BY ERIC KRELL

EXPLORING WHAT IT TAKES TO LEAD IN THE 21ST CENTURY

CONTINUOUS STRATEGIC PLANNING AND OTHER LEADERSHIP COMPETENCIES

A VALUABLE ROLE MODEL FOR 21ST CENTURY BUSINESS LEADERS DEMONSTRATED HIS STRATEGIC PROWESS 100 YEARS AGO, AFTER A SERIES OF TACTICAL ERRORS LEFT HIM AND 27 OF HIS DIRECT REPORTS STRANDED ON AN ICE FLOE NEAR ANTARCTICA.

Once the British explorer Ernest Shackleton's ship *The Endurance* was swallowed by sea ice, he quickly revamped the expedition's mission and strategy, kept his people focused on their mission in an extremely volatile environment, maintained a sense of purpose throughout ranks despite brutal conditions and constantly improvised. His leadership ultimately (after nearly five months) enabled him to get all of his men home safely.

DRIVERS OF CHANGE

Similar leadership capabilities remain valuable in a 21st century business environment defined by extreme volatility, brutal (and global) competition and a growing need for innovation, improvisation and perhaps above all, purpose.

"BEYOND OPERATING AS A PROFITABLE BUSINESS, MANY COMPANIES CONFRONT AN ENORMOUS CHALLENGE DEFINING WHAT SUCCESS MEANS," notes Kirk Coleman (BA '93), an Irving-based Accenture partner who advises the global consulting firm's banking clients and serves as a member of the Baylor Angel Network and the Hankamer School of Business Advisory Board. This definition, Coleman says, requires the identification of a shared purpose, an "articulation of what the company provides to its customers that they cannot obtain anywhere else." Leadership success "all comes back to fostering that shared purpose," Coleman continues. "How does a leader ensure that everybody in the company reflects that same sense of purpose in everything they do on a daily basis?"

Today, leading corporate captains understand that their organization's people, process, technologies and even strategies change frequently and dramatically. What needs to remain constant and animated, if their strategic plans are to succeed, is the company's sense of purpose and the values on which it is based.

It's no wonder that Shackleton's people-centered approach as well as his ability to derive order from chaos and manage extreme volatility remain relevant grist for 21st century leaders and strategic planners. The type of survival improvisation skill Shackleton demonstrated parallels the product, service and relationship innovation leaders must foster today if they are to prevent their companies from perishing.

"Companies that don't innovate quickly find themselves in a lot of trouble," notes Kendall Artz, chair of the Management and Entrepreneurship department and director of the Baylor Entrepreneurship Program. "If they fall too far behind, they can never catch up."

The notion that leadership capabilities displayed in 1915 still resonate today does not surprise Ed Fiske (BBA '74, MBA '75), a retired Accenture managing partner and a former Hankamer Advisory Board member who now works as an independent investor.

"Many of the capabilities that effective leaders possess today are similar to the skills they needed 10 or more years ago," he notes. "However, while these leadership competencies were important a decade ago, their importance to the organization has increased exponentially today, given the challenges companies face."

These competencies (seven of which are discussed later in this article) include a mix of leadership qualities (e.g., integrity and organizational stewardship) and management capabilities (effecting change and managing an increasingly mobile and far-flung workforce). Together, these capabilities help executives develop and continuously adapt strategies for achieving growth, resiliency and comprehensive sustainability in a global business environment pockmarked with iceberg-sized challenges.

Last year, *Forbes.com* blogger Larry Downes, an industry analyst and consultant, wrote a captivating entry detailing exactly why electronics retail giant Best Buy "is headed for the exits."

Downes' argument combined astute business analysis of Best Buy's strategic and tactical missteps with his own disappointing experience shopping with a friend in a California Best Buy store. Downes' description of the impersonal service he and his friend received, as well as the culture that allowed this behavior to occur, gave voice to thousands of similar disappointing in-person experiences millions of readers have endured. To date, more than 3.3 million people have viewed his post. The blog entry was careful not to blame Best Buy's demise entirely on Amazon's disruptive pricing, selection, service and logistics offerings. However, the fact that a single negative shopping experience could attract 3 million readers and inspire 19,000 Facebook shares and 6,600 Tweets illustrates the disruptive power of social media as well as the need for companies to manage their cultures and the daily behaviors they generate in a more mindful manner.

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THE POWER OF SOCIAL MEDIA

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7 MUST-HAVE COMPETENCIES

Talk to leading professors, management and search consultants, and corporate executives about leadership priorities in the past 18 months or so, and you'll often hear terms such as "values," "purpose-driven," "stewardship" and "shared mission." One of the top three findings from IBM's 2012 survey of 1,709 global CEOs was that leaders are intent on "empowering employees through values."

