

COVER STORY
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ON EDGE...TO CUTTING EDGE

***SKILLS
LEADERS USE
TO DEAL
WITH TODAY'S
CONSTANT
CHANGES.***



IMAGINE THIS:

For six decades, your family's bank was the go-to financial institution in the neighborhood. But four years ago, an edgy local start-up launched, promising better banking through mobile apps. You've noticed your client list start to dwindle, which means lower profits and suddenly fewer resources to get ahead of this new competition.

Or maybe your health-food company is only a decade old, but new state regulations are threatening its viability. The stricter rules call for changes to your products, which would mean altering your entire supply chain. The modifications will be too costly to make, but if you don't make them, then you're out of business for good.

If such scenarios sound familiar, it's because as any corporate leader has discovered, each year, if not each month, seems to bring a new "crisis" for one company after another. It wasn't always this way—in fact, firms of the previous century were lauded for creating stability in their businesses. But in today's world, it's reasonable to assume that the power of, say, artificial intelligence or 5G technology will upend your business—if not today, then tomorrow. Or that a certain giant retailer will summarily decide that "one-day delivery" is now the order of the day, flattening one competitor after another. All of which, like a looping nightmare you can't wake up from, is familiar in C-suites across the globe. What is less known: how to deal with it.

THE SOLUTION
New research is laying out the skill sets CEOs need, including many their predecessors didn't.

WHY IT MATTERS
Firms caught flat-footed rarely make it.

THE PROBLEM
In too many cases, experts say the C-suite hasn't adapted to the swirl of changes in their industries.



Naturally, there are tomes on leadership that preach principles that can apply even to a volatile culture. But experts say that much of the advice has become a little too quaint. With unprecedented technology and mounting expectations from both workers and customers, the speed of all things in business is accelerating: organizations are innovating faster, consumers are spending faster, and systems are crumbling faster. “It’s always been tough to be CEO, but it’s tougher today,” says economist Linda Hill, a founding partner of Paradox Strategies and a professor at Harvard Business School. “CEOs are realizing the way things worked in the past doesn’t work in the future.”

One thing they’re realizing is that their staying power is not what it used to be. Although average CEO tenure is slowly increasing, a recent Conference Board report found that the rate of CEOs fired from S&P 500 companies increased by 38 percent in just a one-year period, from 22.1 percent in 2017 to 30.5 percent in 2018. Meanwhile, a medium-sized firm is about four times larger, on average, than it was 20 years ago, according to the *Harvard Business Review*. And in this rapidly changing business landscape, a new kind of leader needs a new toolbox of skills and traits. “CEOs need to build organizations where they’re not leading people into the future, but cocreating the future with them,” says Hill. “That requires different muscles.”

To see this kind of modern leadership in action—the kind that will likely get firms through the newborn decade—Korn Ferry interviewed three CEOs who each pulled through their own unique challenges. Among them were the head of the world’s premier provider of credit ratings, benchmarks, and analytics in the global capital and commodity markets; the founder of a rising Canadian technology firm; and the leader of a giant food-products firm with 11,000 employees. Each CEO, we discovered, has had their share of “on edge” moments—and each said they came out ahead by tapping into skill sets their predecessors might never have needed.

THE CRUCIAL CURIOSITY GENE

WITH ROOTS DATING BACK TO THE

19th century, S&P Global is the foremost provider of financial information. It operates the well-known ratings agency, is the primary source of research and real-time data to institutional investors holding billions in assets, and is the world’s largest resource for indices—the most common, of course, being both the S&P 500 and the Dow Jones Industrial Average. But today, disruption spares no business, which is why the company’s CEO, Doug Peterson,

decided a few years ago that he needed to, in his words, “transform the business” from a conglomerate with publishing and financial information assets to one narrowly focused on the financial markets.

