a time when care for communities matters more than ever; for example, Jan and his executive team made the decision not to cut any jobs, even at the height of the pandemic. And the shift in the organization’s culture is palpable: Open conversation in virtual town halls is now the norm, and diversity is actively promoted.

To perform is to transform

The story of Jan and his company’s far-reaching change highlights a crucial truth for CEO-level leaders in any industry: The distance between performance and transformation has closed. Delivering on daily business goals (“perform”) depends, now more than ever, on investing in and realizing previously unimagined solutions (“transform”).

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In recent years, companies that embrace transformation have been the ones most likely to survive and thrive—and the pandemic has made this trend even more apparent. Transformed businesses are ready to be ambitious and expansive once the pandemic is over, and to respond imaginatively to the changed expectations of their customers and stakeholders.

But before a CEO can confidently undertake these tasks, it’s often necessary for them to do some transformative work on themselves, developing their own identity. This may mean working against old habits that fail to serve their new role, and exploring untapped potential.¹ In Jan’s case, he not only built on the personal skills and confidence that had carried him all along, but also discovered the courage to embrace his vulnerability, look within, and ask for help. Only then was he able to fully step into the leadership role and embody it. His biggest lesson? “I’d been so focused on action—doing the right thing, at the right time, for the right people.” But what comes first is state of mind: knowing how to be the CEO, not just *do* the CEO’s tasks. From this strong foundation of self-awareness and self-assurance, a CEO can step forward to take his or her place as a meaning-maker and future-builder.

¹ Sunderland, R, “Becoming CEO: Why identity development matters”, *Egon Zehnder Chair Insights* Vol. 5, November, 2020; Finlay, AR, “From ‘know-it-all’s’ to ‘learn-it-all’s’: CEO leadership for a new future”, *Egon Zehnder CEO Insights* Vol 17, November, 2020.

#ArchitectsofProsperity

The Power of Relationships



If you were to encounter Lukas socially, he would not strike you as a leader in the heroic mold: He is quiet, even withdrawn. You would note a preoccupied figure, a mixture of precise engineer and courtly gentleman, speaking politely but intensely to a colleague—and never guess that he was the CEO of a multinational fashion conglomerate worth tens of billions of dollars.

“Crowds sap my energy,” he confesses. An anomaly, one might think, in the fashion trade, a field so associated with events and showmanship. But appearances are deceptive: In conversation, one soon comprehends that Lukas is both personally warmer and more deliberate than he might at first seem. He has an old-world charm and easy humor, but gets quickly to the point. His razor-sharp mind is trained on commercial opportunity, and his pragmatism is based on decades of experience. In his more than forty years at the same firm in multiple capacities, he’s worked his way from the ground up, learning and building.

Why, then, would such an impressive figure have felt “unprepared” when he first took on the mantle of CEO?

Coming out from behind the desk

Stepping into the CEO role meant walking into a whirlwind of new and substantial stressors. As an introvert, Lukas was always happiest in his own predictable, self-contained world, making calculations and deductions and communicating his decisions down the chain of command. His was a way of doing business perfectly suited to a retiring personal style—and to a vanishing era.

But it is no longer enough for a CEO to rely on their own experience, or to rely on facts or analyses presented to them. The environment has become very much more complex, and to build opinions and make sound decisions, today’s leaders need new skills—including those that require them to come out from behind their desks. Lukas illustrates a familiar pattern in CEOs of the old school: Growing up through the ranks in one company, they’ve built their support internally, without necessarily interacting deeply with stakeholders beyond the organization, or even beyond their own department—particularly in an enormous corporation like the one Lukas leads. Very rapidly, he has had to acquaint himself with a vast, complex network, cultivating fresh relationships with consumers, suppliers, regulators, advocacy groups, and his own Board.

Today's leaders need new skills—including those that require them to come out from behind their desks.