Coleman believes that successful leaders focus on values. And he points to Accenture's implementation of "stewardship" as the core organizational value and one of the main reasons he has remained with the company for 20 years.

"REGARDLESS OF WHETHER I WORK WITH BANKING CLIENTS, OPERATE AS AN IT OUTSOURCING GUY OR WORK AS A BACK-OFFICE FINANCE SUPPORT PERSON [AT ACCENTURE], I CAN TRANSLATE STEWARDSHIP INTO MY JOB EVERY DAY," Coleman explains. "Am I being a good steward of the company in terms of the decision I'm making in that meeting? Am I being a good steward of my customer by looking out for their best interests? Am I being a good steward for the people who work for me by giving them the right opportunities and enough of my time? Am I being a good steward of my peers, especially when they request my help or time?"

This sort of core organizational value helps foster and sustain a sturdy cultural foundation amidst rapid and dramatic change, Coleman and others note. That's why 21st century leaders devote sufficient time and effort to managing their cultures.

THE DRIVERS OF CHANGE INFLUENCING BEST BUY AND EVERY OTHER COMPANY AS WELL AS THEIR LEADERSHIP TEAMS SHOULD BE RELATIVELY WELL-KNOWN BY NOW; THEY MOST NOTABLY INCLUDE:

GLOBALIZATION

The number of multinational companies more than doubled from 1990 (35,000) to 2008 (80,000), when these global organizations operated an average of 10 foreign affiliates, according to Accenture research. THE LARGEST 100 MULTINATIONAL COMPANIES COLLECTIVELY EMPLOY MORE EMPLOYEES OUTSIDE THEIR HOME COUNTRIES THAN WITHIN THEM, ACCORDING TO UNITED NATIONS RESEARCH.

This trend intensifies the competition companies face while raising new challenges related to managing increasingly diverse, mobile and virtual workforces.

VOLATILITY

"Regardless of what industry you're in," Coleman asserts, "the pace of change is much faster than it was 20 years ago, 10 years ago or even five years ago." The accelerating pace of change has dramatically reshaped strategic planning activities, notes Gail Auerbach, senior vice president of human resources for Masonite, a global door manufacturer based in Tampa, Fla. Auerbach spent the first half of her career, in the late 1970s through late 1980s, with General Electric, a company renowned for its long-term planning and decision-making. "We had 10-year strategic plans," she recalls. "Of course, back then the organization charts seldom changed unless there was a retirement. Now, many organization charts change weekly. Global companies are constantly moving people around the world to leverage new opportunities."

TECHNOLOGICAL CHANGE

A formidable challenge corporate information technology (IT) functions face stems in part from tablet- and app-equipped children. "Top executives of companies walk into work and say, 'My kids can learn anything they want to learn about any topic instantaneously via the technology they use; why can't I get a financial report in less than a month?'" explains Gary Curtis, Accenture chief technology strategist and global managing director of the firm's Technology Consulting. These types of questions, categorized as the "consumerization" of organizational IT, "are absolutely changing the nature of the CIO role," Curtis adds.

Each of these forces qualify as risks in that they pose challenges and threats to be mitigated or avoided as well as opportunities that can be leveraged—with the right strategy. Developing the most profitable and sustainable strategy requires a new form of business leadership, one that exhibits many traditional competencies as well as newer capabilities.

SUCCESSFUL LEADERS ALSO DEVOTE ATTENTION TO BECOMING:

1 CONTINUOUS STRATEGIC PLANNERS:

The decades-old approach of conducting a strategic planning exercise once a year "has gone out the window," Artz asserts, "because no one can predict what the future's going to look like anymore given the pace of technological change and globalization." Not that 20th century strategic planners were 100 percent accurate, Artz adds, but the gist of their projections usually were relatively on the mark. That's no longer the case, and leaders should recognize the importance of keeping strategy and strategic planning activities as current as possible. "You have to have a relevant plan, you communicate the plan to everyone in your organization, and you have to get them on board," says Fiske, who acknowledges that strategic planning is becoming a more agile and almost continuous process. "This requires business leaders to have a clear vision, sharp communications skills and a strong ability to persuade." Leaders need to flex these capabilities in the service of strategic shifts far more frequently than they did even five years ago.

