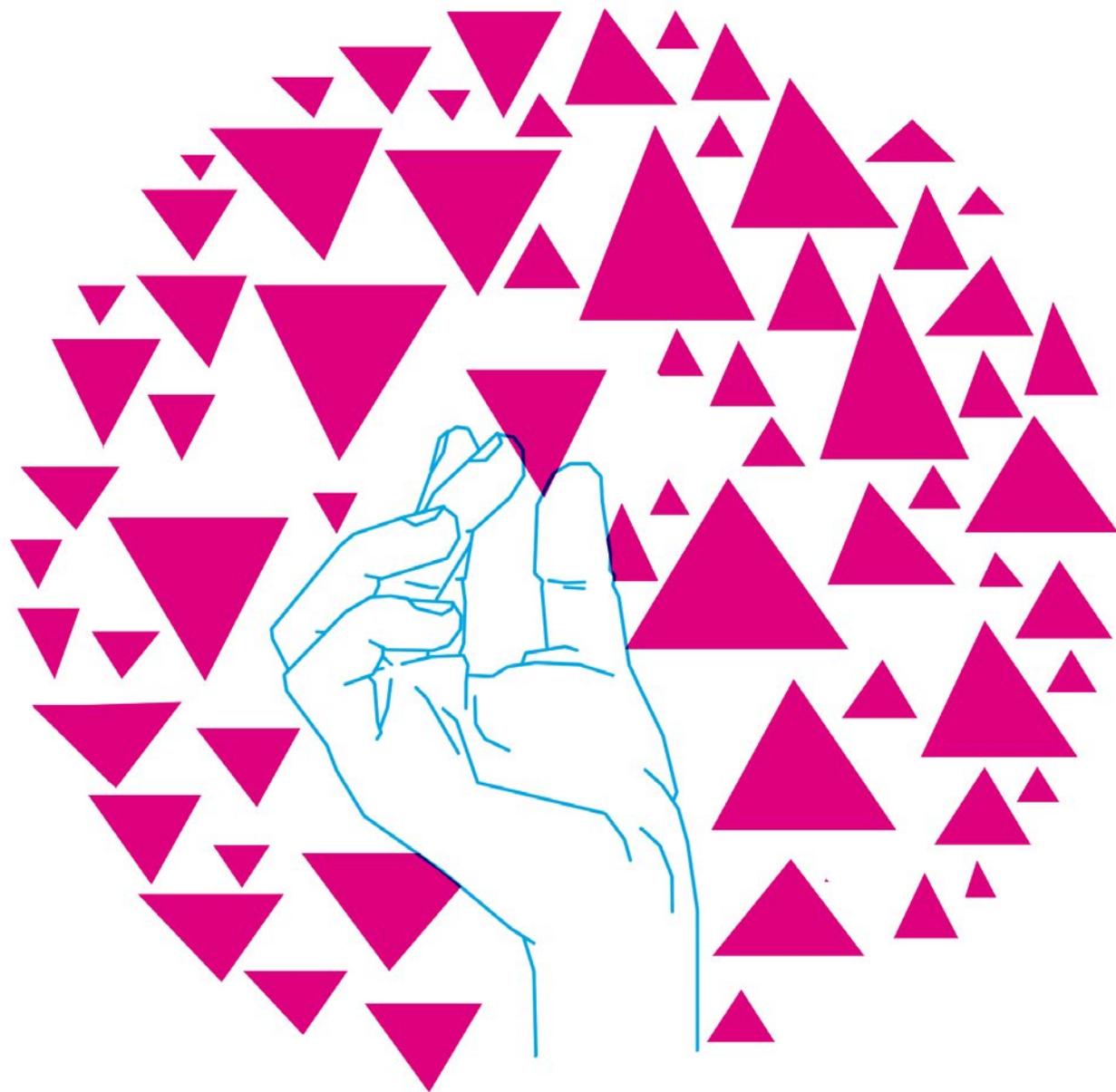


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LEAD Research Series

Beyond easy answers.

New leadership practice
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Executive Summary

What effect do digitalization, increased interconnectedness, and growing volatility have on leadership? What tools do leaders have at their disposal for their everyday leadership roles? And how should leaders position themselves for success in the digital age?

These questions lie at the core of this study: “Beyond easy answers. New leadership practice for the digital age.” In order to answer these questions, LEAD together with the strategy consultancy “company companions,” the School of Public Policy at Central European University in Budapest, and the Center for Leadership and Values in Society at St. Gallen University spoke with 31 senior leaders in business, including executive board members, chief executives, entrepreneurs, and decision makers at senior levels of management, most of them from Germany. Those interviewed were from publicly listed companies, family-controlled companies, state-owned companies, and start-ups. Again and again, the study found a number of distinguishing characteristics, as well as similarities among leaders of these different types of companies. The recurring themes, insights, and questions in our interviews with business leaders shed light on the challenges leaders face in the digital age and the characteristics of a constructive and appropriate approach to these challenges today.

Chapter 1 portrays the new realities facing organizations and leaders in the digital age. A more rapid flow of information, more demanding stakeholders, and a generally critical media landscape are just a few of the more prominent factors that those interviewed see as contributing to an increasingly uncertain and faster-paced business climate. Organizations must accept a future for which they cannot plan but which will require them to continuously change and adapt. Given these new realities, employees and existing structures and institutions are overwhelmed. Leaders are increasingly subject to public scrutiny and are routinely challenged to react to a fundamentally changing environment. For many leaders, this provokes uncertainty about how to appropriately respond and how they should lead and guide their organization.

Chapter 2 details the finding that leaders are constantly subject to tensions among conflicting objectives. Weighing and evaluating diverging courses of action has always been part of a leader’s responsibility;

in the digital age, however, both the intensity and the speed of decision making have reached new heights. Leaders need to constantly rebalance their organization between opposing forces: Targeting short-term profit or long-term success? Making decisions based on intuition or calculated rational analysis? Listening to and consulting subordinates or providing clear definitive top-down guidance?

The opposing forces and courses of action cited by those interviewed can be organized into three areas:

- ensuring the competitiveness of the company.
- facilitating effective interaction within the organization.
- shaping one's role as a leader.

The opposing forces cannot be plotted linearly, but rather represent dynamic targets in a multidimensional space.

Chapter 3 suggests ways to successfully navigate this multi-dimensional space of opposing forces by answering eight key questions including: How can leaders provide guidance in times of uncertainty? How can one instill change and adaptability readiness into the DNA of an organization? To whom does a leader look for guidance when everyone is looking to her for guidance? Here we provide our recommendations for how to navigate tension and polarities based on the interviews as well as insights from recent research and leadership practice. Ultimately a leader's capacity to successfully navigate the multidimensional space of polarities highly depends on the mindset with which she applies the tools at her disposal. To make this mindset more concrete, we present a specific metaphor for each of the eight questions.

Pages 20–21 provide an overview of the eight key questions along with our recommended answers. More information about the research methodology used and the backgrounds of those surveyed can be found in the **Annex**.

While based on interviews solely from the business sector, this study and its recommendations are relevant to leaders and human resource managers in all sectors. This is the first study of a series conducted as part of the research project "Leadership in Government, Business and Society – New Challenges. New Networks. New Practices." Studies on contemporary leadership in public administration and politics as well as in civil society will follow.

1. Brave new digital world?

The digital age is fundamentally changing the business environment: a more rapid flow of information, continually increasing global interconnectedness, increased transparency, and the continuous emergence of new business models and markets contribute to an increasingly uncertain and volatile business climate. Every day new stakeholder groups are emerging, making new claims, and demanding to have their say. For organizations, this means that leaders have to be more strategic than before in preparing for a future that defies rational planning. For many employees this uncertainty and pace of change is stressful. Leaders must make structural and cultural changes while providing guidance. At the same time, leaders themselves are under pressure – constantly required to be on call and overloaded with information.