“Coming into the role, I felt disconnected from many essential players—people that in my previous roles I never dealt with directly,” Lukas told us. “One of my pressing tasks was to reach out and engage—and for someone like me, that’s stressful! Before, I’d always seen myself more as the solo pilot of the ship.”

Other factors took him even further beyond his comfort zone. He was under extreme pressure from investors to shed certain underperforming divisions. Externally, the broader fashion industry was facing scrutiny of its record on labor rights and environmental issues. All these competing claims and conflicts seemed designed to overwhelm Lukas; they required a whole new skill set in conflict resolution and interpersonal engagement—and, it sometimes seemed, the time and energy of a dozen CEOs. Lukas was ill-prepared for the maelstrom. “I’m just one man!” he remembers exclaiming to himself one morning at his desk, the urgent emails piling up.

Distributing leadership: everyone a CEO

One of Lukas’s first decisive acts in his new role was to identify the fashion company’s key brands, and reconfigure them as separate business units, while getting rid of less productive divisions. His breakthrough, which we were privileged to witness in a session with him, was deciding to expand the responsibility for leadership beyond himself, to the broader collective. In this spirit, he boldly entrusted the leader of each division of the company with a CEO role in their domain.

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Taking his hands off the tiller in this way was not easy for Lukas, but it was revelatory. It opened his eyes to a different, more distributed way of leadership—one that demanded less leading from the front, more trust, and the building of relationships across hierarchical levels. It has unleashed a series of creative and strategic ideas that had been suffocating in corporate bureaucracy. All the while, he maintained active lines of communication, and worked to create an enabling environment. Investing in leadership programs for his executives, he encouraged them to join other companies’ Boards as a way to broaden their perspective and build their networks of peer CEOs. “I’ve realized that I’m there to empower others,” Lukas told us recently. “As I stretch myself, I must inspire everyone else to stretch too. But I first need to create the space for them.”

In our discussions, we’ve seen Lukas expand the concept of distributed leadership still further, beyond the executive to every person in the company. This more egalitarian approach has the added advantage of empowering employees, even the most junior, to speak their minds freely about issues that leadership needs to hear. Lukas encourages people to express divergent opinions in the workplace—even very difficult or emotive ones. “A broader range of experiences only makes us stronger,” he has said.

Like ripples in a pond from a thrown stone, this relational approach has led Lukas to reconsider the dynamics of his company’s connections to external parties, too. Instead of sometimes difficult entities to be managed, he has come to regard stakeholders as gateways to opportunity; and his own firm as one node in a much larger, interdependent ecosystem of suppliers, staff, consumers, government and regulators, all bound together by vital relationships. He now actively seeks out new partnerships, including alliances across organizations, and with fellow CEOs.

Prioritizing ethics and profits

Lukas became CEO at a time when human-rights and environmental NGOs were becoming ever more vocal, powerful and close to home in their critiques of the fashion industry, in some cases stepping right into the boardroom in the form of activist investors. Always a thoughtful man with a strong ethical core, Lukas knew that businesses would have to confront these pressing issues. With his developing understanding of relational leadership, he was able to expand his vision of collective responsibility and interdependence to encompass social-justice concerns—and tackle them productively. “I’ve learned how to convert corrosive tension into creative tension,” he says.

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Pragmatic considerations, however, are never forgotten. At no time does Lukas lose sight of the CEO’s fundamental task of steering the business on a financially sound course, generating value for shareholders. Balancing principle and pragmatism, Lukas finds ways to integrate these interests and trade-offs. It is Lukas’s connection to his consumer base that has guided him to focus on one particular social imperative: gender equality. The majority of the fashion industry’s customers are female; paying attention to gender issues makes good business as well as ethical sense. This is also significant because so many women are employed in the global fashion industry, especially at the frontline.¹ With the COVID-19 pandemic, millions of workers face loss of income—primarily young women.²

“Decisions made in my office impact the lives of women worldwide,” Lukas says soberly. “It’s a huge responsibility.” Closer to home, Lukas is also deeply concerned with gender parity within the firm, which employs many women but fewer in the upper ranks and on the Board. It is his avowed intention to increase representation at all levels.

