The hidden talent:

Ten ways to identify and retain transformational leaders

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It can be complex being a leader today

CEOs tell us that disruptive changes will continue to affect all of their markets[1].

In this environment, business transformation is critical for survival, let alone profitable growth. However, examples of successful transformations are few and far between.

Organisations have attempted change programmes for many years, but despite all of this practice, it is still relatively rare for them to succeed, in fact 54% still fail to be adopted or sustained.[2]

C-suite executives[3] from the public, private and third-sectors told us two things had the greatest impact on the success of their organisations' transformations:

1. A clear and compelling vision.
2. Passionate execution of that vision.

Would you be surprised if we told you that it's far more likely that leaders of business turnarounds will probably come from outside your organisation?

And what if we told you that 20 years as an operational leader will probably not prepare you to be a successful change leader and that **less than 10%** of leaders have the appropriate combination of skills and experience?

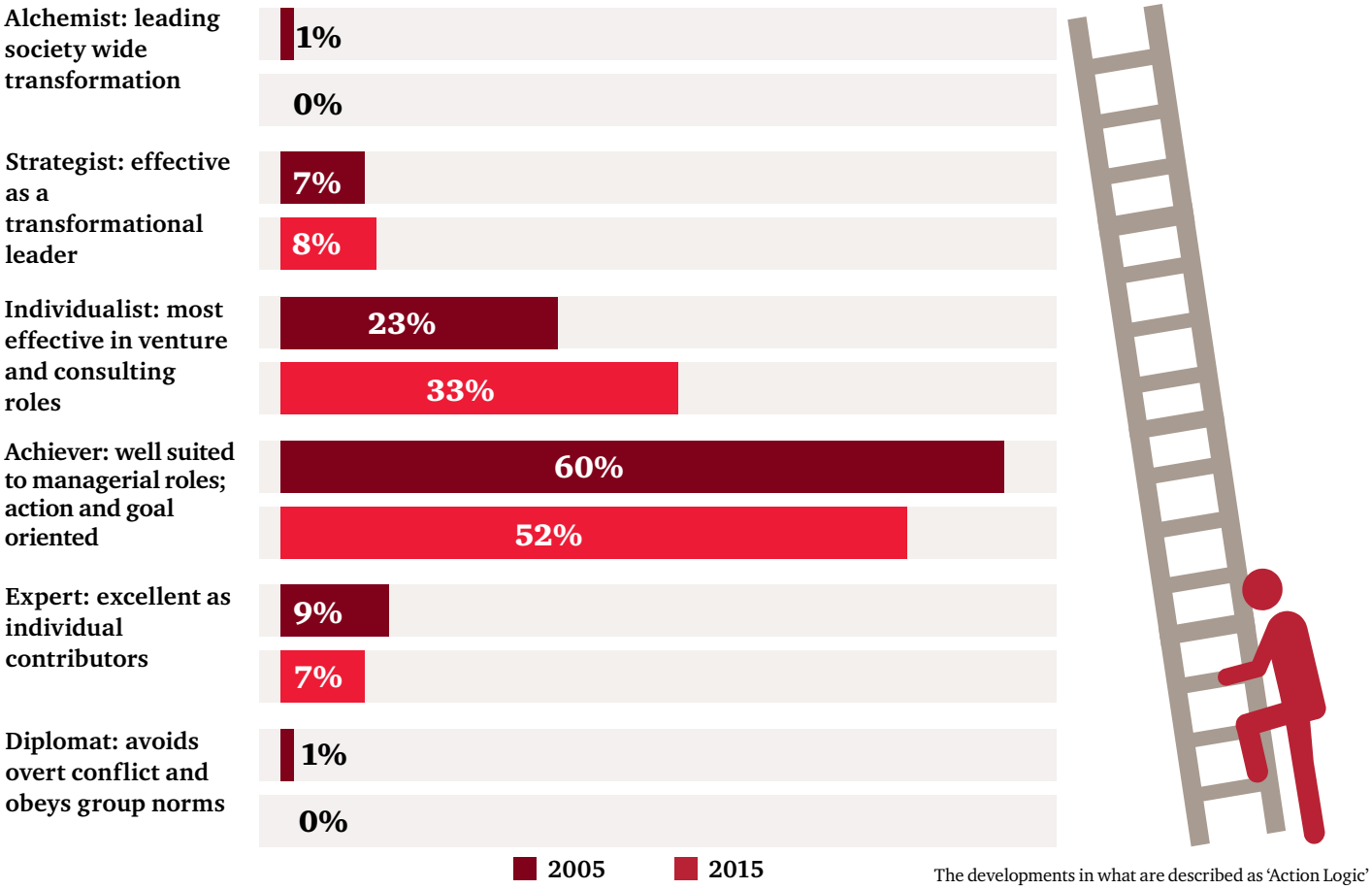
This is what our recent research, in collaboration with Harthill Consulting[4] discovered. This profiled over 6,000 leaders across industries and sectors and sought to identify those who profiled as **'Strategists'** – leaders who have applied the appropriate capabilities in the right situations to prepare them to successfully lead business change.

Over the past ten years, despite a more challenging environment, **the number of Strategists has only increased by 1%** (Figure 1).

So it seems that leaders with the right capabilities are in short supply. Our analysis also found that only 8% of all leaders in organisations profile as Strategists. (Figure 1).

1 PwC CEO Survey 2015
2 Strategy&, 2013 Culture's role in enabling organisational change
3 PwC transforming an organisation while keeping it ticking along, 2015
4 Harthill Consulting Data 2015

Figure 1: The typical ways leaders deliver in the context of a transformation (described in Action Logics)[5]



The developments in what are described as 'Action Logic' are progressive – newly achieved capabilities include rather than replace previous ones. Managers develop capabilities over time and with experience – adding to their wisdom. For more information on the Action Logic framework please go to page 8.

Although we have seen a 10 percentage point increase in the number of Individualists, this has not yet been translated into an increase in the number of Strategists in organisations.

If the majority of Strategists operate from outside of organisations, who will lead the change from within?

Our own experience, shared with that of organisations[6] we surveyed, shows that transformational change must be led from within the organisation, helped by consultants and advisors where required, if it is to succeed.

This paper describes ten ways in which organisations can start to grow and retain the Strategists they need.

As a leader challenge yourself:

1. How many Strategists do you have in your organisation? Who are they?
2. Does your organisation develop Strategists – or does it move them on?
3. Are you developing Strategist capabilities?