New realities in the digital age

What are the new realities that companies and executives are facing in the digital age? To answer these questions, we examined statements from four types of companies: publicly traded corporations, family-controlled firms, state-owned companies, and start-ups¹. Almost all of the senior managers surveyed stated that the leadership field is changing significantly in the digital age.² Leaders are being forced to process more and more information at a faster and faster pace, to engage with an active media landscape and stakeholders, and to make decisions more quickly. Most leaders report that they often feel uncertain as a result.

A faster flow of information

Organizational processes in companies are being changed by today's faster flow of information. According to interviewees, the increasing demands of keeping up with a constantly accelerating flow of information are making it more difficult for leaders and other members of an organization to plan. While the pace of decision making increases, the ability to formulate and maintain an overview of the big picture decreases. As a consequence, long-term plans lose their value.

"The increased amount of information that needs to be processed calls for faster thinking and execution."

(Member of the executive board of a state-owned company)

1 This study defines a start-up as a newly founded, but established company beyond the founding phase, that is based on an innovative business idea (often in the areas of electronic business or new media).

2 The findings of this chapter are consistent with recent studies on changing leadership contexts, see Saïd Business School/Heidrick & Struggles International Inc. (2015), Leipprand et al. (2012), Bundesministerium für Arbeit und Soziales/INQA Forum Gute Führung (2014).

However, some leaders reported that this new speed also has advantages: coordination can happen more quickly, and organizations are becoming more agile.

Strengthened stakeholder groups

The increased transparency that comes from digitalization has amplified calls from external stakeholders who want to have a say in decision making. Representatives from the energy sector, for example, stress that they are subject to increasing pressure to justify decisions to build large infrastructure projects such as transmission lines or pipelines. This requires a whole new form of external stakeholder engagement.

"We may have the legal right to do something, but this is worth less all the time. More and more we have to make an effort to gain acceptance in order to carry out a project."

(Executive board member of a publicly listed company)

Employees are also demanding to be recognized and to have a say as stakeholders. Interviewees are aware of these expectations. There has long been an understanding in many companies in various sectors of the need to involve employees more in the decision making process. Advances in digitalization have intensified this trend.

"I believe that there is a constantly growing number of stakeholders demanding more and more."

(Former manager of a state-owned company)

Critical Public

The majority of respondents reported that their positions and outlooks are changing as a result of increased public scrutiny and a generally critical public.

"The power of the media is so strong that as a leader, one often feels cornered."

(CFO of a state-owned company)

It is not only the conventional media that scrutinizes; digitalization is increasing transparency in every way, and internal company processes are not exempt. As a result, there is less and less room for experimentation. A company's every move is now public, leading them to avoid taking risks.

"It is no longer possible to try things out behind closed doors. One is always about to be the focus of public attention."

(Manager of a publicly listed company)

Increased uncertainty at a faster pace

The consequences of digitalization as described by those we interviewed – a faster pace, heightened transparency, and strengthened stakeholder groups – are leading to growing uncertainty among leaders.

*“It really isn't possible to conduct a risk analysis or get a broad overview anymore.”
(Manager of a publicly listed company)*

Many respondents recognize that digitalization offers new possibilities and tools for data analysis and decision making support. Still, the expanded array of options makes the future appear less predictable than before. Leaders of start-ups in the digital economy are handling these changes better than those in the energy sector.

*“We are not afraid because the digital world is always changing. The only thing we are worried about is finding enough good people.”
(Founder and CEO of a start-up)*

Implications for organizations

The top decision makers we surveyed described the effects of digitalization and its implications on their organizations as drastic. Many companies and their employees are struggling with the challenges of the dynamic digital age, especially the combination of a faster pace and increased uncertainty.

The necessity of contemporary future planning

There was broad agreement among those surveyed that digitalization and acceleration; globalization; growing and differentiated demands from stakeholder groups; and constant scrutiny in a new media landscape are all factors making it impossible to plan in most sectors. Forecasting and estimations based on comprehensive data analysis are often out of date before they are even completed.

*“For board members, impairment tests and financial planning, we have to develop a three-year plan, which we hardly ever look at on a day-to-day basis. However, we do regularly refer to product, market, and strategic action plans.”
(Chairman of the board of a publicly traded company)*

There might be circumstances in which it would be useful to have a five-year plan, for the construction of a new factory for example, but for general budget planning, it is not. The majority of respondents think that strategic planning means preparing for possible alternative scenarios in order to better navigate through chaos. At the same time it is important to increase the ability of organizations to adapt quickly. What this actually means and how to do it is a pressing question for many of those surveyed.

*“Under the surface, developments multiply exponentially. But we only really see and believe them once they have broken the surface of the water. How can we learn to recognize these issues below the waterline, in order to be proactive and not only react?”
(Chairman of a family-controlled holding company)*

Overwhelmed employees

Because of the pace of change, the need for guidance and direction is growing among company employees. This need is especially great for middle managers, for whom it is perhaps even harder to get an overview of developments than it is for those in the corporate suite.

*"Goals and targets are constantly changing in ongoing projects, and it is hard to maintain a framework in which teams are still able to function and do their jobs."
(Manager of a publicly listed company)*

Clueless: what should a new organization look like?

Faced with a changing environment, many of the surveyed senior managers say they seek ways to delegate more decision making power to all members of their organization. They want to put their organization in a position to react quickly and appropriately to new developments. Their motto: empowerment instead of command-and-control. Following the model of a networked organization they push to decentralize competencies to more effectively respond to external uncertainty and rapid changes. Many interviewees, however, reported that they did not know how to initiate and implement the necessary structural and cultural changes.

While large corporations must break down outdated structures, the immediate challenge for start-ups is to establish basic structures and a shared leadership culture.

*"The hardest phase is when you realize that you need structures."
(Founder and CEO of a start-up)*

Implications for leaders

Respondents disagree about the consequences of digitalization for leadership. While several complained of growing external pressure and a resulting loss of autonomy, others found that digitalization had no fundamental effect on them.

Constant availability and a loss of privacy?

The loss of privacy is an issue that is often mentioned in the media today; interestingly, it is one that the surveyed leaders barely mentioned. There are several explanations for this: either senior managers didn't enjoy much privacy in the past or they don't value privacy as much as the general public. Remarks on the issue of constant availability divided respondents into two camps: some leaders try to set limits, for example through self-imposed breaks from checking email; others welcome the ability to drive processes and decision making at all times.

*"I reject this increased pace. I simply don't respond to every email within five minutes."
(Chairman of the board of a publicly traded corporation)*

"I see it as very efficient because it allows me to move things along in three minutes."
(CEO of a family-controlled company)

Rising pressure, dwindling autonomy

There were also many different positions on the issue of workloads and dwindling autonomy. Some leaders clearly see the need to be constantly available, 24 hours a day, especially in global companies, as a burden. Others see higher expectations as an easily acceptable consequence of their conscious decision to assume a position with greater responsibility.

"Many suffer from this constant stress: I constantly want to organize, sort, manage, measure, and interpret - but it doesn't work and it all comes tumbling down like a house of cards."
(Former manager of a publicly listed company)

The consequences of digitalization affect top management in large companies as well as in start-ups. Leaders in start-ups are, however, more willing to take existential risks.

"The world of a start-up founder, especially at the beginning is not only nice and dynamic. Many founders basically sleep in their office and have no private life."
(CEO of a start-up)

Providing guidance is becoming harder

Interviewees were unanimous in their opinion that management in the digital era is becoming less coherent and divided into smaller sub-tasks. The rising tide of data comes with faster and faster demands for decision making. At the same time, it is a constant challenge to keep track of the big picture while attending to the immense amount of information that is now available. As a consequence, many leaders lose themselves in their day-to-day work. However, especially during times of disruptive change, it is crucial to keep sight of the big picture. Employees expect leaders to be the lighthouse in the fog.

