

Completing the leadership picture

Measuring the value of experience



Introduction

It's always been possible to measure whether a leader has what it takes to succeed. Testing their mindset, attitudes, and understanding their potential, measured against recognised competency benchmarks provides around 60% of the picture.

But what about their experience and accumulated expertise? Research tells us that experience indeed determines at least 40% of a leader's future performance.

Experience is more than a few lines on a CV, it is much more.

But can it be measured in a systematic and structured way? And will it provide a more complete picture of an individual, and the likelihood they have the right background to succeed?

We think so, and we are convinced it's vital that we do just that, since organisations are facing more challenges, more quickly, in more dimensions, than ever before. Leadership remains key to succeeding amongst these tectonic plates of disruption. So, choosing the right leader based on as full a picture as possible is an absolute priority.

In this white paper, we explain how we turned an understanding of experience into a tool to evaluate leaders to ensure they are truly fit for the future. Taken together with other evaluation tools, we believe it is now possible to provide a more complete picture of leaders and their potential to succeed.

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Executive summary

Senior leaders face an ever-increasing burden of uncertainty. To date, we have leveraged our LeaderFit™ Competency Model to maximise insights and predict executive success in the face of such volatility. It is our aim to use this new framework, in addition to the Leaderfit™ Model, to capture experience and accumulated expertise in leaders effectively.

Over the past year we have set our sights on creating an experience-driven ‘future leadership’ profile to complement our LeaderFit™ Model. Based on interviews with CEOs, professors, futurists, and other subject matter experts as well as survey results from nearly 500 business leaders, we identified 11 dimensions of experience that will differentiate the successful from unsuccessful leaders of the future. For example, we found that, in general, a track record reflecting a greater appetite for risk will better match future success requirements than that of playing it safe.

In some cases, our research surprised us. For example, we found no meaningful differences in this profile between regions or between functionalities, indicating a general consensus around those experiences required to drive future success. At the same time, our results suggest that context may, at times, encourage a balancing effect. For example, though a higher risk appetite will be generally called for, there may be times when a “wait and see” approach is more appropriate.

The results of this survey can be found further on in this white paper and the overall experience profile is attached.

Our new framework promises to help companies better understand a candidate’s experience profile relative to future success requirements, providing additional levels of confidence and buy-in to any appointment, promotion, or development decision. Our structured, multi-dimensional view of experience, coupled with our LeaderFit™ Competency Model as well as insights into a leader’s drive and motivation, offer companies a much more complete picture and enhanced prediction of leadership success.



Background

In 2019, in association with Harvard Business Review Analytic Services, we surveyed nearly 2,000 board members, executives and senior managers from every major market, including many CEOs.

It produced the first-ever Odgers Berndtson Leadership Confidence Index. The findings were stark. Our Index revealed that only 15% of those we spoke to had high confidence in leaders to deliver in the face of the disruption that is the day-to-day reality of modern business (even before COVID-19). That clearly left a large majority lacking confidence in their leaders, including the all-important CEO.

Perhaps more importantly, we further used the data to compare confident organisations against the rest, to understand what gives them confidence in their leadership. And a potential competitive advantage.

We found was that whilst all organisations are challenged by legacy systems and operations, it is the leadership mindset, particularly their vision and preparedness for change, which separates the confident from the less so.