5 Harthill Consulting Data 2015

6 Transforming an organisation while keeping it ticking along, 2015, PwC

And it's only getting harder

Today's organisations face challenges that are unprecedented in their scale and complexity, driven by the collision of five megatrends:

- Demographic and social change
- Shift in global economic power
- Rapid urbanisation
- Climate change and resource scarcity
- Technological breakthroughs

Gone are the days when twenty years of management experience guaranteed strong performance as a leader.

Most of the issues facing leaders in the public and private sector are not like the complicated technical problems of the past; problems that could be addressed by smart people working hard.[7]

Our densely populated, hyper-connected, interdependent modern world has created an environment where:

1. **Consumers, companies and influencers are more diverse and demanding**

   52% of leaders are concerned about the shifting patterns in client behaviour driven by technology and by innovations that are shifting the power squarely from producers to consumers.[8]

   CEOs are being forced to collaborate with a more diverse range of partners who can provide access not just to new markets and consumers, but crucially, to the new and emerging technologies and innovation that they consider essential to achieve growth. CEOs are thus required to build new and diverse collaborative networks that embrace not just traditional partners, but customers, academia, NGOs and even competitors. Managing these networks will be increasingly important for future success.

2. **We trust each other more, but leaders less**

   Trust in leaders from all industries and all sectors is at an all-time low. Over the past thirty years we've steadily lost the respect we once had for 'Experts' in leadership roles in a well-documented phenomenon known as the decline of deference.

3. **Information no longer equals power**

   The democratisation of information has contributed to the erosion of deference, making it much harder for leaders to simply lead when their stakeholders are also demanding more information.

   But the role of leaders in steering organisations through this complexity has never been more important.

Why is it then that seven years on from the 'crash' with more financial uncertainty looming so few of our organisations have created the necessary shifts in preparation for our less predictable world?[9]

Why when the data[10] continues to indicate otherwise, do we still assume that twenty years in an operational leadership role prepares leaders for the transformational changes their organisations now require?

What can organisations do to grow and nurture leaders with the right experience and capability to lead transformational change?

In this paper we seek to answer three questions:

1. **What are the very real challenges that leaders face that make it harder than ever to be a drive business change today?**
2. **What are the – Strategist – capabilities required to successfully lead transformational change?**
3. **How can organisations grow and retain these leaders?**

[7, 9] PwC CEO Survey 2015
[8] PwC CEO Survey 2014
[10] Harthill Consulting Data 2015

Transformational challenges facing leaders

First, let's take a look at five typical challenges that require some form of transformation within an organisation.

Major cuts

For established organisations it is a common problem: to invest in innovation, new markets or new products, requires cash from increased efficiency or cuts to existing budgets, services or teams. Most of our clients continue to face budget cuts, while needing to maintain service standards and output levels.

The challenge for the leader is:

How to make cuts that work in the short term, but don't impact the sustainability of the organisation over the long term.

How to lead cost reduction without destroying value, while enabling the organisation to achieve a competitive advantage.

Stalled growth

Businesses must continually rethink how they create value for customers in order to grow profitably. Operating within traditionally defined demographic segments, channels, product/service offerings, geographies or industries increasingly doesn't work. Customers today defy classic notions of what drives their purchasing. A stall in growth faces those organisations that do not embrace the change that is required.

The challenge for the leader is:

How to identify and deliver new sources of growth.

How to find new ways of diagnosing and taking advantage of potential growth opportunities with innovative solutions when previous approaches have been exhausted.

Shift to global functions

Major cost savings are generated by globalising procurement, HR, Finance and other support functions. The technical challenge of moving to standard IT platforms, global operating models and new service level agreements is significant. More difficult still is the adaptive challenge: creating new ways of working, and making shifts in governance structures between functions, regions and country heads.

The challenge for the leader is:

How to make sure shared services remain efficient after years of consolidation and cuts.

How to ensure that teams are productive when they are tired of change.

How to create new ways of working in a global operating model.

Forward-thinking

CEOs are increasingly questioning just what business they're really in. They are also actively taking businesses into adjacent or completely new sectors.

One-third of CEOs say they have entered new industries in the last three years, and more than half (56%) believe that organisations will increasingly be competing in new sectors in the next three years.[11]

Many companies are facing increased competition from new organisations designed to make the most of the commercial benefits of globalisation and the internet.

The challenge for the leader is:

How to maintain a loyal customer base whilst simultaneously innovating to exploit new opportunities.

How to pivot the organisation to allow it to chase after new opportunities.

Disruptive technology

We no longer question the need for organisations to embrace technology at the core of their business in order to create value for customers. Beyond a shadow of a doubt, digital technologies have revolutionised how customers perceive value. Doing all this effectively just isn't possible by tinkering at the edges.

Increasingly, companies recognise that they need to reconfigure their business models and their operating models too. In order to do so they need to ensure that they're not only investing in the right digital technologies, but can deploy them in a smart and effective way.

The challenge for leaders is:

How to encourage the organisation to be brave and do more than just tinker around the edges.

How to ensure the organisation focuses on its purpose and its message and isn't distracted by every new technology that enters the market.

11 PwC CEO Survey 2015.

To meet these challenges requires a different type of leadership capability – a Strategist capability.

Immunity to Change

Leading transformation is different from managing business-as-usual. Extensive experience managing teams in business as usual does not automatically qualify you to be a transformative leader. Indeed quite the opposite, many of the conventional leadership practices that have underpinned your career to this point, may have to be un-learned if you are to become a transformational leader.

Harvard Professor Robert Kegan argues in his 2009 book *'Immunity to Change'* that conventional approaches to leadership actually work against our ability to transform our organisations. Instead we need to undertake specific practices which enable us to reflect on our assumptions and empathise with the diverse stakeholders who are almost always a key element of any transformation process.

CEOs struggling to prioritise transformation

The PwC 2015 CEO survey identified an 'aspiration action gap': which shows that while the majority of CEOs want to embrace more transformational elements such as innovation, big data and new technology in business, few are doing so in practice. 80% of CEOs cite data mining and analysis as strategic priorities, but only 0.5%[12] of data is analysed by organisations to aid decision-making. This shows the dramatic gap between the recognition of necessary change, and its implementation. Just 27% of CEOs have already started or completed the changes required to make their companies more innovative, only 28% have made any headway in getting to grips with big data and only 35% have altered their technology investments. This is despite 65% thinking the R&D function is insufficiently prepared to capitalise on the trends now transforming business and society. Part of this lack of follow through may come from the inevitable demands of 'operations' and reporting to shareholders and founders that distracts CEOs in the short term.