"That is our job and the expectation of our staff: explain the world to us. In other words to show the path through uncertainty."
(CEO of a start-up)

There is also consensus among those interviewed that experience alone is not enough to navigate in a time of rapid change. Rather, an informed and reflected intuition that goes beyond mere experience is becoming more valued as a basis for making decisions.³

"For my work, everything that I have done in the past is good experience, but it doesn't mean that what has been done in the past will be right for the future."
(CEO of a publicly traded company)

3 There is no common understanding or definition of "intuition" in the academic literature and in practice. The difference between gut feeling and experience is especially controversial (see Miller/Ireland, 2012). This study defines intuition as an ability to recognize patterns beyond experience and gut feeling as something that can be taught and learned. See Klein (2003), Gigerenzer (2007).

The respondents also see a stable value system as increasingly important in order to be able to deal with acceleration and complexity.

"In times of change, the mindset and a clear strategic goal are what count. That is also why our companies have a chance, because we not only have values, but also live by them."

(CFO of a family-controlled company)

The differences among companies are also worth noting: a long-term vision and being able to provide leadership and guidance appears to be much easier for leaders of start-ups than for those from established companies regardless of whether they are publicly traded, family-controlled, or state-owned.

"Successful entrepreneurs have a clear plan. They plan more decisively, more ambitiously, and with more attention to the long term than your typical German company. They have a vision!"

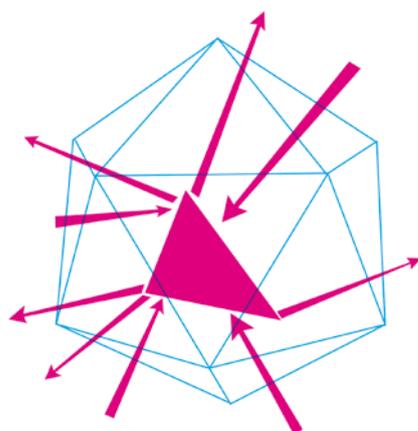
(CEO of a start-up)

2. Leading among paradox and contradiction

Leaders have always been at the nexus of conflicting demands: they must choose among different targets and interests and evaluate alternative courses of action. The intensity and speed at which they must act, however, have increased dramatically, as a result of fundamental changes in business and society. Our study shows that leaders need to make decisions in three areas. What do these look like and how do leaders evaluate their choices?

Leadership as balancing between opposing forces

A faster flow of information, intensified global interconnectedness, a growing number of stakeholders, increased uncertainty because of the need to make decisions at a faster pace, a greater need for direction and guidance, a lack relevant experience, a search for new paths, the need to be constantly engaged – the study makes it clear that leaders find themselves being pulled by new forces in different directions. Leaders' daily lives are defined by the necessity to quickly evaluate and compare different courses of action that often represent mutually exclusive choices. These choices cannot be plotted on a one-dimensional axis between good or bad; right or left. Decisions are instead influenced by a large number of factors and variables that may emerge simultaneously, are constantly in motion, and are usually unpredictable. Leaders thus have to make decisions in a multidimensional space of constantly changing and shifting forces.



Those interviewed said it was often impossible to make a final decision because parameters are constantly changing. Instead, they need to constantly adjust in order to navigate their company through this multidimensional space.

"It is similar to flying a kite: the 'power zone' is directly in the middle, not to the right or to the left. I have to constantly move through this power zone to maintain lift. But I also need time to relax. And the most important thing is to know when the wind is shifting."
(CEO of a start-up)

This constant balancing act between opposing, conflicting forces, or influences is not new.⁴ What is new is the heightened intensity and tension between the diverging factors and the growing pressure to adapt, and to do so more often.

"Historically this has always been the case, but today the pace and pressure of all these factors is increasing significantly."
(Country head of a publicly listed company)

Three areas of opposing forces

Our study finds that there are three main areas in which leaders have to navigate among opposing forces:

- ensuring competitiveness.
- interacting with members of the organization.
- shaping one's role as a leader.

Leaders assess these areas differently depending on the type of company they manage.

Ensuring competitiveness

The first responsibility of every leader is to increase the competitiveness of the company thereby securing the jobs of their employees. Beyond that, depending on the ownership structure of the company, a leader has different long-term priorities and also short-term targets to achieve, which may not be consistent with the long-term priorities. Further, they need to be willing to take risks, and to provide space for experimentation – and to do all this at the lowest cost and highest profitability. All of these challenges taken together pull leaders in different directions.

⁴ See Saïd Business School/Heidrick & Struggles (2014), Kinne (2013), Hernstein Institut (2012).

Reap short-term profit or pursue long-term success?

There are different expectations depending on the type of company when it comes to choosing between short-term profit and long-term success. Publicly traded companies are constantly under pressure from shareholders to concentrate on short-term profit.

*"No one knows if a counterpart will recognize and appreciate long-term targets. Of course one concentrates more on the short term, partly driven by capital markets partly by organizational politics."
(Member of the executive board of a publicly listed company)*

The managers that we interviewed of family-controlled and state-owned companies reported that they were more likely to act with the next generation in mind and to adopt a longer-term perspective. For several respondents, this long-term perspective was a major motivational factor in wanting to work for such companies.

How long- and short-term planning and management can coexist can be seen in the start-up companies we surveyed. They follow a long-term strategy, check on progress regularly, and adapt quickly to a changing environment when necessary. Regardless of the type of company, the interviewees consistently stated that choosing between the short-term and long-term is not an option. Rather, leaders need to find ways to achieve both goals simultaneously.

*"I am a fan of increasing the speed and pace of work, but I also want to think through the long-term consequences."
(Executive board member of a family-controlled company)*

Foster innovation or preserve the core business?

Those interviewed agreed that fostering innovation requires experimentation and the permission to fail. Leaders need to do both: be ready to take risks and provide room for new ideas, and also to strengthen the core business thus securing the economic viability of the company.

This dimension of opposing forces comes with conflicting priorities in terms of time, human resources, and investments. The main challenge, according to respondents, was to nurture a culture in which the core business and innovation cross-pollinate one another.

*"As a leader you have to anticipate future developments in business practices today. That means setting the tone, opening minds, and encouraging people to try something new."
(CFO of a family-controlled company)*

These conflicting priorities are different depending on the type of company in question: while a number of leaders in established companies want more flexibility and experimentation, start-ups are more likely to struggle with developing their core business and with managing rapid growth. Above all, the latter seek to prevent a silo mentality from forming in their companies.

*"I am concerned that as we grow, we won't be as successful in terms of cross-team collaboration."
(CEO of a start-up)*

Leaders found it helpful to acknowledge that companies go through phases in which sometimes one target is more important, sometimes another. Here too we find that there is no “either or” but rather an “as well as,” depending on the situation.

Interacting with the organization

Leaders find themselves in constant dialog and friction with their organization whose task it is to structure and distribute the workload. People tend to be defiant and resistant to change.⁵ Staying competitive, however, means being agile and having the willingness and ability to change. A leader must therefore constantly fight against such resistance and inertia to increase the company's competitiveness.



Steer from the top-down or integrate bottom-up?

How much bottom-up participation is possible in decision making processes? In what types of situations does a leader have to make a decision on her own and enforce it top-down? On this point, the study could not provide a definitive answer.

In many respects, the interests of employees and managers are congruent: employees want to have more of a say and many leaders would like to delegate more responsibility to employees.

*“A leader is dependent on a large number of people thinking collaboratively. He or she would be lost on their own.”
(Head of communications of a publicly listed company)*

Implementing a bottom-up leadership approach, however, means confronting a number of challenges, especially in old, established companies. It requires time, a scarce resource, as well as the necessary structures and procedures to implement participation. Also, many employees are reluctant or unwilling to take on new and unfamiliar levels of responsibility. Real and effective delegation of responsibility calls for a fundamental change in a company's culture.

*“In the past, we had not given employees so much independence and responsibility. To some extent they may not be able to do what it is now being expected of them.”
(CFO of a state-owned company)*

For all the advantages and strengths of participative management, those interviewed found that the bottom-up approach has its limits in certain areas and in extreme situations. In such cases, decisive leadership is needed.