2 **VIRTUOUS LEADERS:** Professor of Management and Chavanne Chair of Christian Ethics in Business Mitchell Neubert's recent research on ethical and servant leadership indicates that leaders who clearly express and behave according to agreed-upon organizational values engender more trust throughout the entire workforce. "High-trust" organizations tend to employ workers who report higher levels of satisfaction, collaborate more effectively with colleagues, express a greater willingness to flex their creativity when solving problems and say they are more committed to the company, according to Neubert. "We want integrity in our business leaders for obvious reasons," Neubert says, "but leaders who act with integrity help generate benefits throughout the workforce." This has long been the case, but the importance of engendering trust among workers has intensified. "The pace of change elevates the role of the leader in terms of providing structure and direction and meaning," Neubert says. "When everything else is changing so dramatically, employees want to know what and whom they can trust."

3 **CULTURAL CARETAKERS:** Ever since the term was coined, "organizational culture" largely has been viewed as a "soft" asset and more of a nice-to-have than a bottom-line-boosting competitive advantage. Today, mounting evidence suggests that organizational culture that is built on the right set of shared values and that fosters the right sort of behaviors can deliver quantifiable advantages. In a 2012 report, LRN, a company that helps corporations foster ethical, winning cultures and inspire principled performance in their operations, found that companies built on purpose, guided by values and permeated with trust employ workers who are 22 times more likely to take a beneficial risk—decisions and actions that ultimately enable eight times the levels of innovation—compared to companies with lower-performing (and less trusting, lower integrity) organizational cultures. Business leaders who want to develop cultures that generate these and related business benefits "have to create an environment that attracts and fully engages employees," Neubert notes. "This requires creating meaningful work. In some but not all cases, this means inviting people to talk about their faith and to express different parts of their diverse backgrounds." Employees typically feel more accepted and engaged in the workplace when they can discuss their unique backgrounds and beliefs; however, these activities must be managed carefully and intentionally. "Diversity has great potential to stimulate new ideas and innovation, but it does not automatically equate to more collaboration or better relationships," Neubert adds. "Leaders need to become more skilled in building relationships among diverse people and thinking as opposed to simply inviting diversity into the workplace."

4 **ACTIVE LISTENERS:** The "my way or the highway" leadership style many 20th century leaders displayed no longer works in a business environment defined in large part by the unfettered flow of information. "Access to information works both ways," Neubert explains. "Companies have more information about their employees, customers and stakeholders. And all of the stakeholders have more information about the company." The leveling of the information playing field requires leaders to more frequently listen to and respond to stakeholder concerns in meaningful ways.

5 **CHANGE MANAGERS:** Change management represents a more tactical component of the 21st century leader skill set, and a capability they must summon constantly. "If you don't make changes quickly, your company can be out of the market before you know it," Fiske emphasizes. "Your products can become outdated so quickly. When that happens, it takes a tremendous effort to retool to make the company relevant again. An effective leader has to be very good at enabling change or agility as organizational competency."

6 **VIRTUAL LEADERS:** The globalization of business and technological breakthroughs (e.g., ubiquitous cellular connectivity, smart devices, cloud computing, mobile commerce, video conferencing and more) have transformed the traditional workplace into a highly virtual, constantly mobile workplace. This transformation affords companies access to new global opportunities, but it also poses threats. Managing organizational cultures is much more difficult with language and time barriers and without as much in-person contact, notes Fiske. Leaders should strengthen their ability to wield influence virtually as a result. Leaders also should recognize that the management of virtual teams requires more attention. Forthcoming research (which will be published in the *Journal of Management*) conducted by Emily Hunter, Hankamer School of Business assistant professor of Management, shows virtual and telecommuting arrangements are not "a panacea solution for every project or every employee." Virtual teams often contain members who slack off—often due to family challenges at home or insufficient work/life boundaries—and create more work for their virtual colleagues. "Managers should assign virtual work and telecommunications privileges wisely," notes Hunter.

7 **OPEN INNOVATORS:** Artz indicates that successful business leaders recognize that there are different innovation management models. Some companies, like Apple, invest significant time and energy engaging their customers in the product design process, for example. This approach requires technology that can support the collection and analysis of customer preferences, usage patterns and related data. Some companies favor iterative innovation approaches designed to achieve smaller improvements while others invest more money and accept more risk in pursuit of radical innovation breakthroughs. A new approach, open innovation, requires an open leadership mind. This model involves companies collaborating with competitors to share the risk of innovation investments; if the innovation proves appealing, each company then devises a unique execution plan for harvesting the advancement in the marketplace.

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There is one more area that requires innovation and attention from current business leaders, according to Coleman: leadership development and succession planning. These internal processes need to be robust enough to ensure that a company, if its profits and purpose are to be sustainable, has access to a sufficient number of future Shackletons.

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