[12] Harvard Business Review, David Rooke and Bill Torbert 'Seven Transformations of Leadership' 2005

My way is the only way

According to Professor Bill Torbert[13] people at the Achiever Action Logic can become 'locked into a way of working ill-suited to their organisation's needs'. This is because inherent in the Achiever Action Logic is a belief that you (or someone else) knows the answer; and an associated lack of interest in other peoples perspectives on how you can develop your own leadership style, which is often an essential ingredient of the iterative practices needed to manage complex challenges. There is more on Action Logic later.

Instead the leaders who do seem better placed to tackle these issues have necessarily had experience of diverse settings and people, as well as failure that has bred both a humility in their own perspective and resilience of knowing what to do when things don't work.

Playing around the edges

There are two lenses, through which to look at the five challenges on page 5. The first is to think in terms of individual capabilities, the second is to think about organisational systems. This is what we call the 'software and hardware' of transformation. The first approach seeks to encourage the kinds of personal traits in leadership that are required. The second aims to change the institutional systems that support the culture of leadership required. Both are needed for transformational change to last. Too often leadership development focuses just on the software, the individual support. However as we all know, software depends on hardware, and as we go onto explain on page 15, because we have failed to update our organisational leadership systems, the Strategist leaders we need are not in our organisations.

As an example take the well-rehearsed response of public sector institutions to significant funding cuts. One of our clients' responses, which was typical to the sector, was to fire employees who didn't meet their budgets, whilst centralising processes so that common standards were aligned across the organisation and imposed strongly from the centre. The kind of rigid leadership system that was imposed did deliver the dramatic cost reduction intended, but it also created exactly the opposite kind of culture to what was needed to support the transformational leadership.

[13] Harvard Business Review, David Rooke and Bill Torbert 'Seven Transformations of Leadership' 2005

The new leaders

In 2005 David Rooke and Bill Torbert wrote the award winning Harvard Business Review paper *'Seven Transformations of Leadership'*. In this paper they introduced the idea of Action Logics.

These are developmental stages that describe the different ways in which leaders make sense of the world. A leader's Action Logic is influenced in part by their personal style and preferences but only in so much as these preferences guide the roles they take on, the experiences they seek out and the decisions that they make when their power or safety is threatened.

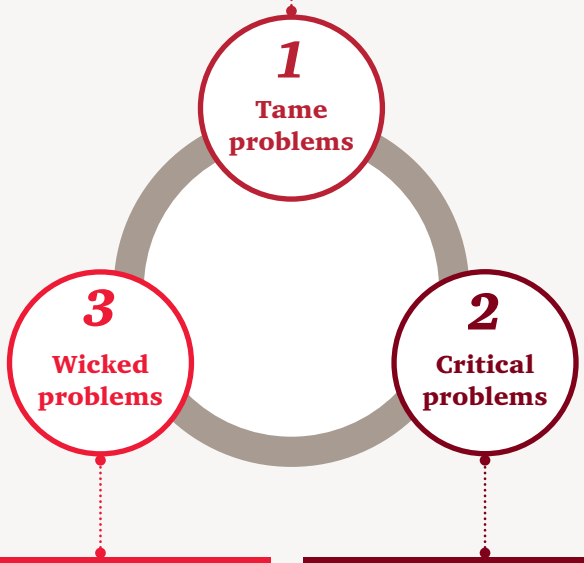
This paper argues that leaders with more advanced Action Logics are better at tackling complex types of problems. This is an interesting approach in the context of the kinds of complex problems we highlighted earlier. What might this particular series of problems have in common? And if they do share common traits, what are the Action Logics that might best support coping with them? Let's look at the kind of problems that leaders need to solve today.

Tame, critical and wicked problems

Many of the problems that leaders face that require transformational change in their organisations can be classified as 'wicked problems'.

Problems can be divided into three kinds:

Tame problems are business-as-usual problems. They are easily understood and there is broad agreement about how to solve them using tried and tested procedures.



Wicked problems are direct challenges to business-as-usual. They seem intractable and often incomprehensible. The way to solve them is unclear and there is often disagreement on the right outcome.

Critical problems are crisis situations in which control needs to be asserted quickly and completely.

Wicked problems present real challenges to business-as-usual activities and they can't simply be solved by a leader's command. They require flexible and collaborative solutions which the organisation may not be set up to handle.

If we turn to the Action Logics system, we can see how this framework may be a useful way of thinking about the traits and attributes that are required to support 'wicked' problem-solving.

Figure 2 on page 11 describes the characteristics of each of the Action Logics and the percentage of leaders in each (based on 2015 data).

Many of our current leaders have 'got to the top' through clear thinking and determination. We suggest that this will not be enough when facing today's wicked problems. In particular there are five traits that may need to be compensated for:

1. Being over-confident in their opinions and open to decision making bias
2. Lacking empathy toward others, be it their organisations or greater society
3. Being rigid or inflexible in the way that they lead, as a by-product of their expertise
4. Denying the existence of uncertainty
5. Being ambivalent about the concept of personal growth