Contrary to widely held beliefs, start-ups are far from being role models for participative management. The start-ups that we looked at

⁵ See Kanter et al. (1992), Agócs (1997), Hambrick et al. (1998).

are founded on digital business ideas that are dependent to a large degree on scalability. Scalability favors hierarchical structures, strict processes, and clear responsibilities. The fact that investors often dictate terms also has a large influence on the internal organizational structure of start-ups.

"In start-ups it is particularly important that responsibility be clearly assigned. That does not mean that they are necessarily authoritarian, but I have encountered many such instances."

(Managing partner of a start-up investor)



Creating dynamism or ensuring security?

In the face of widespread uncertainty and complexity, leaders often are asked to exude security and calmness and provide guidance. On the other hand, in order to stay competitive, they must constantly keep people on their toes, demand dynamism, and be a model of agility.

"Everyone has to constantly operate in a world full of 70 different options and choices. But the more senior I am, the more I have to be able to deal with them."
(CEO of a start-up)

This paradox was found by all those interviewed to be universally challenging – regardless of the type of company. Competitiveness in a dynamic market requires constant change and leads to uncertainty. This causes employees to look for established procedures and routines. Rules and standards often fill the need for predictability at work. Though necessary, they also obstruct the equally crucial need for dynamism.

"Rules may sound bureaucratic, but they reduce complexity. I consider it intellectual laziness when leaders do not clearly structure tasks for their employees."
(Head of strategy of a publicly listed company)

"Organizations must become more adaptable. They occasionally need to break the rules to push the envelope and move beyond their comfort zone – especially when the company was very successful in the past. I don't find it suitable to dictate everything as a leader. The next generation will not submit to the same kind of oversight and control."
(CFO of a family-controlled company)

Successful, fast growing start-ups find themselves in a particularly difficult situation. They want to maintain the initial excitement, but are gradually forced to introduce standardized procedures to simplify working processes and to increase efficiency after a phase of rapid growth.

"We no longer make large changes on an ad-hoc basis. The ship and her crew are growing and can no longer react as quickly."
(Founder and CEO of a start-up)

Shaping one's role as a leader

The inner conflicts that leaders face in confronting opposing forces and targets are tremendous. They are ultimately personally responsible for the decisions they make. How do leaders orient themselves to make the best decisions among the plurality of options shrouded in uncertainty? How do they find an inner balance that puts them in a position to concentrate on the facts and to keep the big picture in mind?

Be an expert or a generalist?

If one wants to guide and lead, one has to be able to relate small issues to the world at large, and to keep the big picture in mind. This is essential if one wants to provide effective guidance. At the same time, in order to evaluate new trends and initiate change one needs to have real expertise and a sound understanding of the company's business model.

The demands and pressures on business leaders move between these opposing forces. Considering the constantly changing conditions facing businesses, most of the leaders we spoke to said that it was best to put generalists at the helm of companies. What modern companies need is not the narrow perspective of an expert, but rather someone who can quickly get up to speed on new issues, and be able to make appropriate decisions depending on the situation.

Specific expertise and an understanding of the details in a certain area are, however, indispensable for a leader who wants to be accepted in a company and to be respected among experts. Without acceptance and respect, a leader cannot be effective. Many respondents reported that the tension between managers and experts is one of the biggest challenges in their organizations. Both types of individuals are important for a company, and the tension between them can in many cases be productive. Large and fundamental differences in the language and thinking of experts and generalists, managers and engineers, businessmen and scientists, however, can be major obstacles to productive communication.

*"Our challenge is the way that generalists and experts talk to each other. Confident managers collide with arrogant technicians; neither tries to understand the other's point of view. A typical situation is managers fighting with engineers."
(Member of the executive board and managing director of a start-up)*

The bottom line is that most respondents prefer leaders to be generalists, but they stress that it is important that both generalists and experts be able to effectively communicate with each other.

Make decisions on a rational or intuitive basis?

Leaders must take responsibility for the consequences of their decisions and may be held liable for their mistakes. It is therefore understandable that those interviewed particularly value having a rational basis on which to base their decision making. Unfortunately the limits of rational decision making are quickly evident in complex situations.

Further, it is not always possible to predict the consequences of certain decisions or even to identify them after the fact.

*"We are constantly forecasting, but we are always sure that these forecasts will be wrong."
(Member of the executive board of a publicly listed company)*

Several leaders therefore depend on “intuition”⁶ as a basis for making decisions, which they understand to be an inner compass that reflects more than just prior experience.

“In ten percent of the cases you are really forced to say, ‘where is my inner compass taking me?’”
(CEO of the North America division of a publicly traded company)

Is there a better basis for decision making than a constant back and forth between intuition and rationality? It seems not. Several leaders indicated that they no longer made long-term directional decisions but concentrated instead on what they can see and understand at the time.

Act pragmatically or according to inner conviction?

Stable convictions and personal goals and values guide leaders and provide a compass for decision making in a time of perceived uncertainty. A majority of those questioned thought that it was imperative to manage a company according to one’s personal convictions and value system.

“When someone has real values, is a good person, and can generally express themselves effectively, they will go far in this world, because people will remember that they are a worthy individual.”
(Member of the executive board of a publicly listed company)

Still, external requirements and the structure of the landscape may demand decision making that is not consistent with a leader’s personal values or may even contradict them – a concern for many respondents. Some interviewees made a conscious decision to work for a company that they thought reflected their value system.

“If you say to yourself, ‘I can’t do this and stay within my ethics,’ then you have to ask yourself ‘what are you actually doing here?’. That was when it became clear to me: ‘I have to get out of here.’”
(Former manager of a state-owned company)

What is important is to be aware of how these forces can pull in different directions. Leaders have to be clear on how far they are willing to stray from their value systems.

6 For a clarification of the term “intuition,” see page 8.

3. Eight ways to navigate paradox and contradiction

Our study shows that leaders feel overwhelmed by opposing forces. It also shows that in these times of change, complexity, and uncertainty, old ways of doing things are no longer effective. What paths should leaders follow to successfully navigate opposing forces? We identify eight questions to help structure a contemporary leadership practice that can effectively address increasing demands and ambiguity.

Digitalization, acceleration, and increased global interconnectedness are causing disruptive change and creating a new leadership environment. Some old tenets of leadership, however, still apply. Being a trustworthy role model, offering room for experimentation, and communicating effectively are skills which have always been and will continue to be essential for an effective leader. These skills alone, however, are not enough to address the challenges that leaders face today. A new, all-encompassing leadership skill is needed: the ability to confidently and skillfully navigate in uncertain times and between conflicting interests. In other words, the ability to constantly balance the opposing forces along the different dimensions mentioned in Chapter 2.

How then, can leaders navigate this sea of uncertainty? Our interviewees point to several areas where they feel that they are especially in need of guidance. Eight questions that came up repeatedly during the interviews help structure the search for leadership guidance. These questions help us focus on the key components of the diffuse and multi-faceted role of leaders today.

Each question is illustrated through typical challenges from the daily life of a leader. Concrete responses are suggested. The questions and answers are based on the interviews conducted, on current academic research, and the personal experience of the authors. The successful balancing act between opposing forces is fundamentally dependent on the mindset that leaders adopt when addressing the questions and with which they apply leadership tools. To illustrate this overarching mindset, we present a metaphor for each of the eight questions to symbolize the particular aspect of a new leadership paradigm.

1. How do I lay the basis for good decision making in a chaotic world?

In our interviews, we heard again and again that planning has lost much of its value. Analysis and forecasting are less useful because the data and underlying assumptions are constantly changing. This development has made crisis a normal occurrence. In confronting crises, leaders have two choices: they can either rely more and more on experience and intuition as a basis for decision making; or they can use new types of data analysis which allow for innovative courses of action.

Use "situation rooms" to respond to crisis situations

When there is a crisis, company executives summon a number of experts into a "situation room" within hours or a few days. Using a methodological approach, this expert group works through a number of probable scenarios and quickly develops valuable recommendations. In order to do this a company must have already developed a network of internal and external experts that it can call on in the event of a crisis.