At Egon Zehnder, we have seen how successful CEOs willingly embrace a place of discomfort.³ Today’s business leaders cannot be afraid to ask the difficult questions that the shifting global context demands—of their organizations, and themselves. In Lukas’s case, his challenge was to reach out and connect himself to the broader collective. He has done this unflinchingly, progressively expanding his circles of engagement—first to managerial colleagues, then to all levels of the organization, from there to external stakeholders, and finally to the urgent issues of the planet. In doing so, he has created a new culture, where authentic connection is encouraged at all levels, helping the company maintain its leading place in a competitive and ever-changing industry.

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¹ Veridiano, R, “What does gender equality have to do with the fashion industry? Everything”, *Remake*, February 8, 2018. remake.world/stories/news/what-does-gender-equality-have-to-do-with-the-fashion-industry-everything

² Berg, A, Hedrich, L & Magnus, K, “Time for change: How to use the crisis to make fashion sourcing more agile and sustainable”, McKinsey & Company, May 2020. mckinsey.com/industries/retail/our-insights/time-for-change-how-to-use-the-crisis-to-make-fashion-sourcing-more-agile-and-sustainable

³ Najjipoor-Schütte, K & Patton, D, ‘The CEO: A personal reflection—Adapting to a complex world’, Egon Zehnder, 2018

Reconnecting with Our Humanity



From childhood, it was clear to all around her that Beth—with her extraordinary intelligence and work ethic—was destined for great things, in whatever field she entered. When, after college, a fascination with innovation propelled her into the business of computing, she was fast-tracked for leadership. “It was like she was born in a golden cradle,” recalls one colleague from her early days.

After landing a coveted job in a software company of global influence, she advanced steadily up the ranks. Colleagues admired her focus, her effectiveness and her guts. In a time of financial crisis, Beth shepherded various divisions of the business back to financial health. She was noted for her ability to “fix” crises, turn around poorly performing businesses, and push a team to outdo themselves.

She was, if anything, too successful: After some years as a high flyer in the rarefied world of strategy, she was transferred to a struggling regional division in need of rescue. “It felt like being moved from the corner office to the factory floor,” she recalls. “Humbling. It was also the toughest job I’d ever taken on: It involved addressing stagnant performance, implementing restructuring, and immersion in an institutional culture that was quite different to what I knew.”

The long-term engagement took every ounce of her energy and skill. On paper, it was a solid success. Beth increased revenue, quality of production, and organizational integrity. She maintained her fearsome work ethic, and expected the same from her colleagues.

But such a hard-driving attitude can come up against resistance—particularly for a woman in a male-dominated sector. The world of software development was virtually an all-boys club. Some colleagues felt threatened, and at times openly undermined her.

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There were other issues related to organizational mores. In the regional office, personal and professional boundaries were indistinct, and openness and social connection were encouraged. Beth’s sense of herself as a manager, however, remained rigidly divided. While at times she could be enthusiastic and inspirational, when she clicked back into “business mode,” her uncompromising style could be perceived as cold or even antagonistic. She struggled to forge relationships with her new team.

When the time came to have children, burnout loomed. Maternal care and empathy became central aspects of her identity at home. Yet when she turned to work, she felt the imperative to leave that part of herself behind; to stay focused and aloof. And both parts of her divided life had to succeed—flawlessly. She experienced enormous anxiety about being ill-prepared, avoiding challenges that risked failure. The polarities in her life became starker, and her relationships suffered. “I felt misunderstood,” she says. “I drove my staff hard, but I knew I was even harder on myself.” And if colleagues noted the gulf between “nice Beth” and “boss Beth,” it was she who felt it the most acutely.

At some point, the center could not hold. Eager to move on, she was considered for a number of top roles at other organizations—but was not appointed to any of them. Midway through her promised brilliant career, Beth was stuck.