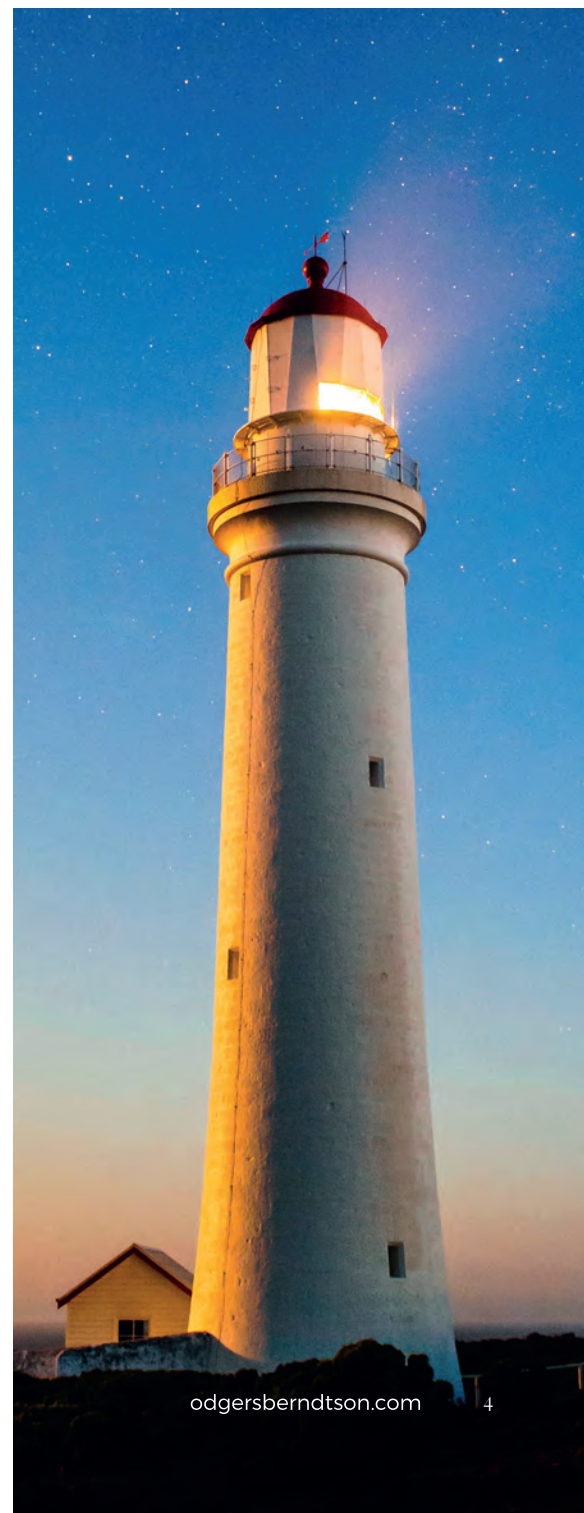
Boards and execs alike want curious leaders with real courage and vision. What's more, it's a leader's agility, resilience and strategic thinking that are the qualities most in demand.

It's a level of insight we use in the assessment and evaluation of the potential of leaders and executive-level candidates in order to understand their suitability for senior roles.

We measure their performance indicators and judge their potential. But research indicates that at least 40% of whether a leader succeeds or not is derived from their experience and accumulated expertise. Not simply how many years they executed a particular role with particular skills, but rather what they have achieved and what this information can tell us about them and whether they are equipped to successfully navigate a rapidly-changing world.

So, we have developed a framework of 11 dimensions that qualify a leader's experience, and we have tested this with a wide range of executives around the world. After careful analysis, we now have a clear view of how experience will impact the future success of leadership and the tools to test it.

Together with our competency and motivation assessments, we now know whether a leader will be genuinely fit for the future.



The Complete Leadership Picture

With the introduction of an experience dimension, the Odgers Berndtson's proprietary LeaderBlueprint is now the most comprehensive framework for evaluating executives against the experiences (the "what"), competencies (the "how"), and motivational drivers (the "why") required for success. Both now and in the future.

By assessing and triangulating these three elements, we help executives to enhance their awareness, impact, and performance in their particular professional context.

LeaderBlueprint is built on these three models:

- **LeaderFit** defines the ten competencies we use to determine how successfully an executive will lead the organisation and their team, as well as respond to challenges with agility.

- **LeaderPrimed** describes the eleven dimensions we use to help organisations decide what experiences are required for a role, as well as to determine whether an executive has the background and expertise required to successfully perform.

- **LeaderDrive** identifies a candidate's true motivation so we can determine if an executive has the personal drive to consistently achieve results, even under tough circumstances.

Taken together, these three models create a more complete leadership picture.



The Methodology

Developing the experience framework

Before our research, we sought to understand which dimensions of experience we should be exploring, so we spoke to a number of leading thinkers around the world on exactly the kind of leadership that will be demanded in a future of constant change.

