

# Leadership Mindset

Why leaders struggle to change.



Business leaders today face unprecedented challenges. An increasingly connected global economy, nonstop technological advances, and rapid demographic shifts are disrupting the business environment on a scale never seen before. Entire industries are dying and new industries are being born. What was once imagined in science fiction in many cases is now a reality. In the face of this extreme level of change, organizations must either adapt or face the possibility of extinction.

The pace of change places enormous demands on leaders. They must think strategically and globally, inspire innovation and culture change, lead with strong vision and purpose, collaborate across the enterprise, and manage ever-increasing levels of complexity. All the while, they are expected to drive financial results and increase shareholder value.

Leaders are being asked to reinvent themselves and their organizations simultaneously. Tried-and-true leadership development approaches alone cannot meet this challenge. What's required is an appreciation for and nurturing of a new leadership mindset that allows leaders to keep pace with and stay ahead of the changes that are swirling around them.

At its core, leadership mindset is defined by how we see ourselves in our professional roles and the stories we tell others about who we are. It is one of

the most important, least understood, and most neglected elements in the evolution of a leader.

Most of today's senior leaders grew up in a world driven by product innovation and operational efficiency. That environment shaped their experiences and career trajectories, determined what they valued and prioritized, and drove their decisions and behaviors. But that world has changed. Today's business environment is characterized by rapidly changing strategies, business-model innovation, and operational transformation. Leaders trapped in yesterday's mindset often struggle to find their place and voice in this new business world.

We find there are three mindset transitions that are consistently challenging:

- The shift from functional to enterprise leader.
- The shift from expert to manager.
- The shift from product innovator to business-model innovator.

To successfully navigate these transitions, leaders must fundamentally change how they see themselves and their businesses. They must abandon outdated assumptions, embrace challenging growth experiences, and form new business relationships. Leaders must be willing to embark on a deeply personal process to engineer a new mindset.

## Why mindset matters.

We all have different mindsets to fit our multiple roles in life and shape how we interpret the world and act. Each mindset helps us organize our experiences, feelings, and actions into a purposeful whole and sets the foundation for our behaviors and actions.

Our underlying mindsets explain to us how we came to be in a role, who we are in that role, and what we hope to become. As we transition through life stages, we take on new roles and abandon others.

In her wonderful book, *Working Identity*, author and leadership expert Herminia Ibarra wrote: “We are not one true self but many selves and these identities exist not only in the past and present but also, and most importantly, in the future.”

Your many mindsets provide a sense of who you are and how you function in your various life roles. You shift in and out of mindsets throughout the day, depending upon the activity and the role you assume. Imagine that you’re a hardworking business person and an avid tennis player. If you failed to transition from your business mindset into your tennis player mindset for an important match, you would not play very well. You would lack purpose, you wouldn’t recognize patterns of play, and you wouldn’t have the confidence to win.

Every leader develops a mindset around his or her role. Operating in the background, just beyond full awareness, the mindset whispers quietly—making sense of the world, deciding what’s important, and formulating judgements about the past, present, and future.

We experience mindset as a quiet, ongoing story, where we are the central actor, pursuing important goals on our own and in conjunction with others.

Mindset is a key source of personal motivation. It provides leaders with meaning and purpose in their work, determines how they invest their time and energy, and influences their career choices. In essence, mindset defines who we are and what we do in our various roles.

In today’s disruptive environment, the mindset of leaders must evolve and change. Many leaders struggle when they enter a new stage in their career or their world is upended by technological advances and market upheavals. Often leaders are unaware that they are holding onto to a mindset that doesn’t serve them in the new realities of business and is preventing them from making important and necessary changes.

A leader’s mindset has a powerful impact on career paths and how far an individual will move up the corporate ladder, according to Korn Ferry research.

“I’m this kid from Brooklyn. It never leaves me... I want to make our kids proud, and I want to make a significant difference in the lives of people...”

