

A new study delineates what leadership must look like today.

The New European Executive

The aftershocks of the 2008 financial crisis still reverberate throughout the global business landscape. The crisis set in motion previously unknown levels of economic volatility, political instability and rapid, unpredictable change that continue today, and in many ways have become the norm. In Europe, according to a new Korn/Ferry report, that has effectively “wiped out the model of leadership that had dominated for decades.”

“Pre-crisis it was much more about execution, command skills, priority setting and driving for results,” said Jim Tapper, Korn/Ferry’s managing partner, leadership and talent consulting, for the United Kingdom, Nordic countries and the Middle East. “Today, you still have to be driven for results, that’s a given, but the way you get there is different.”

Tapper is principal author of “The New European Executive,” a recently published report that identifies the leadership skills and styles required in the current environment. According to the report, today’s company leaders must shift strategy more rapidly, more frequently and often with much less information than in the past – what one executive in the study referred to as “driving in fog.” For that reason, “executives who once could steer growth with a confident, steady hand must now have the fluidity to manage disruption and maximize the opportunities that emerge from constraint.”

“These days our clients are looking for people who are tougher, more resilient and can deal with things that you’ve got to do in a downturn, rather than just creating growth,” said the report’s co-author Iain Manson, Korn/Ferry’s head of energy practice in Europe, the Middle East and Africa.

The research for the study was rigorous, drawing upon a variety of sources. To gather post-crisis data, Korn/Ferry surveyed and interviewed 109 C-suite and board-level business leaders at companies on the European continent or Britain in mid-2012. Those interviews were supplemented with post-crisis data from Korn/Ferry’s database of senior European executive assessments. The surveys asked respondents to list their top-priority business challenges today and, in that context, to rank the importance of 26 leadership skills and 18 personal leadership-style characteristics. Those results were compared to pre-crisis norms for Europe, which were derived from the 360-degree job performance appraisals of 344 executives in Korn/Ferry’s database, all done between February 2007 and March 2008.

The executives surveyed post-crisis ranked the stability of the euro first among their business challenges, followed by unsteady consumer confidence and tightening access to capital. They also noted sev-

eral work-force-related concerns in their top 10, including rigid labor markets, a need to boost talent development and the challenge of keeping the talent pool engaged during difficult times. For many, the wounds of 2008-2009 are still fresh – threats of severe financial dislocation, precipitous drops in revenue, drastic labor force reductions and across-the-board pay cuts – and their current concerns reflect that perspective.

Indeed, as the report notes, the International Monetary Fund’s October 2012 Global Stability Forecast for Europe “offered a snapshot of interlocked economies facing sputtering growth or stagnation, twinned with political peril. ... In the Euro Zone, where the IMF predicts tepid GDP