Digitisation is, for most, still the most potent force of change, with multiple transformational effects and benefits as we move closer to a real-time economy. Some would say we are now only at the 'Neanderthal' stage of digitisation, just scratching the surface of its potential, with so much to come as robotics, AI and automation start to be deployed more fully.

Beyond the digital skills and understanding required for such a scale of disruption, it will profoundly impact the type of leadership required to deal with a world of increasing complexity at every level - economic, technological, societal, environmental, generational and ethical. All in a greater atmosphere of transparency, and at a higher speed than ever before.

With these formidable forces facing potential leaders, what was the advice of our panel of experts? Here's a selection of their thinking.

Certainly, the leadership context is now more 'public'.

“Nowadays, the C-suite does not operate in a closed boardroom anymore; they operate like a market square with the whole organisation connected.”

Leadership is now a more shared task.

“It is not what you know, but who you know: it's about expanding the depth and breadth of networks at the C-suite and one level-down where people are doing the work.”

Leadership requirements have evolved too.

“It is important to have a variety of job experiences, with an appropriate educational background - these kinds of leaders are better at absorbing knowledge and seeing subtleties in operating environments.”

Developing the picture

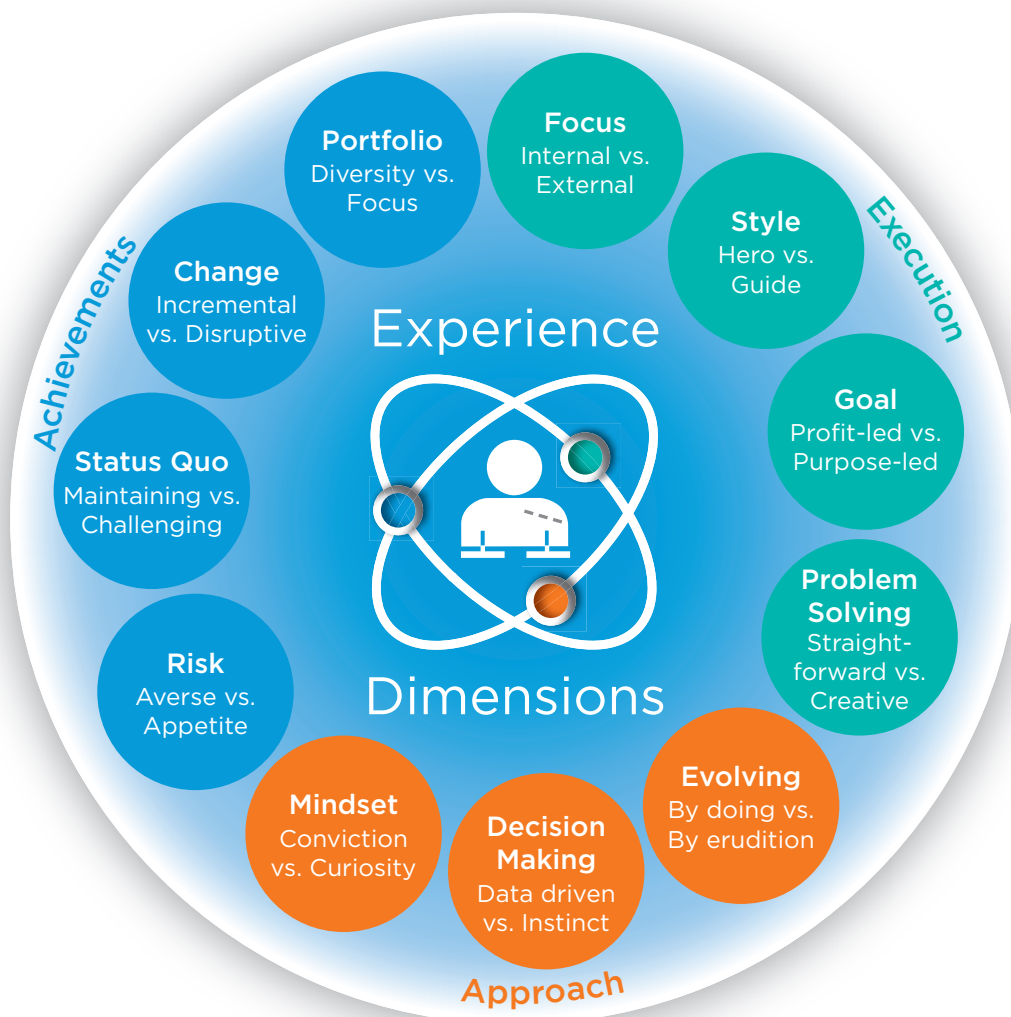
From our leadership experts' input, a picture of tomorrow's leader emerged, one that is genuinely fit for the future. This framework reflects the types of experiences required to be successful 5-10 years from now. These experiences comprise the "what" (i.e., What have they done?). For example, have an executive's career experiences been focused

