

Think again – Rethinking leadership in the 21st century



On April 28, 2022, Eric Salmon & Partners celebrated its 30-year anniversary of activity focused on executive search and leadership advisory services (succession planning in primis), by hosting a conversation with Alec Ross (author of *The Raging 2020's*), Benedetto Vigna (CEO of Ferrari) and Nicoletta Romanazzi (mental coach, author of *“Entra in Gioco con la Testa”*). The title, “Think again”, was inspired by the book of Adam Grant. We aimed at understanding what kind of leadership is needed to exit this decade better than it started. This short article condenses the main concepts and arguments shared during the conversation.

Since the early 2020's we have experienced several negative factors that have affected our lives and future expectations, factors that find their roots in our past, evidently showing the limits of past leadership (for simplicity, the 20th century model). The pandemic plague, the many wars among which the Russia-Ukraine conflict represents the pinnacle, the increased discrepancies between the rich and the poor parts of the world, the inefficient allocation of resources which causes waste on one side of the world and scarcity on another side, the forced migration flows, not to mention the overarching climate change, place enormous and simultaneous challenges to humanity, a planetary challenge without borders.

What then should we expect by 2030?

Looking at the world as a constellation of 196 countries, from a satellite view and historical perspective, we observe that the main “raw material” in the 21st century is data. Data is the fuel of all 21st century engines. The use of data occurs through connected devices. The number of connected devices has more than doubled since the beginning of the pandemic, from 17 to 35 billion and it is expected to double again by 2025 up to 75 billion. Over the past 20 years digitalization has transformed the way we communicate; moving forward, the traditional sectors, like the manufacturing industries, will largely transform. The way we will produce goods will be substantially different from the past we know. This kind of accelerated change reduces the capability to control the organization and requires more than ever before the capability to adjust. The words of Charles Darwin are prophetic: “It is not the strongest of the species that survives, nor the most intelligent; it is the one most adaptable to change”. The speed at which external factors occur and change scenarios, the volatility and simultaneity of phenomena, the emerging technologies for which no leaders, no CEO can claim to have much experience, all of this suggests that leadership should focus more and more on creating fast adjusting organizations rather than control systems. But there is another important implication for leadership. It must be shared and connected. No single leader in today world can think of resolving the problems alone, independently, top down. **Even the best CEO must count on many stakeholders**, listen to them, use the contribution of many people, make sure they contribute at best (which, in turn, demands for their motivation and personal fulfilment).

No CEO should limit the purpose of its actions to the financial performance of the company. The old time single objective of pursuing profitability is largely considered insufficient nowadays. While the sheer profit maximization has made single stakeholders (the shareholders) happy, it has brought to consequences that are collectively undesirable (see the list of global problems mentioned above). The big problems humanity is facing require shared responsibility. Thus, every leaders, every **CEOs must take on their fair share of responsibility** and make the company’s purpose broader, encompassing the scope of multiple stakeholders. The interaction between governments, corporations and civil society is increasingly intertwined and leadership must be mutually influential and impacting.

The CEO is the ultimate leader of the business organization, but not the only one. In the old 20th century model, the CEO acted as the single decision maker, the most knowledgeable and capable decision maker, who possessed all relevant information, would set the policies, the guidelines and then put in place a robust control system to make sure everyone would be aligned and move on tracks. Today, quite advanced into the 21st century model, this approach is no longer valid and, if perpetuated, may bring to disaster. **The CEO must open up the leadership** to the whole organization, entrust the people, accept the concept that keeping the organization under tight control is no longer possible nor desirable. When the business environment is characterized by enormous and exponentially increasing amount of data, by continues volatility and changes, by complex and big challenges, the effort to keep the organization under tight control is huge and most likely doomed to fail. On the contrary, teaching the people in the organization to be responsible, accountable, use one’s skills and ideas to rethink the job, propose changes, improve one’s department, the work process, enabling a bottom-up approach based on empowerment, will likely generate good results. This approach may well produce some mistakes and failures, but they are part of the evolutionary process and should be accepted as learning opportunities. The kind of learning that will eventually make the organization capable of adjusting quickly to the new changed scenario.

It has been observed that the educational level of the average employee today is much higher than in the past. Human capital is generally more qualified. In conjunction with this, companies have access to a great volume of data to take decisions. Top leaders need to make the best use of these two elements. How to do it? **Think more as a scientist** instead of as a manager. Be curious and focused. The scientific approach requires an open mind, the willingness to explore new territories, listen with respect to others, pursue the truth rather than the confirmation to one's conviction (confirmation bias). It also requires the capability to use data and to be ready to admit that a pre-conception, an assumption, was wrong and move on. The recipe for the 21st century CEO starts taking shape: be scientific, use data, use the people around you, let them think and act, create the conditions for collaboration, mutual exchange, sharing; keep the focus, assure the efforts are made towards the same purpose.

The 21st century CEO is more conscious about the need to contribute with shared responsibility to resolving the big problems of the world, while pursuing the interest of the company. In order to do that, **the CEO places the person at the center of the organization**, because only through the active, motivated participation of all people involved the CEO can build a sustainable, successful company in this complex and volatile environment.

In order to place the person at the center of the organization it is important to better understand the person.

We all have experienced fear. Fear to perform. Fear of change. If, within an organization, individuals are afraid of changing, are afraid of failing, of taking initiatives that may have uncertain outcome and fear the consequences, then the entire organization will be slow, limited, and the leadership at the top will be forced to think and act on behalf of everyone, with the poor results we have seen in the recent past and we are still observing. It is imperative to understand the emotional side of people. It is imperative to consider people not just as "human resources" but as "individuals". The CEO who builds an organization in which people can live with their fears, accept them, work on them instead of hiding them, will build a much stronger organization. Fear is a necessary component of growth. People should be encouraged to express their emotions. They should be put in the conditions to experiment, to learn, by themselves and from other colleagues. We are not advocating in favour of a lack of control system. But if people are measured and controlled against how well they follow a procedure, the guidelines received from the top, they will be afraid of taking initiatives and when change comes, and it comes more and more frequently, the fear of failing will take over and the person will wait for instructions. And even with new instructions the adjustment time will be too slow.

Good leadership in the 21st century means being good mental coaches to other people. Help them understand their emotions, their fears, and find ways to cope with them. Creating the conditions for this to happen is a key job for a CEO. Fears and negative feelings cannot be eliminated; they always emerge in us for a good reason: to protect ourselves from failure and from disappointing others. Helping people understand their fear, when and why they emerge, will reduce the negative impact of fearful feelings and emotions and enable more people to express themselves with balance and resourcefully, thus bringing more value to the solution of the problems, and faster.

There is hope that humankind will enter the fourth decade of this century better off. Science and technology will help and provide us with powerful tools to cope with the big challenges of the world. However, science and technology without the right human factor in place will not be enough. The world needs a fresh, new, breed of leaders, starting at the top, with CEOs. The successful 21st century CEO will:

- Embody in the purpose of the company a bigger purpose, a share of the world problems and pursue the objective of the shareholders while contributing to the improvement of the surrounding world
- Open up leadership to embrace the whole organization, proportionally to individual capabilities. Place the person at the center of the organization, creating the conditions for each individual to express themselves according to their capabilities, motivation, emotions
- Adopt a scientific approach: use data as the basis for decision making, be open minded and consider different points of view, ready to drop conceptions when proven wrong
- Keep the organization focused on the purpose and the key objectives
- Act as mental coach and train other leaders to act as such; build a company culture where people are not afraid of failing, of exploring new territories and of facing change.