The only way out is in

It was at this crisis point in Beth’s life that she turned to us. After assessing the situation, we proposed that the work she needed to do was developmental—and primarily on herself.

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With her perfectionist nature, it was hard for “fixer” Beth to acknowledge that the problems to be repaired might lie within. “I told myself I’d lost out on positions because firms preferred to hire internally. But after it happened three, four times, I had to face up to the idea that perhaps I wasn’t the best applicant!”

She smiles when she remembers the moment in our discussions when this unpalatable possibility emerged. “I was outraged!” she laughs. “I went away in a huff. But after several weeks of self-examination, I came back with my tail between my legs: Okay, let’s do this.” And so Egon Zehnder had the privilege of welcoming Beth to our program. We focused on going deeper into her unconscious motivations and the root causes of her difficulties, including her self-doubt and fear of failure. Our role was to coach her on a journey of self-discovery to become a better leader.

In our sessions together, we identified several blind spots: things that had been holding her back. Chief among these was a binary split in her public persona—what she started to call “Visionary Beth” and “Performance Beth.”

The performance persona was focused on achievement. Perfectionist, hard-driving and details-oriented, this Beth pressed people to complete their tasks, honing in on the minutiae of their actions in ways that could feel, to some, like distrustful interrogation. The visionary Beth was less immediately effective, but was warmer and more inspirational; concerned with strategy and motivation, this Beth was more “human,” able to enthuse those around her about their larger mission. Our task was to assist her to integrate these two modalities, and in doing so build connections with her people and inspire their trust, while still driving them to achieve.

Working with us, Beth was able to adapt and make three vital shifts in her mindset, which we sum up as “guilt to pride; fear to courage; insecurity to love of self.” Embracing these mental adjustments, she found her authentic voice and rediscovered her desire to lead.

These shifts produced other productive changes. Where before she'd been plagued by doubt, now she felt more able to take risks. Taking a step back, she eased up on trying to control every moving part of the organization, allowing herself to trust those around her with responsibility. "I realized what was important was that I create the right context for my people to act in."

Weaving together authority with vulnerability

Beth's insights have helped her overcome other harmful binary divisions, too. She no longer sharply splits her work persona from her empathic home life. By openly showing her emotions, she has gained access to her team's support and insight. Furthermore, her embrace of a transformational journey gave permission to others to examine their own motivations and blocks, strengthening the whole team.

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In time, she has been able to accept vulnerability—hers and others'—as a strength. Indeed, being a woman can be an advantage in this arena: She can build relationships and tap into aspects of human experience in ways that many men do not allow themselves. "I can be mother and manager. It's not a weakness; it's a unique power," she says.

This personal growth has brought Beth to the next stage of her professional development: her appointment as the CEO of her organization. She says now: "I wouldn't be here without that transformational journey. It helped me stretch to my full capacity."

It's extremely important to her, as a woman, that she's reached these heights "not by rejecting my 'feminine' side, but by embracing it"—and in doing so, has become a beacon for young women in the tech field globally.

CEOs need to steer away from "hero" leadership that provides top-down directives to others and is aloof from human interactions.¹ Weaving together disparate characteristics—authority and confidence with vulnerability and openness—is challenging, but has become essential to creating a modern business environment where people communicate easily and comfortably.

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Before this can happen, however, a healthy dose of self-examination, humility and self-awareness is required: Leaders like Beth demonstrate that even if you start out in a "golden cradle," you sometimes need to take a long and difficult journey of transformation to circle back to a golden conclusion.

¹ Groysberg, B and Slind, M, "Leadership is a Conversation", HBR's 10 Must Reads on Leadership Vol. 2 (2020)



The Adaptive CEO

In our thousands of engagements with global CEOs, we have met many commanding personalities: leaders who take charge of encounters, seeking to steer events towards a well-defined goal. Raj was different. Instead of setting out all the issues and proposing a way forward from the start of our relationship, he listened. Raj was an active listener: He asked precise questions, sought clarity, and maintained a high degree of intelligent focus that would have been daunting, had it not been balanced by a warm and empathic manner.