Peterson knew that to transform S&P Global, a comprehensive strategy would need to be created that elevates customer orientation and technology to completely new levels. So he took the challenge to his Operating Committee. “First and foremost, we collectively agreed that to continue to be successful we must put the customer first in everything that we do. And every single scenario we looked at ended with a strong focus on data

and technology as a core strategy,” he says. Artificial intelligence, machine learning, analytics, automation, and robotics—these data-driven technologies kept coming up in the situations that the organization examined as necessary capabilities to be successful in the future.

All of which would ultimately shape the acquisition strategy Peterson would

take, including the \$550 million purchase of Kensho Technologies in 2018, the largest AI acquisition at the time in the United States. This acquisition is playing an important role in S&P Global’s continued development of AI, cloud, machine learning, and robotic tools to help its clients make timely and well-informed decisions. Along these same lines, Peterson also recognized that the upskilling of employees is core to the company’s success. In 2019, S&P Global employees completed tens of thousands of technology courses, giving them vital new in-demand skills and helping solve important business problems. But when asked which skills may have mattered the most during this period, Peterson says he and his team needed not only the ability to view the

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future but to also be curious about it. “I had the curiosity gene since I was 5 years old,” he says. “One of the things that has grounded my career is that I always want to be learning.”

Indeed, curiosity, like the ability to anticipate, is becoming a coveted leadership trait in today’s economy, experts say. And that curiosity translates into results: Research by the Korn Ferry Institute (KFI) has found that midcap companies with highly curious CEOs tend to post operating profits 32 percent higher than companies with less-curious leaders. What’s more, CEOs who are curious and learning agile have a strong advantage over competitors because they’re better at building up the digital literacy needed to fully understand and deploy emerging technologies. Without that understanding, experts add, few organizations can survive.

“It’s not the technology that causes the disruption. It’s application of it,” says Vivek Wadhwa, a technology entrepreneur and professor at Carnegie Mellon. “Companies either have to learn about these advancing technologies and how to survive them, or they’re going to be out of business.”

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LEADERSHIP PLUS

Agility: check. Emotional intelligence: check. Flexibility: check. Leadership skills are being reviewed and disrupted as much as many businesses are today, creating several new attributes leaders must consider. New research and interviews with CEOs suggest four more traits that fit today’s challenges:

CURIOSITY

Being curious is not a characteristic that often springs to mind when thinking about high-powered CEOs. But it’s one that’s becoming more common among today’s most successful leaders. “Being curious about other people helps you understand them,” says Eric Frazer, author of *The Psychology of Top Talent*. And that, he adds, fuels high performance.

HUMILITY

Certainly not a trait that great CEOs of the past bragged about—for some, being humble

was viewed as a weakness. Today, experts and business leaders consider humility a necessary component of authentic leadership. “CEOs are no longer this rarefied, elusive persona,” says Bill Gisell, CEO of Rich Products. “They need the ability to relate to people, and create context and meaning.”

GREAT COMMUNICATION SKILLS

The old guard, and many current leaders, used to leave communications to their PR department. Now, CEOs are opening their doors, with the understanding that greater communication leads to an

improved workforce and better customer engagement. “Communication skills are at a premium,” says Dan Kaplan, a Korn Ferry senior client partner.

DECISIVENESS

Stalling is just not an option in the C-suite in an age of lightning-fast changes. But quick thinking must still be prudent, experts say, especially as the risks in business become more uncertain and volatile. “CEOs don’t have time to look at things in depth as in the past,” says Padma Thiruvengadam, CHRO at Takeda. “They need to make decisions quickly.”

Business leaders have been dealing with disruptions for ages. But the rate of such challenges has jumped since the 2008 recession.

PICKING UP THE PACE



**NOV
1965**

THE PEANUT BUTTER GRANDMA GOES TO WASHINGTON

Ruth Desmond, known as the "Peanut Butter Grandma," takes on the US Food and Drug Administration (FDA). The homemaker turned consumer advocate pushes the agency to standardize the definition of peanut butter in order to limit the amount of chemical additives organizations put in their products.

**OCT
1973**

THE ENERGY SHOCK FELT AROUND THE WORLD

The Organization of Arab Petroleum Exporting Countries (OPEC) imposes an oil embargo, causing oil prices to skyrocket 350%. The higher energy costs set off an economic downturn and eventually force companies to lay off workers.