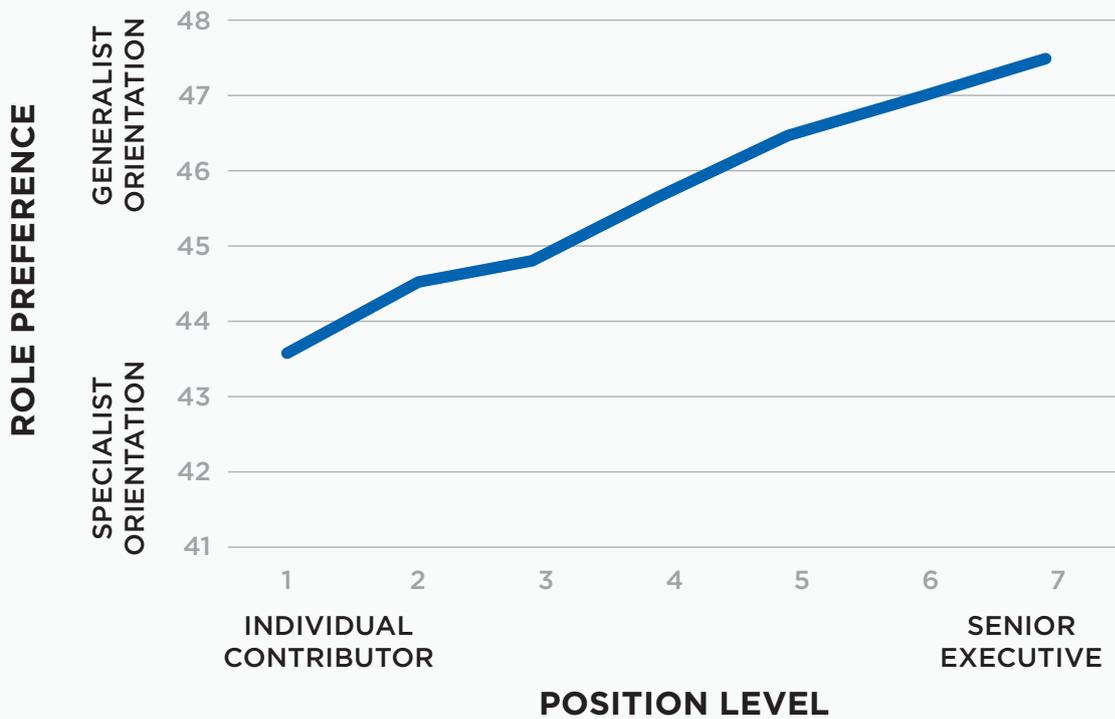
– Howard Schultz, former chairman and CEO of Starbucks, in a conversation with Oprah Winfrey



Assessment data from 45,000 leaders found that those with a specialist mindset believed that their success depended largely on technical skills, deep knowledge and expertise, following established processes, delivering on time, and being perceived as an expert. However, the research also revealed that those with a specialist orientation had a narrower career path, were at higher risk of career derailment, and tended to reach career plateaus earlier in their careers.

In contrast, those with a more generalist mindset believed that their success depended more on social than technical skills, leveraging the functional expertise of others, and producing practical results rather than perfect outcomes. Importantly, they were open to a wider range of career opportunities than those with a specialist mindset. As a result, leaders with a generalist mindset tended to ascend to higher roles more frequently than their specialist-oriented peers.

**Figure 1**  
Career paths of specialists versus generalists.



## The toughest mindset that transitions leaders face today.

New leaders develop a mindset that becomes the foundation of their success. The mindset informs how they view themselves and the organization, their priorities, and their actions and behaviors. Understandably, as they advance, many leaders are reluctant to let go of their old way of thinking and adopt a new mindset that corresponds better to the demands of the new position. Here are the most difficult transitions leaders face today:

### From functional leader to enterprise leader.

A newly appointed CEO, Bill was brilliant and driven, having spent his entire career in finance. He approached the CEO position with his CFO mindset and success formula. He led by exerting very tight control and expected to be involved in every decision. He demanded excruciating detail for every business proposal his executives brought forward and pored over spreadsheets with the same focus and determination that he utilized as a CFO. Soon, decision making ground to a halt and a pervasive sense of fear descended on the organization. None of his senior executives were willing to make decisions without compiling detailed documents for even the most routine matters. Bill's problem wasn't about his behavior. It was about how he saw himself as a leader.

Bill needed to unlearn elements of his CFO mindset and embrace a new version of himself as a leader who focuses on large strategic issues, inspires people to generate new ideas, and empowers others to drive operational excellence. If Bill fails to embrace a more expansive and inspiring mindset, the organization will stagnate and fall behind its competitors. Talented people will leave.

### From expert to leader.

Sarah was an outstanding research scientist at a global pharmaceutical company. She was respected by others across the industry and was viewed as a guru in her field of specialty. Trained as a geneticist, she successfully led several high-profile clinical trials.

After years of outstanding performance, Sarah finally received her dream promotion: She was chosen to lead a newly created global-service function in support of the organization's new customer-centric strategy. In contrast to her previous position, the new post demanded more customer contact, lateral organizational collaboration, and reliance on technical experts outside of her specialty.