Use digital platforms to access existing knowledge

Knowledge is a prized commodity in companies. The non-codified tacit knowledge made up of the accumulated experience of company employees is indispensable when it comes to finding solutions to new challenges. Digital platforms make it easier to access and exploit this resource. These platforms range from internal social networks such as "Jive" to innovative algorithm-based online discussion platforms. "Synthetron," for example, enables a company to have focused discussions in real time with several hundred participants. These tools allow the "wisdom of the crowds" to be harnessed for better decision making.

Train intuition to make it an additional source of information

Increasingly, even data analysis using new tools fails to reach definitive answers quickly. Leaders therefore need to be able to rely on intuition to make solid decisions in an emergency. New research findings show that intuition is something that can be learned, practiced, and trained⁷ through regular reflection in combination with mindfulness exercises. This allows leaders to access and use collected experience ("automated expertise") and helps them to be receptive to new sources of information, and work through them both consciously and unconsciously (using their "holistic gut feeling").⁸

⁷ See Niederhäusern (2015).

⁸ For a differentiation of the terms see Miller/Ireland (2005).

A **seismologist** knows where an earthquake might occur. Using specialized tools, she can locate areas of concentrated pressure in the earth's crust to identify potential earthquakes before they happen. She records and interprets the smallest of shakes. She gives herself enough time for the necessary data analysis to develop future scenarios without succumbing to the illusion that she could ever control all possible events.



A leader, like a seismologist, must be able to perceive tectonic shifts from the faintest of hints. Additionally, she must be open to considering new information and developments objectively. She has to listen very carefully, despite the noise of the day-to-day work that surrounds her.

2. How do I guide in uncertain and unpredictable times?

The new demands of the digital world today put pressure on everyone, not just leaders and managers. Employees too, feel pressured, and for them it can be even worse because they are often not aware of the big picture. It is therefore understandable that employees want clear expectations and procedures. To simply expect employees to be more tolerant of uncertainty is a weak and inappropriate response for those needing guidance. Providing guidance is a core function of leadership; how such guidance is given in this new era, however, is something that often has to be re-interpreted.

✓ **Establish a "strategy board" to prepare for directional decision making**
Today, rapid external change is the norm. When changing directions, it is especially the "unknown unknowns" that are most likely to be overlooked; these are the blind spots that one does not even know exist.⁹ Strategy boards composed of members from diverse backgrounds and without a strict mandate are an excellent way to lay the groundwork for important future directional change. Such a group consisting of an extended leadership circle can hold discussions without predetermined conclusions and develop scenarios and courses of action for senior decision makers.

✓ **Use interactive, participatory formats to foster alignment**
Diverging opinions and interests between leaders and employees (as well as among employees themselves) often contribute to employees not being willing or able to understand management decisions. In addition, employees often do not have sufficient grasp of a situation and therefore underestimate the necessity for change. They may equate security with permanence. Formats that provide information and allow for

⁹ See Taleb (2007).

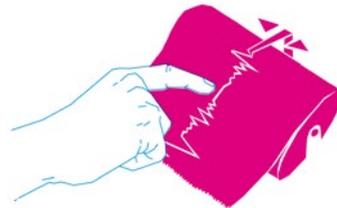
New leadership practice for the digital age

How do I guide in uncertain and unpredictable times?

How do I lay the basis for good decision making in a chaotic world?

- Use "situation rooms" to respond to crisis situations
- Use digital platforms to access existing knowledge
- Train intuition to make it an additional source of information

A **seismologist** knows where an earthquake might occur. Using specialized tools, she can locate areas of concentrated pressure in the earth's crust to identify potential problem areas before they become a problem.
See p. 18



- Establish a "strategy board" to prepare for directional decision making
- Use interactive, participatory formats to foster alignment
- Be bold in times of crisis

In a theater, an **artistic director** selects the plays to be performed. She decides on the program, develops the overall theme, and shapes the social commentary function of the theater company—all this in a participative process.
See p. 19



What do I hold on to when everyone is holding on to me?

- Use coaching and mentoring
- Create physical spaces for retreat
- Focus attention inwards

A **student of Zen** embarks on a period of training and preparation, he learns, reflects, and examines himself. He practices mindfulness, empathy, and openness and is disciplined in working on his (spiritual) practice.
See p. 30



How do I make my organization viable long term, when crisis and change are the new normal?

- Allow quick "prototyping"
- Build unconventional partnerships
- Break up silos by building heterogeneous, cross-functional teams

A **landscape architect** is an expert in the design, care, and maintenance of green and open space as well as landscape conservation. She shapes, plans, and selects plants for larger spaces because the choice and placement of plants heavily influences the well-being of the entire ecosystem.
See p. 28



How do I foster a culture of openness, while staying results-focused?

- Develop empathy as a leadership quality
- Create an environment in which people like to work
- Be a role model for openness and performance

A **disc jockey** brings people on the dance floor. With his music choices, he sets the scene for others to let their hair down and have fun. He accepts requests, but also has a sense for the right song at the right time.
See p. 22



How do I write change readiness and adaptability into the DNA of my organization?

- Cascade a "change story" through your organization
- Moderate communal learning processes
- Give a clear and decisive impetus for change

As a writer, a **blogger** comments on events and developments in a particular field or sector, often pointedly, evocatively, and from a specific and personal point of view. He wants to understand, translate, and interpret the world. Feedback from his readers is important to him.
See p. 24



How do I find and keep people who will continually advance my company?

- Expand recruiting profiles
- Recruit employees with diverse backgrounds
- Enable family-friendly and age-appropriate working models

The **manager** of a soccer club assembles his team. He tells talent scouts to look out for the best players, recruits them, organizes training camps and away games, and schedules dates for competitions and practice.
See p. 27

How do I empower my employees to assume greater responsibility?

- Teach skills through contemporary learning formats
- Build mutual trust
- Provide incentives for assuming responsibility

A **coach** directs a team on tactics, technique, and endurance. She defines the training schedule, the composition of a team, and its strategy in a competition. She sets goals, motivates players, and lets the team take the credit.
See p. 25

participative input can foster structured discussions and be especially effective. Appropriate formats include fish-bowl discussions, short “fast networking” workshops, or gallery walks.¹⁰



Be bold in times of crisis

Employees today are less and less willing to accept dictatorial leadership styles. Research has confirmed this trend¹¹ and so do our interviews. Leaders are therefore often hesitant to simply give orders. However, especially in crisis situations, participative processes and a laissez faire attitude can overwhelm employees. If there are already sufficient channels for participative input in a company, it is fully legitimate to lead decisively in times of crises.

*In a theater, an **artistic director** selects the plays to be performed. She decides on the program, develops the overall theme, and shapes the social commentary function of the theater company. In doing so, she draws on and integrates the artistic expertise of all the creative minds involved in the production. She is not only a hierarchical supervisor, but is also artistically active in her own right.*



Like the artistic director of a cultural institution, a leader has to provide guidance. Sometimes she gives instructions; sometimes she works out an issue with her colleagues. She provides and sets aside the space for colleagues to develop themselves. Further, she is open to external input and develops her ideas through synergy and with others. In this way she ensures the cooperation and support of the members of the theater company.

3. How do I foster a culture of openness, while staying results-focused?

Leaders don't have to choose between the two. The “faster, higher, further” management theories and practices of the 1990s and 2000s led to the loss of the human dimension in many companies.¹² In many places, digitalization is accelerating this trend. Constant optimization and pressure to meet targets should not, however, be an obstacle to developing team spirit and cooperation. Today, the ability to cooperate is a prerequisite not only for fast responsiveness, but also to foster dedication to

¹⁰ In the fish bowl method (also known as the inner and outer circle method), a small group of participants discusses a certain issue, while the rest of the participants observe the discussion in a larger circle. After a certain amount of time, some participants from the outer circle can then migrate to the inner circle fostering a lively, participative discussion. In a gallery walk, content is hung up on posters or on pin boards forming several different stations. Participants discuss the content under the guidance of a moderator who leads participants through the various stations.

¹¹ Kellermann (2012).