**DEC
1993**

THE FREE-TRADE DEAL THAT CHANGED MANUFACTURING

President Bill Clinton signs the North American Free Trade Agreement—or NAFTA—into the law. The legislation expands trade among the US, Canada, and Mexico, creating the world's largest free-trade area. As a result, manufacturing, particularly within the auto industry, begins to transform.

**SEP
1999**

DVDs KILL THE VIDEO STAR

Netflix introduces monthly subscriptions for its mail-order DVD rental service. The Silicon Valley-based start-up's business model topples the video-rental industry and will eventually shake up cable companies.

**JUN
2007**

CORPORATIONS PICK PURPOSE OVER PROFITS

B Lab certifies its first 82 B Corp companies based on their social sustainability and environmental performance. These certifications plant the seeds of the modern purpose movement, as more companies begin to seek out B Corp status by focusing on purpose and social good.



**DEC
2007**

THE GREAT RECESSION NEARLY DESTROYS THE ECONOMY



The collapse of the US housing market and subsequent credit crisis triggers one of the worst economic downturns in modern history. The Great Recession lasts two years, costing the US nearly 8.7 million jobs.

**MAY
2011**

THERE'S A NEW WAY TO CATCH A CAB

The ride-hailing app Uber rolls out in New York City, a year after launching in San Francisco. The start-up's presence sends New York's taxicab industry into a frenzy and is the beginning of many show-downs among Uber, drivers, and cities.



**NOV
2012**

THE FIGHT FOR \$15 GETS UNDERWAY

More than 200 fast-food workers in New York City walk off the job to demand union rights and an increase in minimum wages to \$15 an hour. The strike launches a global movement spanning more than 300 cities across six continents, and leads to legislative action that raises the minimum wage for 22 million workers.

**SEP
2014**

CONSUMERS DECLARE WAR ON CLIMATE CHANGE

More than 300,000 people, including top business leaders, march in New York City to demand action on climate change. Protestors take corporations to task for their role in pollution, and challenge leaders to make sustainability a key focus of their missions.



**MAY
2015**

EQUAL PAY FOR EQUAL WORK



Boston-area investment firm Arjuna Capital starts the pay-equity disclosure campaign, prompting corporations to release annual pay-gap reports. The campaign sheds a brighter light on the gender pay divide, which organizations begin to address more seriously.

**JUN
2016**

THE BRITISH ARE LEAVING?

The United Kingdom votes to leave the European Union. But the impending exit, known as Brexit, is shrouded in uncertainty, with no real clarity around its impact on the UK's economy. British business leaders become more anxious and risk-averse as a result.



**#MeToo
OCT
2017**

A RECKONING BEGINS IN THE CORPORATE WORLD

Several Hollywood actors come forward with allegations of sexual misconduct against film producer Harvey Weinstein. This encourages other women to publicly share their own stories of sexual harassment and assault in the workplace. Organizations begin to grapple with their leaders' inappropriate or criminal behavior.

**JAN
2018**

PLAYING TIT-FOR-TAT WITH TARIFFS

US President Donald Trump imposes his first round of tariffs on Chinese goods. The ensuing trade war with China rattles investors and business leaders alike, as the economic volatility creates challenges for organizations.



**APR
2019**

AMAZON WANTS TO MAKE ONE-DAY DELIVERY A REALITY

Amazon announces plans to make free one-day delivery the default option for its Prime customers in North America. Leaders in the logistics, distribution, and transportation industries begin to sweat about how they may handle this new shipping option.





THE REACH OF EMOTIONAL INTELLIGENCE

CLIENTS WERE RAVING ABOUT THE firm, saying “It saved our business” or “Please, don’t hire them, because they are ours!” And it was easy to understand why: MonetizeMore, a decade-old ad-tech firm based in Victoria, British Columbia, had found the technology and creative team to help publishers with their long and critical struggle to optimize digital ads.