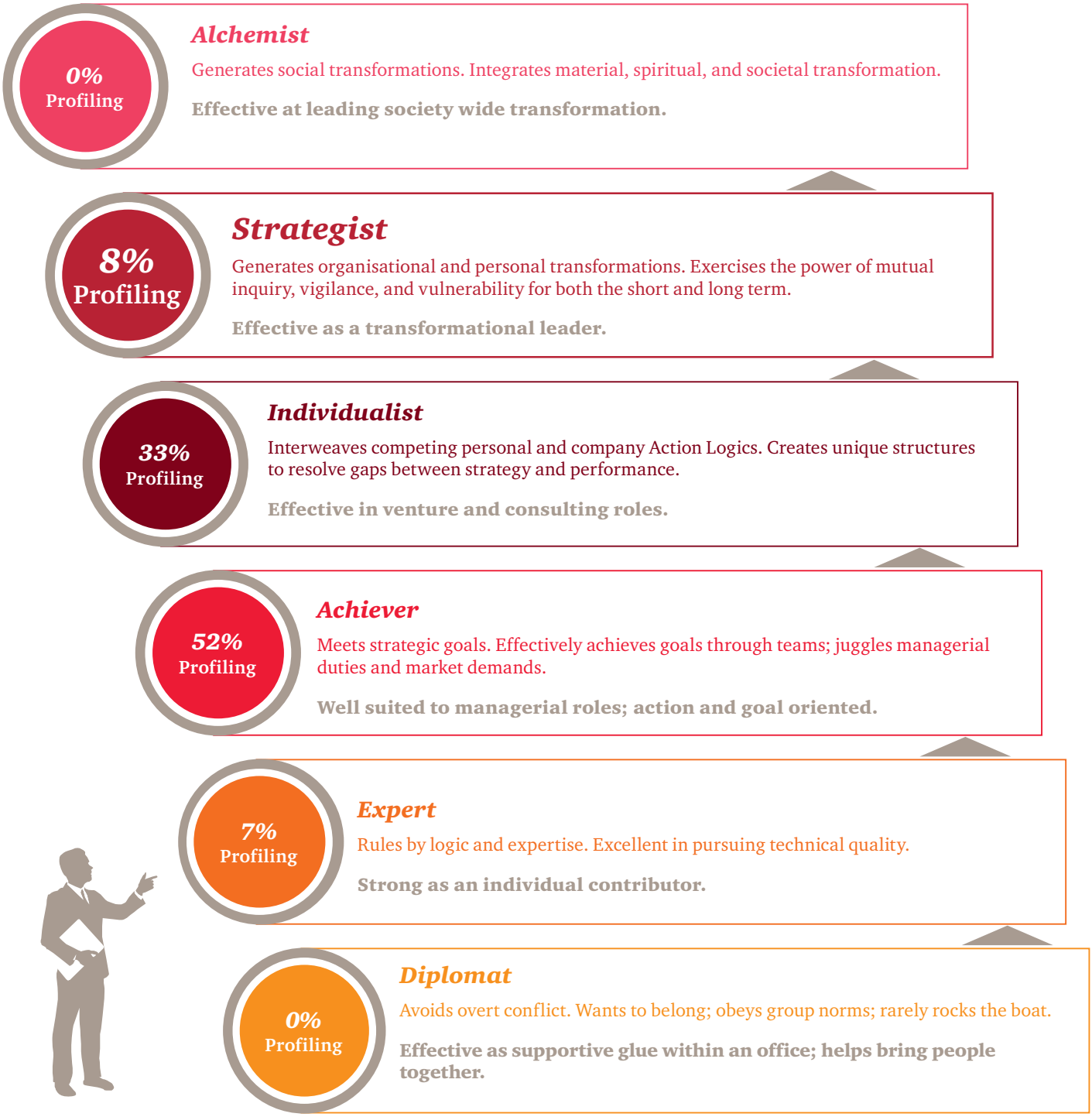
These flaws can leave the rest of the organisation disappointed with this type of leader, but their performance is not entirely their own fault. Now, when it comes to leadership there is no age plus experience equation despite the prevalence of sophisticated executive development and succession planning programmes.

In fact, Harthill Consulting's data as demonstrated in Figure 2 shows that **less than 10% of leaders have the appropriate capabilities, that of 'Strategists' to successfully lead through complexity.**

Leaders with the capabilities to navigate successfully through this kind of complexity are different in some fundamental respects:

- how they see and make sense of the world (which we describe as their Action Logic) is more complex and multi-faceted
- they have reflective capabilities that enable them to learn a great deal from each of their experiences
- they lead with inquiry rather than advocacy, with engagement rather than command, from a deeply held humility
- they need less limelight, their ego enables them to take a stance that creates the opportunities for others to thrive

Figure 2: The six ways to lead in the context of a transformation (Action Logics) 2015 data [14]



We can see from the descriptions of each of the styles that whilst Experts and Achievers may be effective at the day-to-day running of a business to agreed principles (typical operational leaders), it is the Strategists who have the capabilities required to successfully lead transformations. In fact recent data suggests that the majority of leaders are Achievers. They aren't well placed to lead transformational change as they 'hold' the current state of a business, which makes it difficult for them to envision a different future under the day-to-day strain of their role, and work towards it adaptively.

Action Logics often become most clear in a crisis when individuals revert to core beliefs and assumptions. Experts will want to make sure the quality of their research is unquestionable, Achievers will work ever harder with a clear focus on the principle goals. Strategists will create space to step back, reflect and then commit to a response.

[14] Distribution of international leaders and managers in organisations, from Harthill Consulting 2015.

Strategist leadership capabilities

Strategist leaders master six capabilities[15]:

1. A reframing mind

The ability to see situations from multiple, rather than single, perspectives. To offer different, sometimes divergent, unorthodox perspectives and in so doing create the 'uncommon sense' that allows for fresh approaches and innovation. This way of working underpins their ability to innovate and problem solve. This helps leaders learn real life lessons quickly and develop prototype options for uncertain situations.

2. Acting on the big and small picture

Leaders who move between vision and detail keep a clear sense of direction and strategy – and an ability to understand and influence the mechanics of a system. They provide vision and direction – and they engage in detailed action. They are able to move fluidly between the levels of vision, strategy, actions and actual outcomes. This is critical for more adaptive innovation, and ensures that 'business as usual' excels too.

3. Passionate detachment

Leaders need to be passionate. They also need to be able to stand back and detach themselves from their actions, to be able to see them objectively and to change their position if new insight requires it. Leaders lose the hearts and minds of followers if it is 'all about me' and they attempt to force compliance to 'my truth and my way'. But with passionate detachment, they're able to pioneer the change that needs to happen, while continuously adapting.

4. Creative use of power

Leadership is the exercise of power: formal and informal, institutional and personal. How leaders choose to exercise power directly impacts the organisation and the people in it. Using power wisely and courageously does more than deliver results – it builds long-term commitment and trust, which is vital in uncertain times.

5. Positive use of language

Speaking is the primary tool of leadership – what we say helps define the current reality in employees' minds and what might be possible tomorrow. Language can be used to liberate or oppress, inspire or demotivate, expand or limit. Strategists use the 'action' of language with awareness, skillfulness and an intention to create positive outcomes. This enables leaders to manage the demands of diverse stakeholders, inspiring and influencing where necessary.

6. Leading with vulnerability and courage

Vulnerability is key to enabling others to both take responsibility and give honest and frank feedback, but it is an all too rare commodity for leaders. In recent years there has been something of a trend towards the sensitive leader, who is very 'emotionally connected' to their team and doesn't want to offend anyone. Being a good leader can mean being unpopular and taking the tough decisions. All leaders must also be able to act with courage, whilst being consciously engaged with, not detached from, the consequences of their actions.

[15] Harthill Consulting 2015 data

Organisations that nurture and retain these capabilities are better placed to succeed in their attempts at transformation and to respond to the emerging challenges in their future. As one CEO said to us, leaders who are able to exercise these capabilities lead 'with a slow heartbeat and creative mind' providing the paradoxical qualities of steadiness under pressure and the ability to instigate change. The first challenge for organisations is to create the conditions, through leadership programmes, coaching and well planned career progression in which leaders can develop these relatively rare Strategist capabilities. The second challenge is how to retain these Strategists, once they are fully developed, within organisations.