¹² See Hamel (2008), Witzer (2005).

the company among employees. It is therefore often more important to facilitate a cooperative work environment than to squeeze the last half a percentage point of efficiency gain out of a system. In many cases, family-controlled companies are a positive example: a leader who sees her employees as more than "just workers" is often more successful in the long run.

Develop empathy as a leadership quality

When leaders and employees are under constant stress, there isn't much room for empathy. Human interaction suffers. The ability to put oneself in the shoes of employees, clients, stakeholders, and supervisors is a key competence, and essential to gaining new perspective and making sound decisions. Like intuition, empathy can be learned.¹³ There are a number of ways to do this, through workshops, active listening, mindfulness programs, etc. Empathy must be taught in training programs, demanded and rewarded by the system, and lived and practiced by leaders.

Create an environment in which people like to work

It is not only the members of Generation Y who are expecting more from their workplace. The international start-up "Soundcloud" demonstrates with its Berlin headquarters how cost efficient architectural touches can foster an environment where teamwork, creativity, and performance flourish. Employees enjoy going to work because they are motivated and have a pleasant space in which to interact with co-workers. More introverted colleagues appreciate that they have space where they can retreat. Office environments need to be developed for people, not vice versa. When the working environment provides a space that fosters dialog, creativity, and innovation in the daily interactions of employees, "communities of practice"¹⁴ can form to the benefit of the whole company.

Be a role model for openness and performance

High performance and openness are often presented as if they were mutually exclusive choices. One is either hard-hitting and results focused, or easy going and relaxed. It does not have to be this way. Our study shows that what are often called "soft factors" quickly become hard facts. Leaders have to be models of performance and attentiveness. Symbolic measures help to change the work culture. These measures may include showing appreciation and acknowledging a job well done, or eliminating company cars and other privileges and perks that reinforce hierarchy. Even simply walking around on the factory floor with open ears can have a positive effect on a work environment. What is particularly important is that fun and personal development become part of the working vocabulary of companies.

13 This is confirmed for example by the neuroscientist Tania Singer with her work at the Max Planck Institute for Human Cognitive and Brain Sciences, see Singer/Bolz (2013).

14 See Seely-Brown/Duguid (1991).

A **disc jockey** brings people on the dance floor. With his music choices, he sets the scene for others to let their hair down and have fun. In doing so he takes the lead; by choosing the appropriate songs and sequence he can motivate, coax, and create energy in the room. He accepts requests, but also has a sense for the right song at the right time. He understands that at the end of the day, it's about having fun and hanging out together.



Like a DJ, a leader has to bring fun back into a company and get employees onto the "dance floor." Thoughtfully placed messages, events, parties, and related activities can set the tone and motivate employees. Most importantly, a leader should genuinely enjoy interacting with people and promote this quality by her example. Leaders without this disposition will have a hard time being effective.

4. How do I write change readiness and adaptability into the DNA of my organization?

With increased complexity, the pace of decision making, adaptation, and change is growing exponentially. The task of fostering a readiness and acceptance for change becomes paramount. Culture and communication are much more effective tools than structures and procedures.

Cascade a "change story" through your organization

A compelling "change story," must answer these questions:

- (1) "Where do we want to go?"
- (2) "Where have we come from?" and
- (3) "Why will it work (this time)?"

It should also provide answers to these questions:

- (4) "What does this mean for me personally?" and
- (5) "What do I expect of you?"

This type of change story allows a leader to demonstrate how she practices the proposed change. It also creates a space in which a leader can communicate her expectations for how things should be done. Change stories can be cascaded through the organization starting with the CEO, and be modified along the way with individuals at each level providing their own answers to questions 4 and 5.

Moderate communal learning processes

In the face of shrinking planning horizons and growing uncertainty, communal learning is essential for companies. Employees must learn how to learn and, ideally, to do so with leaders. Leaders become change "activists." They (co-)moderate change workshops. Communal learning helps break down old habits and ways of thinking and allows leaders to

work with their employees to explore the reasons why change is necessary and what skills and positioning will be needed to bring about that change. The leader puts herself at the forefront of a change process, without exclusively relying on top-down decision making.



Give a clear and decisive impetus for change

In order for an organization to change, leaders need to champion the change. They can do this by making team leaders explicitly responsible for change, working with them to explain the need for the change, precisely describing the change that is needed, and setting clear and firm targets.¹⁵ Being willing to make difficult personnel decisions regarding prominent people in the organization, if necessary, signals a leader's strong commitment to change.

*As a writer, a **blogger** comments on events and developments in a particular field or sector, often pointedly, evocatively, and from a specific and personal point of view. He wants to understand, translate, and interpret the world. The goal of a blog is often to influence social and political processes. Bloggers serve as nodes in a network through their links and are part of a community in the blogosphere. They also react and respond to their readers' comments. Bloggers can therefore be both journalists and activists.*



Like a blogger, a leader in the digital age has to help employees, clients, shareholders, and other stakeholders understand, experience, and interpret the world. With incisive stories and clear symbols, she distills an issue to its essence and reduces its complexity. A leader sees herself as an advocate for change and fosters a willingness and readiness to change. At the same time, she constantly seeks feedback from her "readers."

5. How do I empower my employees to assume greater responsibility?

In our increasingly complex world, many leaders' first response is to try to micromanage. They react to their perceived loss of control of the world outside of their organization by adopting a paternalistic "command and control" management style within their organization. Such an approach is doomed to fail. Successful leaders are able to delegate the details to others. They establish the parameters and make decisions about the core direction of the company. This approach to leadership successfully resolves the tension between "steering from the top-down and integrating from the bottom-up." It does both. Guidance becomes

¹⁵ See Baumanns/Schumacher (2015).

more subtle and is increasingly interpreted as helping people to help themselves.

✓ Teach skills through contemporary learning formats

In many companies, professional development and training take place in a parallel universe: trainings are one-off events that have little to do with participants' day-to-day work. Any beneficial effect from such training events (if any) is quickly lost. Companies should instead introduce "forum and fieldwork" formats in which employees work on a concrete project (fieldwork), and also regularly discuss and reflect what went well and what didn't in the plenary (forum). Adults learn best in cycles of action and reflection.¹⁶

✓ Build mutual trust

True delegation of responsibilities and empowerment requires trust on the part of a leader. Only if she trusts her employees will a leader be able to share responsibility and ask for ownership. In order to trust, however, she must be trustworthy. Trust is based on four components: credibility, reliability, openness, and minimal self-orientation.¹⁷ For many leaders, trust is an abstract concept that they rarely think about. Leaders, however, should see trust as a resource and value of the company, work to encourage others to trust them, and make the issue of trust a theme of workshops, trainings, and coaching sessions.

✓ Provide incentives for assuming responsibility

We often observe that the expectations that leaders and employees have of each other are not clearly defined. A clear definition is also often missing in competence models and performance dialogs. This leads to disappointment, misunderstanding, frustration, and alienation. It is only when expectations are clearly defined and reflected throughout the organization, that desired behavior can be rewarded and undesirable behavior can be discouraged.¹⁸ Companies can systematically provide incentives with structures that clearly define responsibilities and set concrete goals.

A coach directs a team on tactics, technique, and endurance. She defines the training schedule, the composition of a team, and its strategy in a competition. She sets goals and motivates players. During a game, however, she sits on the sidelines without intervening and lets the players play based on the agreed strategy. When things don't go well, she takes responsibility; when they win, she lets the team take the credit.



16 See Knowles et al. (2005), Whitmore (2009), Kolb (1984), Kegan (1982), Mezirow (1991).

17 See Maister (2001).

18 See Baumanns/Schumacher (2015).

A leader has to motivate, empower, and trust team members in much the same way that a coach does. Her goal has to be to motivate each team member to contribute to the best of her ability. When a coach has done this successfully, the team can play and win even if that coach is not present.

6. How do I find and keep people who will continually advance my company?

One of the most important competitive strengths that organizations have is employees who identify with their organization, and who embody the company's culture. In a time of rapid change, keeping the best employees is essential to foster stability and continuity in the face of external transition. It is even more important to instill and develop the ability to handle change, tension, and contradiction within the company itself.