mainly on the mitigation or pursuit of risk? This perspective differs from the "how" that is more accurately captured by a competency framework (e.g., How has this leader mitigated risk in her division?).

The model helps companies determine the appropriate context for their leadership roles (e.g., for new hires, development, succession

planning) relative to their own business strategy and goals. It also provides insights that reveal whether the experiences of current and aspiring leaders are more or less likely to make them more resilient leaders in the future.

Each dimension in this framework is discussed below.



The LeaderPrimed Model

Building the experience model

Informed by our expert interviews and in-house research, we created an analytical model with eleven 'experience' dimensions that are usefully divided across three categories: Approach, Execution, or Results.

Below, each of the eleven dimensions are presented as a continuum intended to reflect those career elements most likely to differentiate successful from unsuccessful future leaders.

Approach

- **Evolving: By Doing vs. By Erudition.** Across his/her career, has he/she tended to learn on the job or learn by studying concepts and theories?
- **Decision Making: Data-Driven vs. Instinct.** In terms of work experiences, has this leader typically made decisions based on facts and data or based on intuition and gut instinct?
- **Mindset: Conviction vs. Curiosity.** Over time, has this executive tended to stand steadfast by his/her views and beliefs or taken a more inquisitive and investigative approach?

Execution

- **Focus: Internal vs. External.** Does his/her job history tend to reflect a focus mainly on internal organisational structures, systems, and processes or on broader, more external commercial systems, competitors, and markets?
- **Style: Hero vs. Guide.** Across his/her career, is he/she more comfortable leading from the front through enthusiasm and inspiration or from behind through collaborations and partnerships?
- **Goal: Profit-led vs. Purpose-led.** Have this leader's work experiences tended to focus on generating economic value or on how the business impacts societal, environmental, and social value?
- **Problem-Solving: Straight-Forward vs. Creative.** Do his/her career experiences reflect a preference for problem resolution that is more straightforward or that is more innovative and ground-breaking?

Results

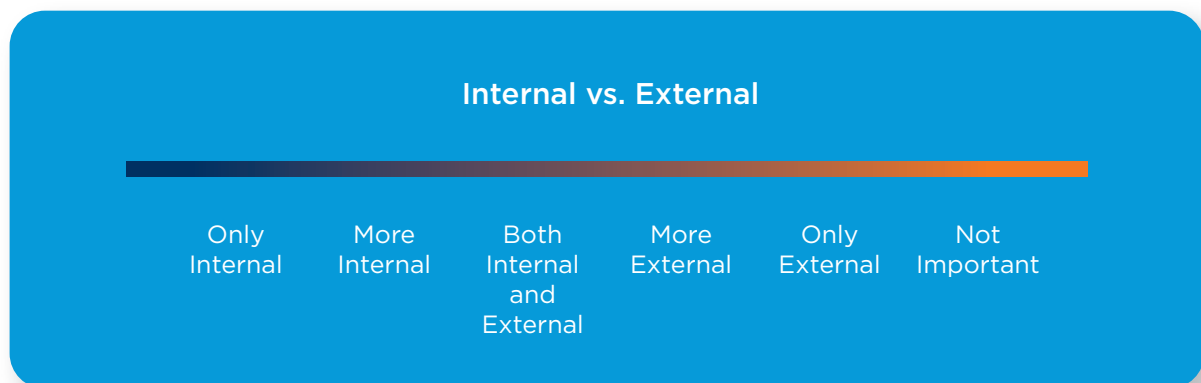
- **Risk: Averse vs. Appetite.** Over time, have his/her roles and responsibilities required an approach that is more cautious and reserved or more open to risk?
- **Status Quo: Maintaining vs. Challenging.** Have his/her work experiences tended to require maintaining the current situation or challenging the current circumstances?
- **Change: Incremental vs. Disruptive.** Does this leader's job history reflect a tendency to support ongoing efforts to improve things or to drive radical and transformational changes?
- **Portfolio: Focus vs. Diversity.** Over time, have his/her work experiences demonstrated a preference for applying focus and narrowing the portfolio or for investing in a broader range of product and service offerings?