The leadership challenge

Now we understand the kinds of Strategist leadership capabilities that are required to successfully lead transformational change.

We also know that we do not have enough Strategists and that over the past decade we have failed to increase their number.

This raises three questions:

1. Where do you find these leaders?
2. How do you develop them?
3. What kind of leadership culture are you currently supporting?

Harthill Consulting's 2015 data suggests that despite the pressing concerns of 'wicked' problems, organisations are not yet equipped with the appropriate leadership skills. The figure below outlines the distribution of Action Logics amongst senior management teams, rather than whole organisations.

Figure 3: Changes in the distribution of leadership action logics over the last 10 years[16]

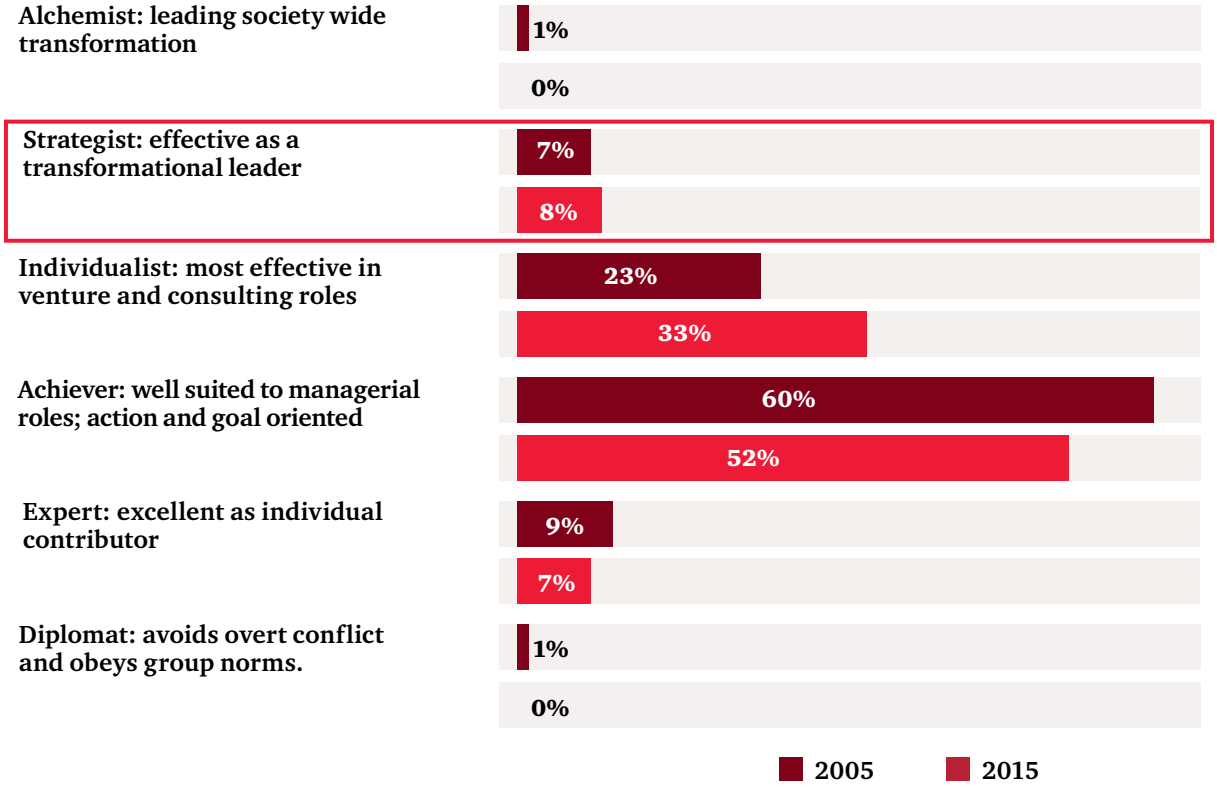
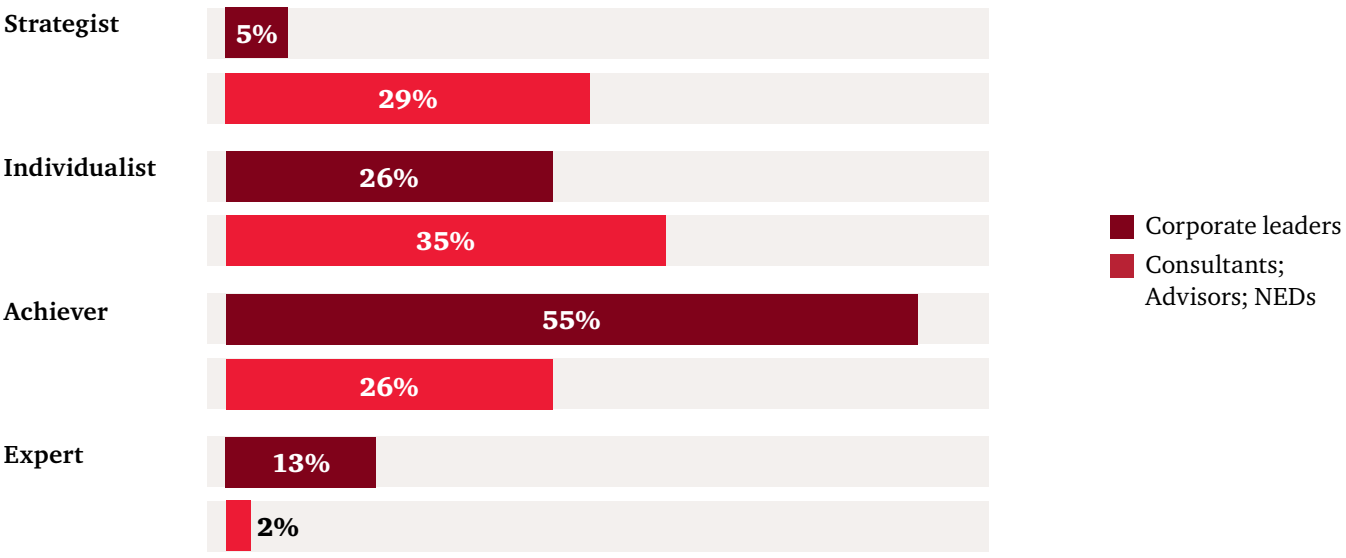


Figure 4: The percentage of people profiled at each Action Logic working within or outside of organisations[17]



Note: Alchemist and Diplomat figures not shown

Over the past 10 years, the number of Strategists has increased by just one percentage point despite the increasing need for them (Figure 3). Strategists are in short supply. Further, figure 6 shows that a higher percentage (10%) of women profile as Strategists than men. The number of Strategists slightly increases with age, with the highest percentage of Strategists coming from the 55+ age band.