Within months, Sarah's career started to come off the rails. She struggled in working with others to get things done and felt disempowered because she didn't completely understand the variety of technical issues. In meetings, she no longer felt that she was the smartest person in the room—and this bothered her immensely.

Very quickly, Sarah developed a reputation as combative and inflexible. She demanded that others in the organization do exactly as she wanted and provide her with the resources she required—regardless of other organizational priorities. As result, a perception developed that Sarah was concerned only with her own agenda and couldn't care less about the vision and strategy of the business.



Sarah needed a mindset change. She had to step back and understand the impact of her behaviors and what she was doing to alienate the very people she needed to become successful in her new position. She had to find a way to see the organization as a whole and value that view, rather than focusing only on her areas of expertise.

To encourage Sarah to change her mindset, she could be asked to serve as a spokesperson to investment analysts and institutional investors on the organization’s new customer-centric strategy. The role would force Sarah to think in terms of the organization’s broader vision and the importance of generating positive financial results, without relying on her technical areas of expertise and comfort.

Secondarily, Sarah could be appointed to lead a committee charged with improving collaboration between functions within the organization that were not working well together. In this role, Sarah would hopefully come to recognize that her narrow mindset was getting in the way of her success.

### **From product innovator to business innovator.**

Throughout her stellar career in the financial services industry, Anaita developed a global reputation as a brilliant strategist and innovator. No one was surprised when she was asked to take on the role of leading the organization’s struggling credit card business. The business had experienced a sharp revenue decline over the past several years in the face of new market entrants and disruptive technology.

Anaita’s first steps were to revamp the aging front- and back-end systems and completely rebrand the product. But despite these actions, the business continued to deteriorate. The CEO and the board began to question the future viability of the business.

Undeterred, Anaita claimed she just needed more time to change the product and the business would improve. She ‘knew’ she had all the answers and took comfort in her deep industry knowledge. She was confident in what she needed to do and stopped listening to others. After one heated exchange at an executive meeting, a trusted colleague took her aside and said, “Anaita, this isn’t about building a faster roller coaster, you may need rethink the whole theme park.”



The credit card industry was being transformed by technology, particularly by the growth of e-commerce transactions and the entrance of non-traditional players into the payments systems. Anaita did not appreciate that technological and marketplace disruption demanded that the business develop a completely new business model—rather than simply building better iterations of the existing product. Her deeply held mindset and beliefs were causing her to ignore critical market changes and set the wrong priorities for the business.

Anaita needed to develop a broader mindset that displayed a greater understanding of two key elements:

- How customer needs were evolving.
- How technology was disrupting every industry, not just credit card payment systems.

To accomplish this mindset change, Anaita had to step outside the confines of the organization, talk to other industry leaders at the forefront of business transformation, and truly listen to what customers needed.

A key element of Anaita’s transformation would be to develop new relationships with business leaders and technical experts within and outside of the organization and to establish dialogue with start-up organizations that were developing new solutions in the payments industry and across other sectors.

Hopefully, the new associations would stimulate ideas for re-inventing the business and finding better ways to serve customers while helping Anaita to see her role and herself in a different light.

## Changing leadership mindset—the accelerants.

There is a great deal of research and literature about how to develop leadership skills and behaviors, but very little exists on how to change a leader's mindset. Perhaps there's an implicit assumption that changing behaviors and acquiring new skills will transform a leader's mindset. The reality is the process for mindset change requires a different approach to leadership development.

Most leadership development programs take a straightforward path that often starts with assessment and feedback, moves on to identifying gaps and shortcomings, and concludes with a developmental plan to help the leader acquire new skills and practice new behaviors. The better programs include experiential activities, ongoing feedback, and coaching.

The conventional approach to leadership development leaves promoting mindset transformation to chance for two reasons.

First, skills and behavior are observable and somewhat measurable. In contrast, mindset exists in the private space within a person's psyche. While mindset manifests in countless ways, it is neither tangible nor accessible to anyone else. It certainly cannot be measured.

Second, unlike the "plan and do" development approach for the acquisition of knowledge and skills, developing or changing one's mindset cannot be mapped out in a linear, sequential, and systematic manner. It requires a combination of direct experience, reflection, and, more importantly, "unlearning" elements of one's existing mindset. Ultimately, mindset change is a personal journey with no clear roadmap, and a destination that often emerges as part of the process—seeing oneself and the world in a new way that informs one's purpose, priorities, behaviors, and actions.

While mindset change occurs deep within the psyche of a leader, it can be fostered by formative experiences and personal coaching. There are three accelerants key to triggering and developing mindset change.