The Survey

What we did

We surveyed this framework with close to 500 business leaders, 66% of which from the C-Suite across 29 countries.

For each of the 11 dimensions, we asked them to select where excellent future leaders would ideally score on the continuum. For the Focus: Internal vs. External dimension, for example, they could select of the following:



They also provided us with many insightful real-life examples and reflections on these experience dimensions.

Examples

“ We have had to be much more agile. There is no play book. Change and risk are omnipresent, leaders will have to extrapolate from their experience to deal quickly with their business challenges. Leaders also have to be far more focused on all stakeholders, not just shareholders. ”

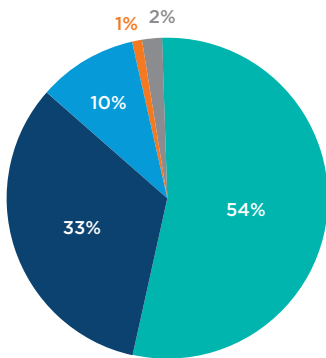
“ There is now a strong need to contribute around a common purpose, we have as a team done that, alongside it's contribution to the purpose statement of the organisation. As a function, we try to balance, creativity and curiosity around what is new vs. how things are currently done, utilising a strong external focus informing what needs to change and pragmatically what we need to focus our resources on first to create the most meaningful impact. ”

Our Findings

Approach: Evolving, Decision Making, Mindset

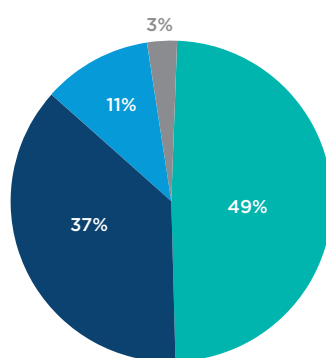
We surveyed this framework with close to 500 business leaders, 66% from the C-Suite.

Evolving: By Doing vs. By Erudition



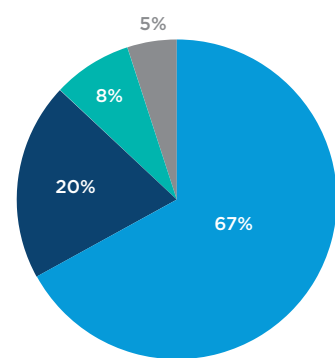
■ More By Doing
 ■ Not important
 ■ Both
 ■ Only by Doing

Decision Making: Data Driven vs. Instinct



■ More Data Driven
 ■ Both
 ■ More Instinct
 ■ Only Data Driven

Mindset: Conviction vs. Curiosity



■ More Curiosity
 ■ Both
 ■ More Conviction
 ■ Only Curiosity

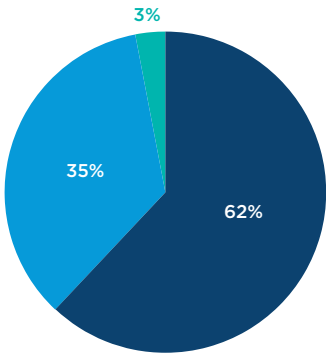
Our survey respondents indicate that future leaders will need more data, more hands-on doing, and more curiosity experiences in order to be successful. These results are consistent with recent trends whereby companies and their leaders attempt to:

- Collect more information about their consumers so that their products and services are more responsive and customised, and their customers are more long-term and loyal.
- Fail fast, which allows them to iterate more quickly and get new ideas to the marketplace faster.
- Encourage open discussions and the questioning of tactics rather than simply telling employees how to do their jobs.
- Be more open to pivoting in the face of complex and frequently inter-related political, environmental, and competitive forces.