16 Harthill Consulting
17 Harthill Consulting 2005-2015 data

Figure 5: The percentage of people profiled at each Action Logic, across age categories.[18]

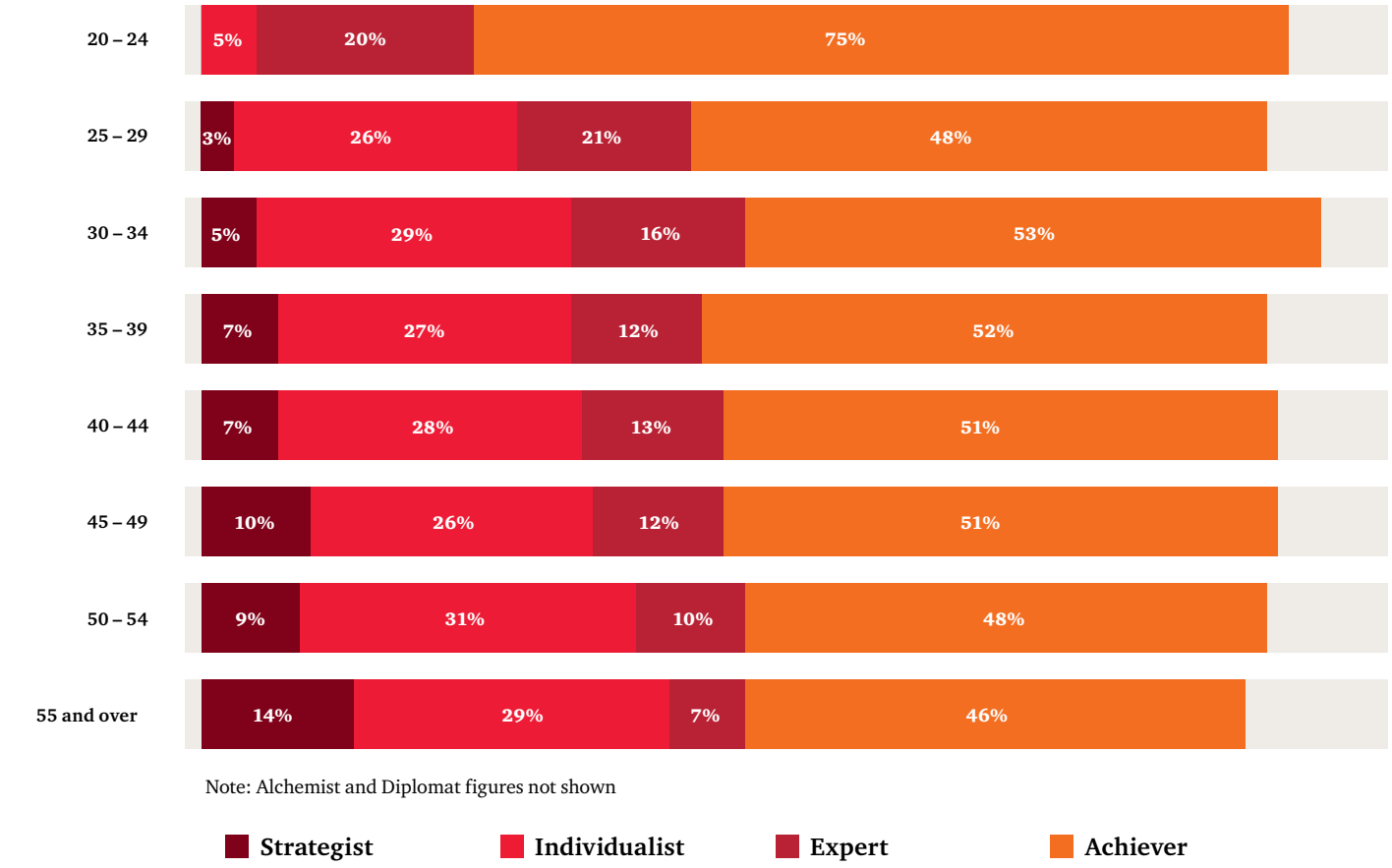
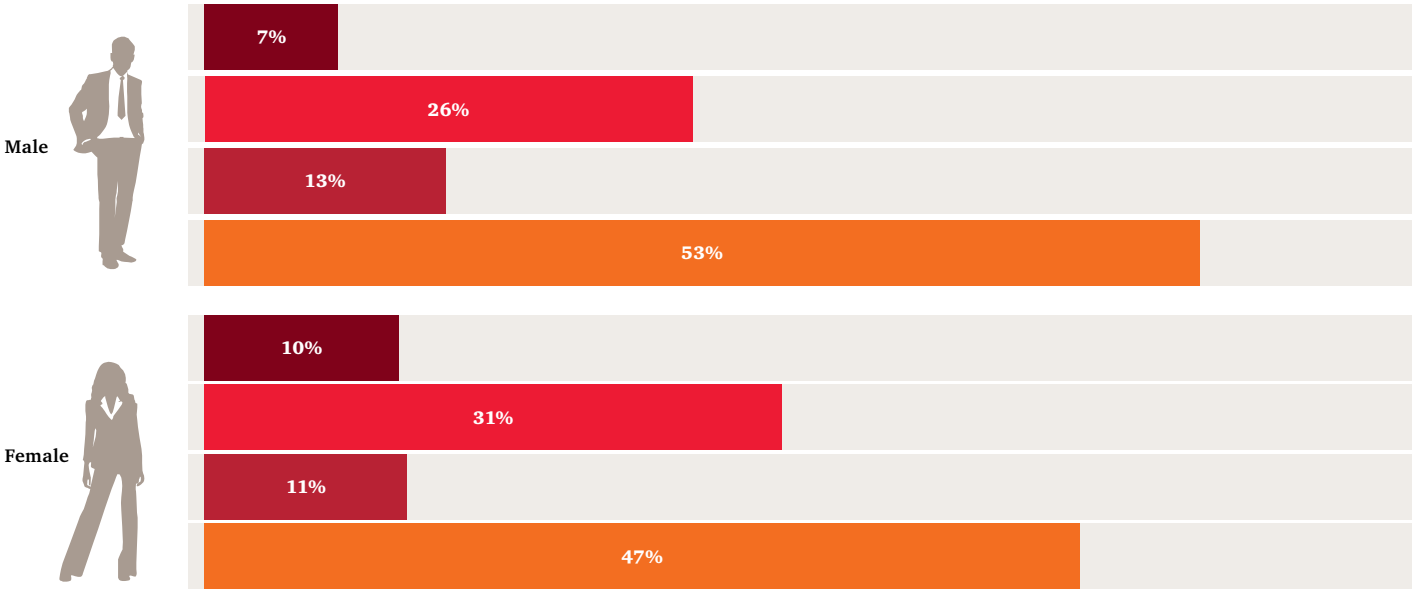


Figure 6: The percentage of males and females profiled at each Action Logic[19]



[18, 19] Harthill Consulting 2005 – 2015 data

Harthill's data represents a major challenge for many organisations. Our experience shows that the senior leadership of organisations should have at least one, and preferably more, Strategists with the authority, vision and will to transform an organisation. The data reveals the shortage of leaders with Strategist capabilities.