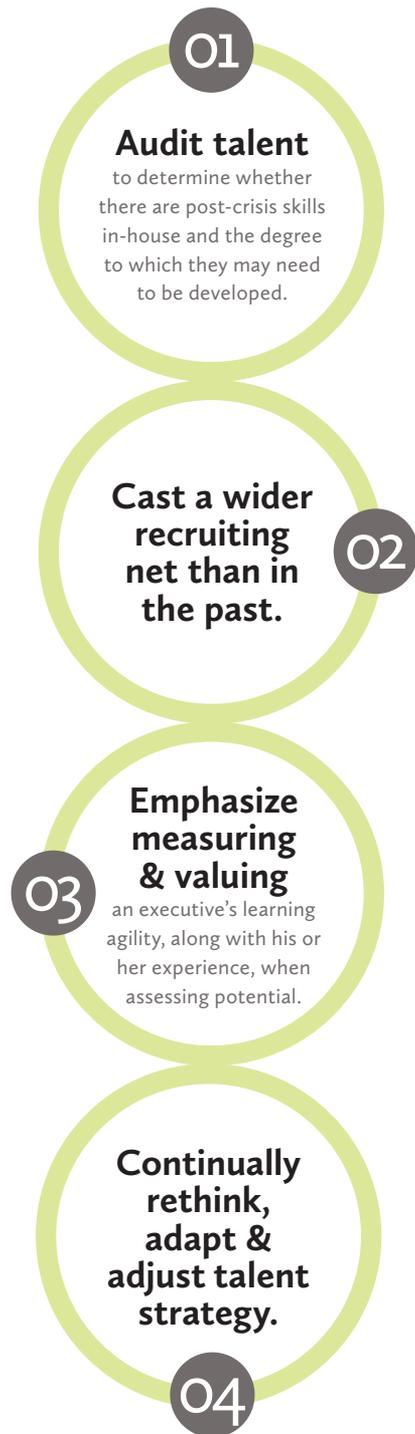


growth of 1 percent in the second half of 2013, uncertainty reigns ... rifts continue to widen between the Euro Zone's stronger economies and the weaker ones. Fears about the viability of the common currency resurface with each new political flashpoint."

According to the report, this daunting roster of challenges means that European executives can no longer merely manage growth by building on continuity and making incremental progress. Consequently, as the research showed, execution-oriented competencies such as organizing, problem solving and command skills, which were deemed crucial in the relatively stable pre-crisis environment, have fallen out of the top 10 leadership requirements. They have been replaced by skills that can address more fluid, emergent challenges: dealing with ambiguity, managing the vision and purpose of the organization as a guiding force in a flat economy, and displaying managerial courage – none of which were in the top 10 just five years ago.

Similarly, the study's examination of changing leadership styles paints the portrait of a pre-crisis leader "equipped to extract the most from the opportunities of a prosperous economy," one who is confident, competitive, analytical and adept at facilitating his agenda by building relationships. Since the crisis, however, the ideal leader is thought to be one whose mode of analysis is geared to much tighter time frames. She makes decisions quickly and efficiently, with an innate awareness of potential implications, tradeoffs and, above all, customer needs. Her style is founded upon functional competence and expertise, the ability to persuade with data and intellectual argument, and the humility to adapt quickly to changing circumstances and information.

As an example, the report recounts the story of one manager whose company had traditionally placed a high pri-



ority on saving labor costs and so had moved its manufacturing to Asia. The manager believed his plants needed to be closer to the customer, so he challenged the conventional wisdom, made his case and brought them back to Western Europe. The result was faster response times and quicker delivery that more than compensated for the in-

creased payroll. Profitability doubled. "To me," said Tapper, "that was a perfect example of the way a new European executive would operate. He or she would know the business well and be able to make a case through intellectual argument to take a quick strategic decision that is very customer-focused."

"We don't see recovery (in Europe) progressing at the pace that anyone would like, [so] this new leadership profile will likely be required for some time to come," Tapper added. But, he said, it will be a challenge for companies to develop because the requisite emotional intelligence, maturity and personal resilience only come with the "developmental heat" of challenging, often emotionally charged, experience. "From our competency modeling, we know the difficulties of developing these characteristics," he said. "Some things you can certainly teach, but others take much more time to develop. The big question is the executive's learning agility. That's what defines whether or not you can learn from those experiences and apply them in first-time situations, which is what post-crisis leadership is all about."

So, what should companies do? The report outlined a four-part approach: First, they should audit their talent to determine whether they have post-crisis skills in-house and the degree to which they may need to build them or buy them. Second, they must cast a wider recruiting net than they may have in the past. Post-crisis talent is global and scarce. Third, they have to place greater emphasis on measuring and valuing an executive's demonstrated learning agility, along with his or her experience, when assessing potential. Fourth, they must continually rethink, adapt and adjust their talent strategy.

"Delivering an agile business strategy is predicated on an agile talent strategy," said Tapper. "That linkage is one that a lot of companies are not necessarily carrying through." ^{K/F/B}