Expand recruiting profiles

Essential competencies today include: skillfully navigating ambiguity, empathy, living one's values, being able to quickly balance opposing forces, managing uncertainty, and being able to withstand and harness pressure. Recognizing these abilities is much harder than recognizing the heroic virtues of the leadership paradigm of the 1990s. These new qualities will not necessarily reveal themselves in traditional recruiting processes.¹⁹ In order for companies to remain competitive, many of their competence models and selection processes must be adapted and reoriented.



Recruit employees with diverse backgrounds

In recruiting, we recommend that organizations include diversity as a criterion in order to integrate a variety of perspectives. This may include employees with work experience in other sectors (government, academia, or civil society) or people from under-represented groups (ethnic, gay, lesbian, etc.). Temporarily reassigning employees to other sectors or departments can also help to open minds.²⁰ Diversity is not only a tenet of fairness. According to Ashby's Law,²¹ a company that wants to find answers to external complexity must reflect that complexity internally. A policy of "more of the same" belongs in the past.

19 Witzer (2005).

20 For example: Common Purpose, „Seitenwechsel“ or the LEAD intersectoral training formats.

21 Ashby (1956).

✓ Enable family-friendly and age-appropriate working models

Providing employees with the options of working part-time, sabbaticals, and working from home are becoming more important for employees and managers of all ages. Companies that want to recruit and retain good employees will have to provide these choices.

*The **manager** of a soccer club assembles his team. He tells talent scouts to look out for the best players, recruits them, organizes training camps and away games, and schedules dates for competitions and practice. He is in constant contact with the owner of the club, who provides the financial flexibility and resources that are needed to recruit strong additions to the team.*



Like a soccer club manager, leaders today must prioritize personnel recruiting and retention. Efforts and resources invested in this area are some of the most important investments that leaders can make to secure the future of their company.

7. How do I make my organization viable long term, when crisis and change are the new normal?

Leaders in many family-controlled companies intuitively recognize the importance of management for the long term and distinguish themselves from the short-term orientation of many other private sector managers. Leaders of start-ups, on the other hand, tend to take a more playful approach and embrace crisis and change as the norm. Instead of following historical practice and relying on planning and forecasting, these leaders experiment with new principles for long-term management, while at the same time maintaining a vision of what success looks like today. It helps to let go of the impulse to solve everything oneself, and to instead enable the system to resiliently develop itself. The motto: enable others to work independently and reinvent themselves.

✓ Allow quick "prototyping"

In the face of constantly shrinking planning horizons and growing uncertainty, experimentation has to become the norm, and failure must be tolerated and accepted. Learning from experimentation heightens the pace of innovation. Instead of developing the analytically optimal and supposedly best solution, leaders should create structures and space to learn quickly both from trying out new things and from making mistakes. This approach can only be successful if and when employees are encouraged to have an appetite for risk. Leaders should go beyond the usual pilot projects, spin-offs, and setting up units with a license for independent experimentation, as these often lack a feedback

mechanism for the core business. Solutions that bring sponsored creative minds and successful innovation-cells back into the company and then providing them with a great deal of freedom are more beneficial and sustainable.

 **Build unconventional partnerships**

Companies that seek to be successful in the long term see themselves as one of many actors in an ecosystem. Complementary skills and perspectives can be introduced to a company through external partnerships. Examples include building development partnerships with research institutes and universities, with specialists and creative industries, with competitors (in order to address common challenges), or with public institutions. Another option might be to buy into external start-ups with innovative business models that are relevant for one's core business. These types of partnerships are more learning experiences than profit drivers. One example of this is the restructuring of the Springer Company.²²

 **Break up silos by building heterogeneous, cross-functional teams**

Horizontal silos develop in companies when leadership is too far removed from the rank and file. Vertical silos develop when sections, departments, or teams don't work together. To break up such silos, project or leadership teams should be deliberately reassembled with members from all levels and from different functions with "diversity" as one of the top selection criteria. In this way, different perspectives can be discussed and debated and, even more importantly, more sustainable solutions can be developed.²³

*A **landscape architect** is an expert in the design, care, and maintenance of green and open space as well as landscape conservation. This involves a great deal of responsibility, especially in the shaping, planning, and plant selection for larger spaces because the choice and placement of plants heavily influences the ecological well-being of the whole. It is not sufficient for her to consider singular causalities and pairings, rather she has to understand how the whole ecosystem works together. She needs to have the expertise and the aptitude to figure out when particular plants sprout leaves, bloom, bear fruit, go to seed, or go dormant, in order to develop a garden that is a harmonious scene of flora and fauna throughout all seasons.*



Like a landscape architect, a leader has to see her company as part of a larger ecosystem, and to feel some responsibility for the health of that ecosystem. Subtle, targeted interventions can strengthen the organization as part of the overall system and at the same time allow room for it to further develop on its own.

22 See Burgelman et al. (2014).

23 See McKinsey (2015).

8. What do I hold on to when everyone is holding on to me?

As described in the previous chapters, leaders are increasingly who people look to in times of constant crisis. A variety of opposing forces exert pressure on them. In order to not only remain standing but to also move forward, stability is key. Such stability can only come from within. Many of the surveyed leaders complain of a lack of time for reflection. Some leaders have consciously set aside time during the day for reflection. To manage daily pressures, a number of habits are essential: taking time out to breathe, contemplate, set priorities, and to reflect on one's strengths, values, and motivations. Leaders have to learn how to establish and retreat to islands of reflection from their stressful lives.²⁴ This is imperative, even if the dominant culture in companies is sadly still one that considers time spent in this way as time wasted.



Use coaching and mentoring

Talking over issues, and reflecting on them with a supportive partner can lead to more thoughtful decisions and positioning that is more appropriate to a particular time and place. In order to free oneself from old habits and thought patterns, leaders should seek out peer-coaching relationships with leaders from other sectors. Too many leaders do not take advantage of processes that allow them to reposition themselves and change their perspective.²⁵



Create physical spaces for retreat

Leaders can provide physical areas for retreat in the office. Examples of such spaces include a room for naps or yoga, a lounge, a climbing wall, or even a foosball or ping pong table. It is also important that leaders serve as role models and visibly demonstrate that occasionally taking a short break from the stressful daily grind is a good thing to do.



Focus attention inwards

There are multiple options for introspection: physical exercise, yoga, mindfulness training, meditation, spending a week in a secluded monastery, or other spiritual practices. What they all have in common is that they help leaders to feel and consciously be aware of the sources of their strength, their fears, and their anxieties. They facilitate reflection on decisions and behavior, and encourage leaders to contemplate their drive and values, and to face the rapidly changing world with a different approach. Such practices and the insights that come from them put leadership struggles into perspective. The distance and perspective gained allow leaders to make better decisions and perform better.

24 See Leipprand/Schwalbach (2014).

25 See Erfurt Sandhu (2012).

A **student of Zen** embarks on a period of training and preparation, he learns, reflects, and examines himself. He practices mindfulness, empathy, and openness and is disciplined in working on his (spiritual) practice. As a beginner, there are many paths open to him (an expert only has one). Further, he follows a tradition and its teachings with the necessary humility and keeps his ego in check.



Like a student of Zen, a contemporary leader cultivates openness to new ideas and proposals with empathy for herself and others. She regularly makes time for introspection, in order to not lose herself in the pressures and demands of work.

Conclusion

The numerous examples from the daily life of senior managers with whom we spoke, the situations that they described, and the conclusions they drew from them allow us to identify two broad categories of leaders.