## New experiences and small experiments.

To change mindset, we must first feed the unconscious mind with new experiences that involve leading others in a new environment and in a different role. From that experience, we help the leader construct a new personal narrative about what was required to lead effectively in this situation. Success is defined by a shift in how the person thinks and feels about herself as a leader.

It's important to explore different selves by trying activities outside one's expertise and experimenting with new roles. For example, encouraging leaders to take short assignments in new functions where they cannot rely on their experience or expertise can trigger changes in mindset. By stepping outside their usual context and trying new behaviors, leaders gain new perspectives on who they are and, in the process, feed their unconscious minds with experiences and stories to construct a different mindset.

Leaders should also consider different possibilities about their future. Rather than thinking about their career in a linear fashion, they should explore other kinds of work they might like doing, new roles, and new ways of behaving.

For example, a leader who has worked in finance for his or her entire career, may choose to take an assignment working in sales management on a special project to communicate a new product-pricing structure to the organization's customers. The project will entail leading sales reps in presenting the new structure to various customer segments and negotiating with those customers who have issues with the new prices.

From a conventional leadership-development perspective, the finance executive will develop new skills and a broader knowledge about the sales function and the organization's customers. From a mindset perspective, the experience will help the executive to understand he or she doesn't need to rely on his or her domain expertise or experience to lead others effectively.

**To know what you are going to draw you have to begin drawing.**

– Pablo Picasso

## Changing context.

We often don't know we are swimming in water until we stand on the shore. Sometimes small experiments aren't enough. To change mindset, leaders need to get some distance from their old selves to see themselves more objectively. The journey to developing a new leadership mindset always involves leaving behind the safe and familiar for the unknown. A leader's context—the physical and social environment in which they work—can keep him or her locked in an outmoded mindset.

At one major healthcare organization, sales executives spent several days meeting their customers in India. They went into their homes, saw how they lived, and studied how they used their products. The experience created deep changes in how the executives understood their role and the impact their products have on the lives of others.

Working in a new culture or market, leading the development or rollout of a radically different product, or working for a time in another industry or environment can be powerful accelerators to mindset change.

## Changing relationships.

A physician leader discovered shortly after receiving a promotion that none of her peers wished to talk to her anymore because they didn't support some of the difficult decisions she had to make in leading the department. She told her supervisor about the situation and how much it upset her. He gave her some good advice: Go and get new friends.

Old social networks often reinforce the very mindset a person is trying to change. Peer groups reflect to us a mindset that may no longer fit with what we need to become to lead more effectively in the future. A critical part of accelerating leadership mindset change is to find new role models and peer groups. As difficult as it may be, leaders in transition must rapidly build a new social network that will reinforce a different mindset and help them break the old relationships that pull them back into their old mindset and behaviors.

People that know us may reflect back to us the mindset they're accustomed to and dismiss the changes we're trying to make. Sometimes looking in the same mirror serves to reinforce the very mindset we need to change.

Two young fish are swimming happily. An older fish swims by and remarks “Water’s warm today, isn’t it?” The young fish asks “What’s water?”



## Conclusion

### Creating a new story and mindset.

A recurring theme in today's world is that what worked well in the past no longer works as well now and may not work at all in the future. We face this truth as organizations and as individual leaders. Unprecedented disruption and transformation requires an unprecedented response.

Mindset change can be very elusive. Leaders may do all the right things: commit to new experiences outside their comfort zone; lead others without relying on their speciality expertise; and find new role models and peer groups that support a new leadership mindset. However, if leaders fail to reflect on these experiences and create a new story about who they are as leaders, their mindsets likely will remain unchanged.

Helping leaders to actively create a new narrative about themselves is essential to changing mindset. Some leaders can do this on their own. Others require a trusted coach who can assist them to extract meaning from their new experiences and create a richer personal story about their core purpose as a leader.

Consider leaders such as Barack Obama who in his own autobiography wove together his lifetime of experiences into a coherent story of his purpose as a leader. Or Steve Jobs, whose out-of-the-box experiences such as traveling to India to pursue spiritual enlightenment and auditing a class in calligraphy, helped to form a mindset that led to some of the greatest product innovations of our generation.

Ultimately, leaders with a strong yet agile mindset see themselves as the dominant force in their own story. They are exceptional autobiographers, continually creating rich stories of their lives and identifying and working toward their core purpose.

With the rapid pace of societal change, helping leaders shift their mindset is more critical than ever. Organizations that can harness the power of mindset change to help leaders better meet the challenges of accelerating business disruption and global change will win the race to succeed. Leaders who expand and adapt their mindsets to better meet the responsibilities and the challenges facing their organizations will be far more effective than leaders who rely on tried-and-true approaches to managing change and ambiguity.



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