Further, the data reveals that many Strategists are working outside of organisations as advisors, NEDs or consultants, rather than executives or directors of organisations. Whilst only 5% of leaders and managers within organisations profile as Strategist, 29% of those providing advice or consultancy profile at Strategist. This scarcity of Strategists inside organisations is worrying. It is limiting our ability to build sustainable organisational capacity.

One of the key tenets of successful transformation is that whilst consultants and advisors have a role to play, change must be led from inside the organisation.

There has been encouraging progress movements; the number of Strategists has increased modestly, and the number of Individualists has increased by 10%. Organisations and perhaps wider society are supporting the movement from the Achiever action logic towards the Individualist. There are a number of factors at play. Leadership programmes now encourage reflective practices, the globalisation of many organisations leads to increased exposure to different cultures, change is a constant for many organisations, and increasingly participative leadership styles have led to more independent thinkers.

Why can't organisations support Strategists?

Strategists often complain of 'feeling like a square peg in a round hole'. They are described as 'ruffling feathers' and believe that organisations often 'miss opportunities'. Dissatisfied Strategists will often describe their organisation as: without a clear purpose; unable to make a sustained impact; having an inflexible culture; or full of colleagues who are unable or unwilling to look beyond the status quo.

This is usually because they find traditional management structures overly hierarchical and prefer instead more dynamic and agile organisations. Strategists often find fixed performance frameworks very challenging. They also notice how their colleagues get 'wrapped-up' by the dominant ways of working of the organisation and will often suggest changing things like how meetings are conducted, files shared etc. They also notice the gap between the rhetoric of transformation and what is actually happening. Often, sometimes irritatingly, they point out things like: 'how the change workshop was great, shame we haven't managed to implement any of the changes'. This is because they often feel little need to protect the status quo.

This is not to say that every outlier or challenging leader is a Strategist. A good way to get a picture of a Strategist is to think of some of the really good people you've worked with who've stopped working inside traditional organisations. In that group of people those that place a high value on social as well as financial contribution are likely to be Strategists.

To retain Strategists requires offering them more tailored management, enabling them to work on projects they believe in. Organisations need to amend their processes to allow Strategists to deliver cross-functional change and take the risks necessary. They are unlikely to be seduced by classic financial packages as they have decided long ago to define their work more broadly.

Context is king

Many of the environments in which organisations operate today demand the development of Strategist capabilities and yet these organisations are poor breeding grounds for such development. For example, most incentivisation structures do not encourage leaders to create the inquiries and experiments that might successfully transform an organisation, but rather encourage maintaining the status quo. Take the example of a local government CEO trying to maintain service standards in the face of severe budgetary cuts. There may well be a lack of trust amongst the public, lack of agreement on the board (the councillors) and a local press determined to create debate rather than support meaningful dialogue. The pressure that the CEO is under from all sides may be what encourages them to 'batten down the hatches' rather than seek innovative and surprising responses to their complex situation.

The very circumstances which make it hard to build Strategist capabilities are those which are driving the need for Strategist capabilities. It takes an aware organisation to recognise that a different type of leadership is required. It then takes work for that organisation to create an environment where Strategists are encouraged to develop and feel comfortable operating over long periods of time.

Organisations that are doing it well

One of the reasons that most conventional leadership development fails to create transformational leaders is its inability to integrate insightful personal learning with systems leadership capabilities. Time and again organisational development studies and leadership papers argue that the successful performance of organisations is all about the 'people'. This is true, but what influences these people's behaviour are the structures that underpin the organisation: the systems that decide how they are recognised, rewarded and managed.

It is these same systems that can stifle Strategists from growing and flourishing, and which eventually drive them elsewhere.

On the following pages we have highlighted some organisations that are starting to create the right environment for Strategists to flourish and for transformation to succeed.

There are four features of organisations that have started to transform what leadership means and how their leaders lead to give them the skills to solve 'wicked' problems.

Distributed leadership

Distributed leadership means breaking down traditional hierarchical structures in order to introduce decision making at lower levels of an organisation. The more decentralised an organisation, the more necessary it becomes to allow direct and immediate information to affect decisions. Staff 'on the ground' may have better access to this valuable kind of information. Distributed leadership also allows information to 'flow' through an organisation. Leaders may 'ask the crowd' for a collective understanding of a given situation, but may also draw usefully on the specific point of view of someone whose perspective may shed new light on a given problem. Distributed leadership can allow an organisation to hold and channel multiple points of view in the same way as an individual 'Strategist' leader may do.

Case study 1

Buurtzorg: The elimination of middle management[20]

This Dutch neighbourhood nursing organisation has grown from four nurses in 2007 to 9,000 today based on principles of self-management: there is only a small central management team that supports the frontline nurses, removing middle management. It achieves the highest client satisfaction levels of all community nursing delivery at only 70% of the usual cost. All staff work is conducted through autonomous, leaderless teams of up to a dozen nurses, supported by regional coaches, and a focus on primary care, building a personal relationship with patients, rather than building administrative processes to support scaling/specialisation. These teams work with informal support networks of family and community in a way rationalised processes don't. The result? Patients stay in care half as long, heal faster and themselves become more autonomous. If home care in the US was organised along similar lines, the savings would be around $49 billion.

Culture of innovation

A culture of innovation links to the Strategist desire to develop new ideas and problem solve. By encouraging innovation processes and making space for new ideas to be shared and prototyped, a company takes creativity out of the silo of the traditional R&D department and introduces multiple possibilities for the development of new approaches.

Case study 2

IDEO: A culture of embracing failure

IDEO is a global specialist innovation consultancy, created in Palo Alto in Silicon Valley with around 500 staff. It is regularly voted as one of the world's best companies to work for and is credited with creating famous inventions such as the mouse. It appears to have been particularly successful at creating a very flexible and creative culture. **A culture summed up by The Art of Innovation (Broadway Business, 2001), by Tom Kelly

[20] Reinventing Organisations – A Guide to Creating Organisations Inspired by the Next Stage of Huma Consciousness (Nelson Parker, 2014), by Frederic Laloux, p. 327-331.