“Leading with curiosity involves broader thinking and collaboration. Tapping into the minds of 10’s, 100’s or 1000’s will generate solutions. There is always someone smarter in the room.”

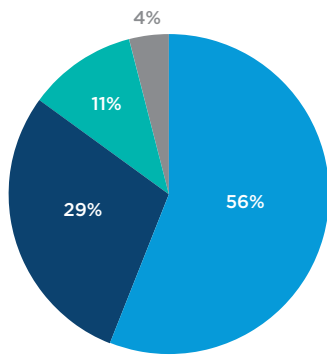
Execution: Focus, Style, Goal, Problem-Solving

Focus: Internal vs. External



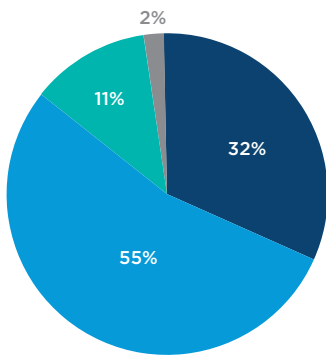
■ Both ■ More External
■ More Internal

Style: Hero vs. Guide



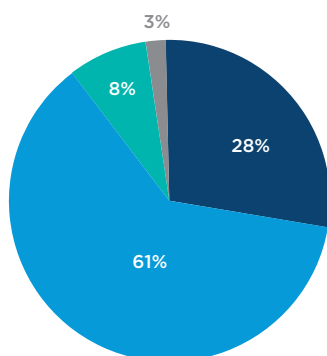
■ More Guide ■ Both
■ Only Guide ■ More Hero

Goal: Profit-led vs. Purpose-led



■ More Purpose-led ■ Both
■ Only Purpose-led ■ More Profit-led

Problem Solving: Straightforward vs. Creative



■ Both ■ More Creative
■ Only Creative ■ More Straightforward

Here, our survey results suggest that successful future leaders will have experiences to be both internally and externally focused, more of a partner and guide, more purpose-led, and more creative in their problem solving. Our take on these results is as follows:

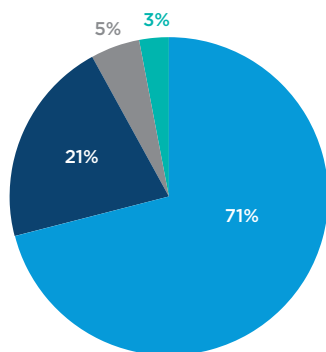
- Executives must effectively balance continuous improvement and cost-cutting with innovation and growth; focusing more on one or the other will not drive future success.
- Future leaders must be less like “rock stars” and more like guides who truly lead by example.
- Successful leaders 5-10 years from now will have to demonstrate, day-to-day, that they believe in a purpose bigger than themselves, providing a message that is less about profit and more about employees, customers, and the larger society.
- Executives cannot count on encountering and resolving the problems of the past. Rather, they must support processes and systems that provide solutions for novel, fast-moving, and/or not-yet-anticipated situations.

“A company is more than KPIs and a building. It’s about identity, what you stand for as a company and a group of people. Going the extra mile is often due to purpose. It’s the smile on a Monday morning on your way to work. That is what purpose should be. It’s my fuel.”



