

# Leadership highwire calls for nimble skills

**Lynda Gratton**

If you're a business leader today, you're working to understand and balance the perspectives of an unprecedented variety of stakeholders, from NGOs that are becoming more voracious in their demands to workers who are increasingly hard to engage. And you're doing so in a world that is more transparent and connected than ever before. It's a tough challenge.

I found myself reflecting on this recently while speaking with two business leaders in one of the world's great pharmaceutical companies. The conversation turned to the growing complexity of the business environment, and the question was inevitably posed: what had I, as a business professor, managed to figure out about what it takes to succeed under such conditions? In no particular order, here are my thoughts:

## Maintain no illusions

Some 15 years ago my colleague **Sumantra Ghoshal** and I wrote business cases on three companies that were then leaders in their sectors: BP, Royal Bank of Scotland and Nokia. In one way or another, and for rather different reasons, all of these companies have since struggled. So my first observation is that leaders must constantly acknowledge that their companies are subject to an onslaught of destabilising forces. Being vigilant and observant about the nature and velocity of these forces is crucial. Effective leaders in complex environments do not succumb to a belief in their invincibility; they keep their eyes wide open to the reality of the world.

## Be authentic and responsible

Over the course of our conversation, the executives and I arrived at the hot topic of authenticity. Various proponents of this notion have urged leaders not to try to conform to a narrow description of what a leader does, much less copy someone else's style. Leaders are urged to be themselves. Only those who are perceived to be authentic and who are comfortable bringing their whole selves to work can gain others' trust and inspire them to pull together.

It seems to me that this emphasis on authenticity is an important counterbalance to earlier assumptions that people gained leadership powers by dint of titles or positions in hierarchies. And it certainly resonates with the global reverence for **Steve Jobs**, who created the world's No.1 brand while obstinately refusing to be anything but himself.

At the same time, growing complexity in the business environment creates a challenge. For people in organisations facing an external world of mounting chaos, being led by groups of highly idiosyncratic leaders – however authentic they are – could be confusing and distracting. In particular, when a leader is not a founder, he or she inherits a role as a custodian, and is entrusted with reaping the value that previous generations sowed and passing it on to future generations of employees and shareholders.

So, yes, be authentic, but don't break the mould so completely that others need to spend energy figuring out how to engage with you. The world is complex enough without adding another variable that constantly needs to be considered.

## Find strength in diverse teams

Thinking again about the problems encountered by BP, Royal Bank of Scotland and Nokia in the past decade, as different as they were, it's possible to see a common factor: these firms lacked diverse, highly collaborative leadership teams. At the Royal Bank of Scotland, CEO **Fred Goodwin** isolated himself from his colleagues, failed to listen to others and became increasingly selfish in his behaviour. At Nokia, the senior leadership team was, for a long time, extraordinarily homogenous (mostly men, mostly from Finland, mostly software engineers, mostly educated in Helsinki). How likely was it they would be on top of the rapid developments in Asian consumer markets, or in technology and design emanating from Silicon Valley? At BP, we know top management found it difficult to integrate US assets and build collaborative relationships with the leaders of US acquisitions – contributing to a problem with implementing safety standards globally.

Simply put, as businesses are increasingly challenged by dynamic changes and crises, it becomes more crucial for their leadership teams to have sufficient diversity to see what is happening from different perspectives, and sufficient collegiality to work collaboratively with each other, even when under stress.

There is much more that can be said about leading well in complex business environments – and many more people seeking answers to take back to their organisations. Together, let's make the way forward for leadership a little clearer.

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