** A culture summed up by the Ref#: The Art of Innovation (Broadway Business, 2001), by Tom Kelly

Financial transparency

New technologies have made financial transparency comparatively simple to deliver. Sharing company financial data strengthens distributed leadership by giving all staff a clear picture of the financial health of an organisation. Decisions can then be informed by client feedback and insights gained in frontline roles, and through understanding the financial picture. This will also tend to encourage the development of the Strategist leader's ability to act on the big and small picture, with the overall financial position forming a broad background against which small decisions can be made.

Case study 3

Whole Foods: Radical transparency[21]

The international natural foods supermarket prides itself on a commitment to sustainability, shown in activities such as developing sustainable seafood standards, animal welfare ratings, and 'responsibly grown' produce ratings. It has its own 'Declaration of Interdependence' in support of its motto 'Whole Foods, Whole People, Whole Planet'. It also has a commitment to organisational transparency, publishing a range of data, including company-wide salary information. CEO John Mackey has been a pioneer in the 'Conscious Capitalism' movement.

Strong organisational ethos

For more and more employees, the experience of working for a large corporation can result in isolation from the organisation's purpose. This, coupled with distributed leadership, can work against a strong sense of organisational purpose, vision and values. The creation of a clear, well-understood and reinforced organisational ethos becomes of key importance. In this context the passionate Strategist leader will translate the group purpose into a vision that is tangible for their team. This ability to 'translate' helps their teams to focus and start to make their own sense of an organisation's purpose. This ethos need not be set in stone, it can be renewed using the organisational structures outlined above, but it must be sufficiently strong, and sufficiently stable to allow collective action to flow.

Case study 4

Qantas International: Financial turnaround[21]

Recognising that the change required to bring the airline Qantas International back into profit was a personal one, the CEO at the time Simon Hickey stated that *'it's not just about having the right strategy, you also have to work out how to craft a great future for your people'*.

He started by using the strong, iconic Qantas ethos and brand to translate his practical turnaround strategy into a plan that reminded his teams of why they worked for Qantas. He successfully emphasised the role that each member of the international team had in protecting and enhancing the brand. In doing so, he and his team achieved a significant turnaround – seeing Qantas International return to profit in 2015.

[21] Conscious Capitalism (Harvard Business Review Press, 2014) by John Mackey

Ten ways to grow and retain transformational leaders in your own organisation

We believe that there are ten ways that organisations can change to help them create the right environment to grow and retain the transformational leaders they need to survive and thrive in the long term

1 Distributed responsibility

The pushing of power downwards and out to maximise an organisation's adaptability, intelligence, resilience and people is one way to start to build Strategist capability in your organisation. For example, an increasingly popular practice in 'Strategist' organisations is to allow anyone to make any decision. This unsurprisingly requires very clear systems to work. A more common interpretation of distributed responsibility is creating a culture of self-management and openness. For example, some organisations now share with all staff members their precise financial situation and invite responses from the team to this.

2 Honest about information

In almost every business context, the data and information we have will be limited. Recognising the inherent limits of available information, including one's own opinions, is a Strategist norm. This is not to say that you should adopt a form of communication that always presents information as partial, but rather that you should be very conscious of how you talk about your information; and in particular not indulge in any internal self-deception that your data is better than it is.

3 An empowering collective culture

Strategist organisations tend to bring together important parts of their vision in key calls to action that become integral to their practice. Examples such as IDEO 'ask forgiveness not permission' to 'take care of and love their people' show how shared aims can be turned into behavioural norms that are owned across the organisation.

4 Investing in Strategist professional development

The vast majority of professional development is 'informative' as opposed to 'transformative'. However it is transformative development such as life coaching, action learning and reflective thinking which tends to underpin the development of Strategist capabilities and this therefore needs to be prioritised.

5 Hiring for transformation

The recruitment and on-boarding process can feature some of the most powerful ways to build a transformational culture which creates the right environment for Strategist leaders to thrive. From carefully considering the capabilities and diversity of the hiring decisions and moving beyond narrow psychometric testing, all the Strategist organisations we have spoken to have on-boarding processes which focus on explaining their specific culture and their 'way of doing' things. This includes rejecting applicants who do not meet these cultural standards.

6 Openly addressing conflict and failure

Transformation hinges upon a culture of experimentation of which 'failure' is an inevitable, often useful, part. As it is a necessary stage in the development process. The 'Church of Fail' process for sharing 'failures' is used by Brighton's Nixon-McInnes, and 'Failure Fests' have run in organisations including The Gates Foundation. This culture of openly addressing difficult areas is also important around surfacing and processing staff 'tensions' to enable continual positive changes. 'Deliberately Developmental Organisations' such as Decurion and Bridgewater Associates have created discussion formats to enable employees to speak authentically about the personal dimensions of challenging issues.

7 Bring your whole self to work

Strategist organisations actively invite the wider dimensions of their staff's lives into their business, explicitly recognising that these will have a positive impact on their effectiveness. They will often fund activities that demonstrate the care they have for their employees as whole individuals, such as life coaching, team development or onsite childcare.

8 Collective strategy building

Strategist organisations will have explicit methods for working together on business strategy. These vary depending on the organisation. Some will use technology, others will use more traditional methods such as performance alignment. However the process is run, the purpose is clear: we are all responsible for the execution of strategy, so we all have a say in how it is formed.

9 Prioritise staff reflection

One Head of Leadership at a Strategist organisation said that he expects his staff to undertake structured reflection for 10 minutes a day, 1 hour a week, 1 day a month and 1 week a year. Time for this kind of development or checking in needs to be prioritised, otherwise it just won't happen.

10 Senior leaders who are also Strategists

It is well established that senior leaders need to embody the values they are advocating. It is the same with the Strategist. Strategists will only grow and thrive where these traits are being modelled by the senior leaders in the organisation.

Reinventing Organisations – A Guide to Creating Organisations Inspired by the Next Stage of Human Consciousness (Nelson Parker, 2014), by Frederic Laloux, pg. 231
Making Business Personal, Harvard Business Review (April 2014), by Robert Kegan, Lisa Lahey Andy Fleming and Matthew Miller.

How can we help?

Please contact any of the authors of this paper using the details below if you would like to discuss how the findings could apply to your organisation.

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About the report – The research behind this report was drawn from the profiling of over 6,000 executives, managers and consultants worldwide by Harthill Consulting using the Leadership Development Profile. We have collaborated with OSCA, a consultancy driving to increase social impact and Harthill Consulting to produce this report.

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