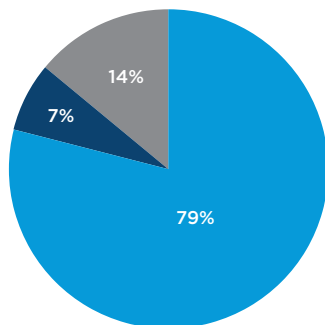
Achievement: Risk, Status Quo, Change, Portfolio

Risk: Averse vs. Appetite



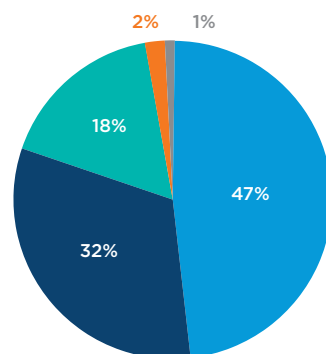
■ More appetite
 ■ Both
■ More Averse
 ■ Only Appetite

Status-Quo: Maintaining vs. Challenging



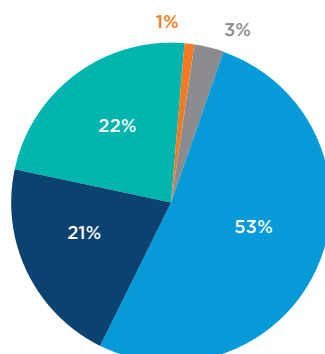
■ More Challenging
 ■ Both
■ Only Challenging

Change: Incremental vs. Disruptive



■ More Disruptive
 ■ Both
■ Only Disruptive
 ■ Only Incremental
■ More Incremental

Portfolio: Diversify vs. Focus



■ More Focus
 ■ Both
■ Not important
 ■ Only Focus
■ More Diversity

The survey indicated that future leaders will need experiences to be more disruptive, more focussed in their portfolios, more open to risk, and more challenging to the status quo in order to be successful. Our view:

- Companies will have to be really great at a few things rather than just good at many things. This does not mean, however, that leaders should not take risks; to the contrary, it will be too risky not to take risks.
- Executives who retrench and double-down on “the way things have always been” will pay for such a commitment to the past at the cash register.
- Companies must continuously seek to be disrupters (e.g., through innovation) versus allowing themselves to be disrupted.

“The most uninspiring leadership is the one that manages status quo, keep pushing for more of the same, and makes decisions based on emotions.”

Relative Importance

When it comes to which of the 11 dimensions our respondents regarded as most important, there was one clear preference, Goal: Profit-led vs. Purpose-led, chosen by a third of all respondents.

This is not surprising in that sustainability, the environment, giving back, etc. demonstrate a shift from financial priorities where the shareholder rules to a more purpose-

led orientation, particularly within the younger parts of the workforce. In the future, profit will follow purpose, not the other way around. Indeed, one survey respondent even commented how this was

already a reality, "Though profit is tangible, articulating purpose has yielded better results, particularly during times of distress, when profit becomes an outcome of purpose."

“Goal is the first and foremost aspect. Without an objective/target/vision, it means you are playing blind.”

What about COVID-19?

A severe jolt to the system, COVID-19 cannot be ignored in any discussion of leadership in the face of disruption.

Coming as it did in a simultaneous wave of demands for social justice and environmental action, against a background of geo-political uncertainty, it has both supercharged the demands on leaders, questioned their suitability and opened up a discussion on the way forward and what, in leadership terms, will it take to build back, as so many hope, better.

Here are a few comments and observations from our survey, a reflection that the COVID-19 crisis has been the petri dish in which the DNA of future leadership is being formed.

“COVID-19 has reshaped my thinking about how important it is to be innovative, think outside of the box; not to accept the status quo and to find new opportunities and solutions for the organisations I work with so as to continue operations safely and achieve financial success.”

“COVID-19 showed the need to accelerate change through disruption, data-based decisions and speed of execution.”

“During the COVID-19 year, the meaning of purpose has become even more clear than ever in terms of what we do and why we do it.”

“COVID-19 has allowed our organisation to see that disruption in our marketplace is the only way that we can survive, much less grow.”

“Managing through COVID-19 is a great example of where you need to put your leadership skills to work; and these types of disruptive events are likely to increase, not decrease, in the future.”

The Conclusions

Themes and conclusions

Beyond the numbers, what can we draw from the overall results of our survey? Which themes seem to be emerging?

The prime over-riding message is 'go bold, but don't go alone'.

Yes, be disruptive in change making, embrace more risk, challenge the status quo, and give your creativity and curiosity full reign. Focus on 'doing' - experiment, fail fast, adjust, learn, and go again.