But CEO Kean Graham knew that none of that was going to matter if he couldn’t figure out how to help his clients navigate a new European Union law known as the General Data Protection Regulation (GDPR). The law, implemented two years ago after a public uprising over privacy leaks on the web, set out a series of mandates requiring key disclosures and greater protections. Fines alone could run as high as 20 million euros, or \$22 million US. “It was very definitely a scrambling point,” says Graham, “something that we needed to take head-on.”

This is what the now and the future can look like—the need to reinvent a sizable portion of your business, and fast enough to keep up with competitors. Graham and his executive team created a consent-management platform that made it simpler for MonetizeMore’s clients to become GDPR-compliant, a task that took some obvious solutions-oriented mindsets, among other skills. But Graham believes that a high level of emotional intelligence, or EI, may have mattered even more. The term, popularized by best-selling author Daniel Goleman 30 years after its formulation, represents a capability that allows for deploying level-headed empathy during frenzied times. “Emotional intelligence is so far-reaching amongst everything that you do,” Graham says. “At the end of the

day, [a CEO’s] most important responsibility is making decisions, and the underlying derivative of making those decisions is based on your emotional intelligence.”

Though growing in prominence now, emotional intelligence wasn’t considered a big deal in most C-suites a decade ago. Instead, the emphasis was on whatever traits it took to improve the bottom line. But, experts say, the changing business environment is placing a higher premium on so-called “soft” skills like adaptability, communication, and EI. These skills are gaining a bigger spotlight in boardrooms and corner offices. And studies seem to support this importance: One recent KFI study found that reflective, self-aware leaders ran 62 percent of the most highly effective teams, translating into higher profitability. Those with low EI ran more than half of the lowest-performing teams.

“It’s about authentic relationships with each other and as a team,” says Padma Thiruvengadam, chief human resources officer for Takeda Pharmaceutical Company. “It goes beyond a transaction.”

LEADING WITH A PURPOSE

FOR HIS PART, BILL GISEL’S “ON edge” moment wasn’t related to tech or new laws. Instead, in 2013 the CEO of the large food maker Rich Products initiated a recall of a dough-based ingredient after the company discovered a serious contamination in some of its consumer-branded retail products. Rich Products came to the decision that the potential contamination came from a raw material and pulled all of the affected food items from store shelves.

The scope of a recall—that is, the amount and kind of product to be

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removed—would have been set by regulatory requirements. But CEOs today need a wider vision that looks beyond profits or legal directives. Unsure whether other batches were affected, Gisel decided to expand the recall scope far beyond federal regulations to ensure all Rich products were 100 percent safe—a potentially costly measure. “I knew in the short term that it would hurt, but in the long term, it reinforced the values of the company,” he says. And it did hurt: expanding the recall created extra work for staff and negatively impacted incentives, he says. Still, he adds, “We never, ever heard one whisper of a complaint, because they recognized the sincerity behind the decision.”

Unlike the days of Jack Welch, the legendary honcho at General Electric, this type of authentic, purposeful leadership has become more of a key differentiator for CEOs than traditional skills like strategic thinking, experts say. In fact, according to other KFI research, 67 percent of investors surveyed across 18 economies believe that legacy leadership is not fit for the future. Instead, being able to transform constantly, adapt quickly, and lead with a compelling purpose have become enablers of success for CEOs.

“For the first time, people are worried about if the CEOs are coming in and asking what companies are doing about social issues,” says Bernhard Raschke, a senior client partner leading Korn Ferry’s EMEA Supply Chain Center of Expertise. In other words, organizations need to have purposeful leaders at the helm if they want to stand out in today’s hyper-changing business landscape, with studies supporting the notion that when it comes to profits, purpose pays.

But it only pays, experts say, if that value-driven leadership is more than lip service. Leaders, like Gisel, have to live and breathe their purpose—and make sure their companies do too. “A lot of organizations pride themselves as having core values that reflect their principles,” says Eric Frazer, a psychologist and the author of *The Psychology of Top Talent*, but many lack the comprehensive follow-through. “Companies that have parity between their programs and values are doing the best,” he says. ▀

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