This was in marked contrast to hyperconfident, domineering Mike, whose shoes Raj had recently filled as CEO of a major multinational pharmaceuticals company. Indeed, when Raj was tapped for the position, he was hesitant to take it up. A company veteran, having successfully led its largest division for a number of years, his reticence was not borne from lack of competence. Instead, Raj was concerned that he might be expected to act more like Mike: an inflexible leader who could not open himself to alternative perspectives. After a period of reflection, however, Raj realized that with courage and conviction, he could accept the position—and reinvent it in accordance with his own instincts.

Staying true to himself, Raj embraced an adaptive style that allowed him to lead with personal authenticity.

Adaptive leadership in troubled times

In periods of stability, problems are often predictable and quickly comprehensible, solved by recourse to an established playbook: Leaders need only exercise their familiar expertise and authority.¹ In an unstable environment, however, individuals and organizations are faced with novel crises, demanding fresh strategies and new skills. Leaders are then tempted to jump in with the promise of a “fix,” instead of taking time to listen, absorb the complexity of the situation, and learn.²

This is where the concept of “adaptive leadership” comes in. The concept is drawn from evolutionary theory: With businesses, as with biological organisms, successful adaptations enable a system to survive in tough new environments. Adaptation is also an iterative process of observation and experimentation, finding and refining new ways to thrive. The adaptive leader’s task is to mobilize people in this process. A key evolutionary concept

¹Heifetz, R, Leadership Without Easy Answers, Harvard University Press, Massachusetts, 1994, 71-4.

²Heifetz, R & Linsky, M, Leadership on the Line, Harvard Business Review Press, Massachusetts, 2002, 12.

is diversity: One must be prepared to engage with a variety of approaches, persisting even though some may fail. In an organization, this means building a culture that seeks out diverse views within and beyond the company—what we call distributed or collective intelligence.³

With businesses, as with biological organisms, successful adaptations enable a system to survive in tough new environments.

For Raj, such ideas were transformative, immediately chiming with his own preferences and abilities. “I learned about adaptiveness just in time for me, the company and the environment we are in,” Raj reflects, with his characteristic self-awareness. “It showed me a path forward.”

This meant throwing out the idea that the CEO is a visionary whose job is to galvanize the organization according to a fixed plan. Instead, Raj stepped into the role with a creative and humble spirit, a listening and learning mindset, and a willingness to take calculated risks through informed experimentation. These insights would prove especially powerful when the pharmaceutical industry found itself at the forefront of the battle against COVID-19.

Listen and learn—and evolve

Raj realized that he needed to be attentive, closely observing his company’s ecosystem and hearing many opinions, before making high-stakes decisions. When he took action, he did so boldly, with a disruption of the executive team’s siloed operating dynamics. Previously, each executive had been left to reign over their unit, with little interaction

with their colleagues—a symptom of Mike’s top-down leadership strategy. Raj revived teamwork, encouraging a collaborative and open-minded disposition to permeate the whole executive. “Resolving new problems calls for commitment to grasping complexity,” Raj reflected, “which requires drawing on multiple perspectives. To understand and learn, we have to connect with one another much more closely.” This shift by no means undermined individual commitments and accountability, which were enhanced to include collective accountability and care.

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For the adaptive leader, fostering these connections is crucial, not only in diagnosing problems, but in galvanizing the organization to transform in response. People do not change readily—fearing not so much change itself, but potential loss. In order to move forward, they must feel that their views and values are honored. This relational approach reinforces trust and expands the awareness and understanding of all involved: Listening leads to learning. As Alexander Grashow, author and adaptive leadership theorist, has remarked, “If there’s one secret to a good partnership, collaboration, relationship, it’s this: Be in dialogue, not monologue. Most of us spend our entire lives in monologue.”⁴ Unfortunately, for many CEOs, this behavior becomes a habit.