But future leaders can't strike out on their own, however much they feel the urge to do. Future leaders cannot make decisions in isolation or within a small, select group; if they do, they will be blindsided by their own prejudices or personal beliefs.

Rather, be a guide to others, and make sure their talents are properly harnessed via a well-understood shared purpose (although keep profit well in mind as you do so). The best leaders will work in partnership and, through this approach, inspire the best outcomes in those around them. More of this type of leadership will be required. It will be a kind of quiet inspiration.

Leaders will also have to realise that their biggest challenge will be human resources, identifying and allocating leadership throughout the organisation versus just at the top of the organisation. They must ensure that team members are smarter than they are, which will require them to be humble and emotionally intelligent. In the future, leadership will no longer be something solely for the C-suite anymore.

Furthermore, good leaders must have a clear, targeted direction (it's job one really) and make sure they are laser-focused on their value proposition and execute it better than anyone else, never forgetting the efficiencies that ensure profitability.

They must make decisions on the best available data and balance their internal and external leadership focus. Their organisation will be important, yes, but the outside world can't be ignored.

Finally, these future leaders must ensure they leverage the very best of the mix of talent - internal, external and contractual. One team indivisible, is the goal.



The Next Steps

A more complete view: our leadership assessment approach and tools

This white paper has outlined a comprehensive framework for measuring an executive against the experiences required for future success. As noted in the introduction, however, experiences, which explain the “what” in our equation, only represent 40% of predicted performance.

To understand the “how,” which contributes the remaining 60%, we evaluate executives against leadership competencies. Our view is that no executive is truly perfect, and each brings his/her own unique strengths and developmental needs to a role. In order to maximise our insights and

understanding of leaders, we leverage objective, structured assessments, such as validated online surveys, behavioral interviews, and business cases, to measure them against our LeaderFit™ Competency Model, which offers a consistent view of what great performance and potential look like.

Our diverse methodologies assess and “triangulate” leadership competencies, motivations, and personalities, which helps us to assist executives to increase individual self-awareness, impact, and performance.



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Talented People are our Lifeblood

Thinking creatively about how we identify talent has always been fundamental to our business as an executive search firm. Our purpose is to think diversely for you, to provide options, challenge thinking and ultimately assist you in appointing the best individual, wherever in the world they might be.

About us

Odgers Berndtson is a global executive search firm, with offices in over 30 countries. We have grown exponentially in the last ten years, are the number one search firm in Europe (by revenue) and the sixth largest globally.

Our structure provides us with the greatest reach of candidates in functional roles, across sectors, and around the globe. Our scale enables us to tap into diverse network nationally and internationally.

Odgers Berndtson's agile, proactive, results-driven culture pushes us to think outside of the traditional talent pool to identify candidates capable of transformative leadership.



Appendix

Additional Expert Quotes on Leadership

“ Behaviour is the new branding. ”

“ Leaders must have a larger view of global forces beyond their own company and competitors. ”

“ Leaders must bring smart people together to identify solutions they could not have identified on their own. ”

“ They should be able to put things into perspective and not take themselves too seriously. To ensure this, it might be necessary to seek an independent coach or mentor. ”

Additional Survey Quotes

“ Status quo is dangerous because no growth means no future. ”

“ I have worked in many companies that operate in flat or declining markets. Then the key question is do you invest resources in what you know or bet on the unknown. Tough question. ”

“ The biggest risk for leadership is not to question. First of all, yourself, of course. ”

“ Strong leaders believe the reason we exist is as tangible as Mount Everest, our source of inspiration, the singular focus of our collective effort. ”

“ Facing a crisis situation, the focus of leadership is often on the external, while in my experience the internal situation is somewhat neglected. In understanding what the focus of the organisation should be, leaders will need to realise more than ever that the internal and external are intertwined. ”

“ In reality, change does not happen overnight. It is important though to install an agile organisation with an outward-view, but at the same time one has to make sure that operational processes are optimised and that the need to evolve into a certain direction only leads to incremental changes. ”



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