



VAYA GROUP

White Paper

**2020 Leadership:
A future view of how winning executives
will lead toward sustainable success**

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2020 Leadership: A future view of how winning executives will lead toward sustainable success

By Andrea Nunez, The Vaya Group, 2011

In the ever-dynamic and uber-competitive nature of today's marketplace, leadership capital is fast becoming the way to ensure a competitive edge for many companies. Daniel Goleman, author of "Leadership that Gets Results," states there is a direct correlation between a company's work environment and their financial results, and, as you may expect, an executive's leadership style has a measurable effect on the company's work environment. In fact, research shows that the leadership of a company can influence bottom-line profits by as much as 47 percent (Liebersohn & O'Connor, 1972, as cited in Kincaid & Gordick, 2003).

Cited in the top 20 challenges of The Conference Board's 2010 CEO Challenge survey, are such "tough" people issues as "finding qualified managerial talent" and identifying "top management succession." To address these top-of-mind issues and ensure competitiveness on a global level, the smartest corporations look beyond standard human resource practices and talent management methods, such as performance management and superficial individual development planning. Instead, they create "leadership capital" in their organizations by investing in a robust and comprehensive talent optimization process that focuses on cultivating executives into world-class leaders (Fulmer & Conger, 2004).

Corporations that want to stay ahead of the proverbial curve need to do just that, develop their most valuable resource – their leaders. Organizations must invest in their executives to ensure they develop winning strategies, execute flawlessly, inspire teams to achieve above and beyond, and role model the values and behaviors deemed important by the company. In the classic book, *The Leadership Pipeline*, Ram Charan supports this idea suggesting there are a limited number of exceptional candidates that can be hired, thus making it even more important to groom talent from within. However, in order to do that effectively, we need to have a clear grasp on what skills to develop in these leaders.

Hewitt Associates conducted a study of 100 large U.S.-based companies, finding that organizations performing in the 75th percentile or higher in terms of shareholder return utilized formal approaches to leadership development. Building tailor-made leaders from within your company is becoming a more worthwhile investment in today's economy, rather than hiring from an external pool of

candidates who are not as familiar with or committed to your company’s future. Through identifying and leveraging leadership strengths and pinpointing development needs, organizations can begin producing the type of leaders their companies require.

With extensive experience studying over 20,000 executives within Fortune 500 companies, our research suggests there is a certain set of common characteristics that define top-performing leaders, regardless of company or industry. It is from this work that we have developed a comprehensive set of leadership competencies which have proven to be linked to successful performance and can serve as a useful framework toward developing a strong talent pipeline.

Executive Leadership Competency Model



Inner Core

With the recent leadership scandals that have led to company collapse, economic hardship, and negative press for once respected organizations, the 2020 leader will need to possess strong values and behave with integrity. These values-oriented leaders will hold themselves to high standards of conduct, take pride in their work, and carry out tasks with integrity. They will need to be emotionally and intellectually mature, balancing their service and achievement motivation to make the company a good corporate citizen that generates quality results and ensures sustainability.

Lead With Vision

The once sought after cost-cutting, off-shoring, out-sourcing, quick gain focused leader is rapidly becoming replaced with someone who has the ability to develop an innovative, strategic vision and set clear goals grounded in industry data to achieve a company’s mission. These future-oriented, externally focused leaders stay up-to-date on the market, maintaining close tabs on competitors to retain an edge over their competition. In addition to placing great emphasis on achieving in the short-term, they develop long-term strategic plans that support the company’s ongoing success.

Results and Execution

Driving high-performance results will certainly never become an unpopular quality; therefore being able to establish challenging goals, outline action plans, monitor goal progression and effectively set and maintain priorities will continue to be in fashion for our 2020 leader. This “bottom-line-focused” individual will demonstrate a strong work ethic and take initiative to deliver outcomes, instilling that culture in their team by modeling these behaviors.

Business Judgment

The technological evolution, company mergers and consolidation, economic and trade fluctuations, and the further globalization of the marketplace are slated to cause today’s dynamic environment to become that much more ambiguous and turbulent in the next decade, therefore sharp-thinking leaders who can critically evaluate information to quickly determine the right course of action will be in high demand. These leaders are able to make contextual-based decisions that maximize opportunities for the company because they understand the long-term impact of daily task-based decisions to the future health of the business. They are adept at sorting through conflicting information to make decisions that are best for the company.

Build and Inspire Teams

Sustainable success is a notion that is a significant concern of most companies. Much of the current leadership research suggests that successful leaders recognize, value, and leverage the diverse talents of people, using leadership styles that get people on board, encourage employees to do their best and set a positive example for their team to emulate. They coach their team and create a collaborative environment that encourages their development, realizing that enhancing their team’s skills benefits the company through increased success.

Accelerate Change

With the need to penetrate new markets, be the first to forge novel ground and lead the industry in product offerings, our 2020 leaders need to be change agents who champion initiatives that drive company growth. They must be comfortable with ambiguity and flourish in situations where there are no boundaries, seeing only opportunities to advance the company. These leaders must also invite new ideas and show no fear in taking “big swings” to propel the company’s competitive edge. They are active learners who seek ways to grow the business.

In a study measuring the most frequent challenges faced by CEO’s worldwide, The Conference Board found that the hardships associated with the economic freefall of 2009 have quickly shifted the focus of leaders from reacting to current times to preparing for recovery. With the challenges of the today’s highly competitive,

globalized market only heightened, assessing and developing leaders to meet the 2020 challenge is of the utmost importance for company success and sustainability. A formalized approach to measuring the leadership potential of employees is vital, as it can yield positive results that may have a game-changing affect on an organization's competitive advantage.

In essence, the organizations proven to have highly successful, productive, engaged human capital – and subsequent winning business outcomes – are ones that employ a talent management system that is maturely developed through research and experience; one that is well-thought out in design and formation. It is aligned with the overarching strategies of the business and sponsored by senior leadership as paramount in achieving thriving results.

Closing the gap between where an organization is and where it must be from a “leadership capital” perspective can be an overwhelming exercise if there aren't the right tools and expertise in place to properly identify and develop leaders who can help the company be successful. Knowledge is power – where are you getting yours?

To learn more about available research and the Vaya Group, you can find us at www.vayapath.com.

About the Vaya Group

The Vaya Group helps the world's leading companies identify, assess, cultivate and promote the talent needed to thrive in a global marketplace. The Vaya Group brings your talent into focus, cultivating excellence within your organization by transforming metrics and assessment into right action and results.

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