³ Heifetz, R, Grashow, A & Linsky, M, *The Practice of Adaptive Leadership: Tools and Tactics for Changing Your Organization and the World*, Harvard Business Press, Massachusetts, 2009, 14-17.

⁴ Gast Fawcett, E, “Shh... Be Quiet and Listen”, National Center for Family Philanthropy, Oct 20, 2017. ncfp.org/2017/10/20/shhbe-quiet-and-listen

Guided by productive conversations throughout the company, Raj made other significant changes to the company's business model: He introduced expanded access to medication, with capped prices in poorer regions; more transparency regarding clinical trial data; and wider collaboration with stakeholders to tackle global healthcare challenges.

While adaptive leadership requires commitment to this kind of innovation, it equally involves understanding what should not change. As Ronald Heifetz and Marty Linsky put it, "sustainable, transformative change is more evolutionary than revolutionary."⁵ This means identifying and tapping into the power of existing institutional values, culture, knowledge and skills.

Adaptive leadership equally involves understanding what should not change.

One such asset, Raj saw, was the company's wealth of patient data. Attentive leaders also know how to "listen" to the data, understanding the value of constant information gathering and analysis. With the coming of COVID-19, digital insights allowed executives to take swift action to secure vulnerable global supply chains. To remain agile in response to the pandemic's impact on markets, Raj increased the regularity of operational forecasts. This allowed the firm to understand the efficacy of the organization's strategies, keep an eye on emerging changes in patient behavior, and predict opportunities for growth. For example, with a greater demand for self-care, the company was able to capitalize on its traditional strengths in remedies such as pain relievers and dietary supplements, as well as new products like rapid test kits.

The company was also able to pivot rapidly to a remote-work model for the vast majority of its workforce during lockdown—an experiment that has turned out to be advantageous, streamlining many processes. Through ongoing discussions and surveys, the organization has continued to communicate with every employee, ensuring their safety and comfort through the crisis. In further collaborative and distributive moves, the company has partnered with hospitals and charities throughout its global areas of operation to ensure supplies of essential healthcare products, and is working with other companies on COVID-19 vaccine development.

Most of us have deeply ingrained tendencies to stick with what is familiar and safe instead of stretching into the unknown.

Embracing adaptive leadership can be difficult. Most of us have deeply ingrained tendencies to stick with what is familiar and safe—to use readily accessible information instead of stretching into the unknown, to substitute easy questions for difficult ones, and to resist criticism. We feel safer treating novel problems in familiar ways, instead of working with them in all of their complexity. These entrenched biases may get us through times of stability, but as we enter an era defined by rapid change, it is adaptive leadership of the kind that Raj exemplifies—self-aware, relational, collective, always learning—that will take us forward in an uncertain new world.

⁵ Heifetz & Linsky, *Leadership On The Line*, 17.

About Egon Zehnder

Egon Zehnder is the world's preeminent leadership consulting firm, sharing one goal: to help people and organizations transform. We know what great leaders can do and are passionate about delivering the best solutions for our clients. As One Firm, our more than 500 Consultants in 68 offices and 40 countries combine our individual strengths to form one powerful collaborative team. We partner closely with public and private corporations, family-owned enterprises, and non-profit and government agencies to provide a comprehensive range of integrated services: Board advisory, CEO search and succession, executive search, executive assessment, leadership development and organizational transformation.

Our leadership solutions cover individual, team and organizational effectiveness, development and cultural transformation. We work with world-class partners including Mobius Executive Leadership, a transformational leadership development firm. In addition, we have partnered with Paradox Strategies, co-founded by Harvard University Professor Linda Hill, to develop the Innovation Quotient (IQ), a proprietary culture diagnostic.

Our goal is that the work we do contributes to successful careers, stronger companies – and a better world.

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