Both categories of leaders are experiencing increased complexity and volatility. One group believes they can address these challenges with the same methods they have used in the past. These leaders employ traditional techniques and rely on linear solutions for nonlinear problems.²⁶

The other group of leaders, more commonly found in the world of start-ups and family-controlled companies, confronts today's challenges differently. These leaders are conscious of the fact that new methods and techniques are not enough to successfully navigate the opposing forces and contradictions. They know that leadership today has to extend beyond providing easy answers. They truly value the people in their organizations and strive to always keep the big picture in mind. They are playful at heart, truly enjoy their responsibility, and have an appetite for change.²⁷

The mindset that leaders adopt is the single most important factor in determining success or failure. This study seeks to describe and illustrate different aspects of this mindset through various metaphors. The new skill that must be learned is to recognize opposing forces, paradoxes, and contradictions for what they are and to recognize that no single person can foster clarity and control alone. Contemporary leadership is a constant balancing act, perpetually adjusting in a multi-dimensional constellation of ambiguity and complexity that defines the reality of the business world in the digital age.

²⁶ See LEAD (2015).

²⁷ See Gomez/Meynhardt (2012).

Annexes

Method and approach

The study is based on 31 60–90 minute guided interviews with senior business executives mainly from Germany. Data collection was carried out by the authors and study project partners between September 2014 and March 2015. All interviews were recorded and transcribed, and also minuted. In the semi-structured interviews, we made use of the “critical incident technique” in which individuals speak about especially critical decision making situations. The card-sorting method²⁸ was also used to facilitate reflection on the results of a preparatory quantitative study.²⁹

The qualitative data analysis was conducted using the software ATLAS.ti. Drawing on Grounded Theory,³⁰ a multi-step, iterative process was used. Interviews were openly coded. On the basis of 16 interviews, preliminary hypotheses were developed and thematically grouped using a cluster analysis. Building on the analysis, the interview guidelines were modified. In the next step, the data interpretation and theory development were condensed with axial coding. In order to ensure the comparability of the interviews and the coding, the study authors met for three analysis and interpretation workshops. In an expert workshop in March 2015, the consolidated hypotheses, in particular the concept of a multidimensional space of opposing forces, were discussed and refined with interview partners. Other senior leaders were also invited to the workshop.

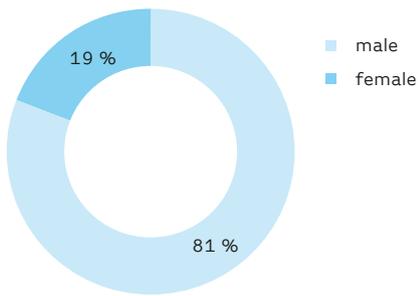
A total of 65 leaders were invited for interviews. 31 accepted the invitation yielding a participation rate of 48 percent. In the composition of the study sample, a mix of interview partners were selected with regard to gender, age, leadership level, and international experience. Further factors that influenced the selection of interview partners were the type of company they worked in, the industry in which they worked, and the extent to which the leaders found themselves in an organizational environment characterized by upheaval. In order to convey possible change in the leadership habits and their perspectives on the challenges of leadership, five leaders from start-ups were also interviewed.

28 With card-sorting, the task of the test subject is to sort the individual issues being discussed as represented on cards into broader categories or to rank them. In the study, the method was used especially to rank leadership challenges as well as to cluster the areas of opposing forces.

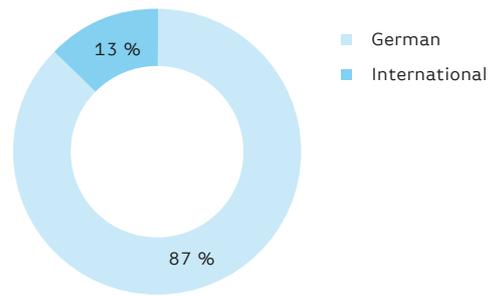
29 LEAD (2015).

30 Glaser/Strauss (2010).

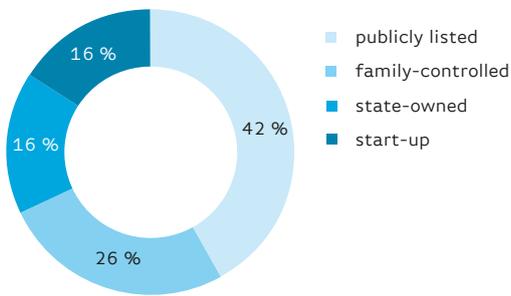
Structure of the survey data



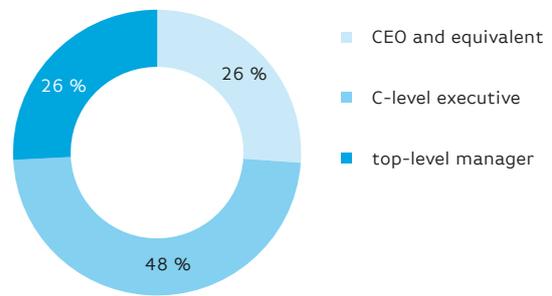
Gender



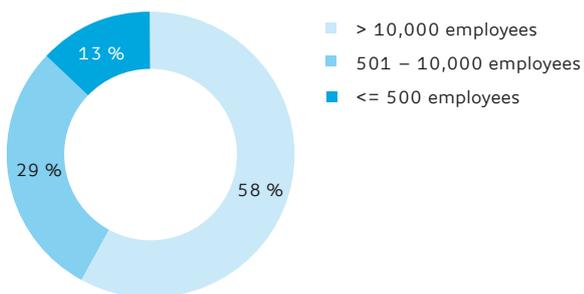
Origin



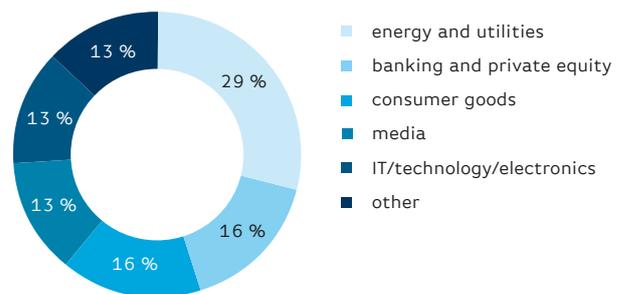
Type of company³¹



Level



Size of organization



Industry

31 Regarding the type of company: our categorization does not strictly follow the ownership structure of the company, but rather the criterion that exerts the greatest influence on the company's leaders. For example, a company may be categorized as a start-up, even if it is owned by a family or by its founder. Companies are categorized as family-controlled, even if they are not necessarily managed by a family. Rather, companies are considered to be family-owned when the family continues to exert a large influence on the strategic direction of the company and its organizational structure.

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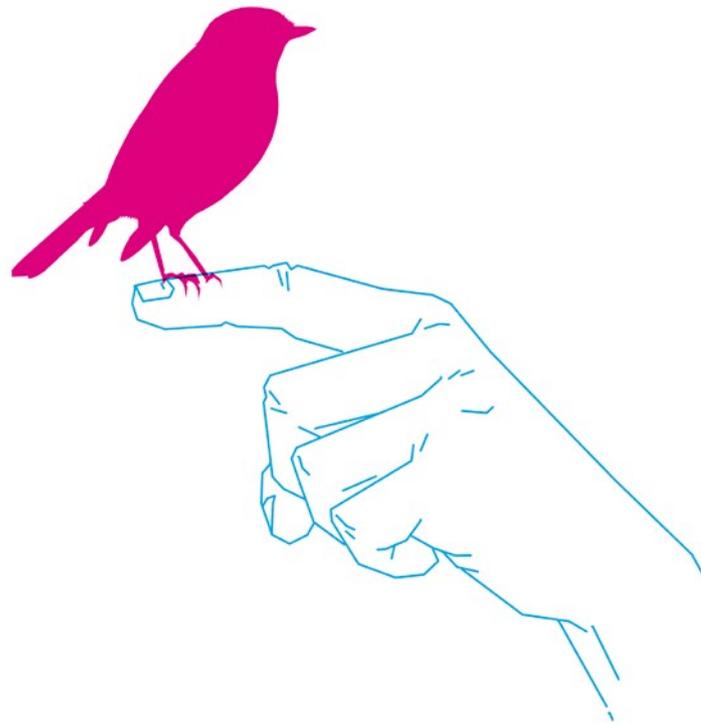
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