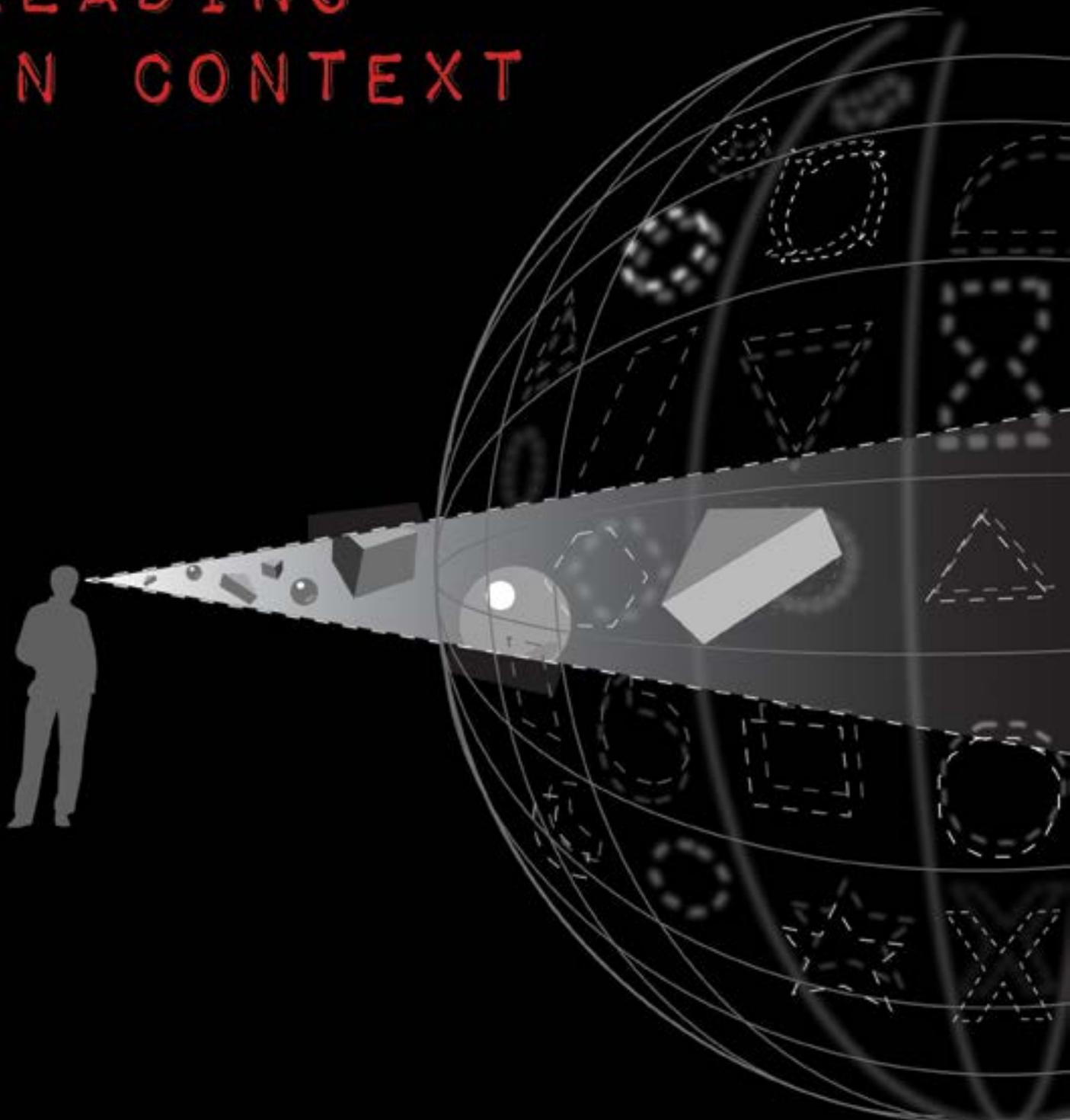


LEADING  
IN CONTEXT



Duke<sup>CE</sup>

2013 CEO STUDY

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This report summarizes our findings from Duke Corporate Education’s 2013 CEO Study: Leading in Context. In summary, our research uncovered that the challenges facing leaders have changed materially in recent times, and there are seven key Sense-Abilities leaders must have to successfully navigate our changed leadership context. These are:

- Understand How to Understand
- Develop Reliable Sources of Knowledge and Insight
- Develop the Ability to Grapple and Grok
- Lead through Successive Approximation
- Build and Influence Collectives
- Broaden Systemic Self-Awareness
- Engage the Organization in the New Rational

These seven Sense-Abilities will be further explicated in our report.



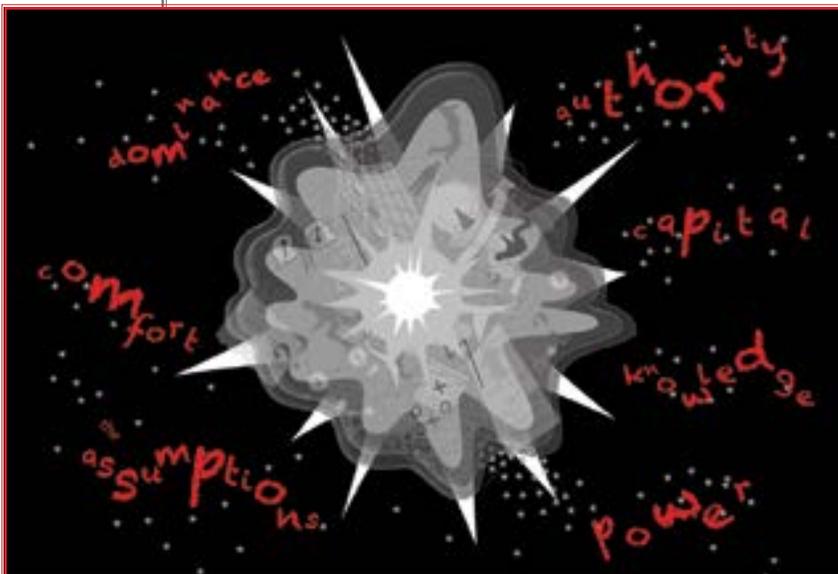
## INTRODUCTION

We all acknowledge that the world has changed; this has been documented extensively in previous CEO research. As unpredictability has become a mainstay in the business environment, the challenges CEOs face continue to become more complex. We wanted to better understand how these changes are affecting the context within which CEOs lead.

Our work with clients led us to believe that in many ways leaders are disoriented due to the dramatic shifts that have taken place in the environments in which they lead. Our purpose in this study was to understand whether and how this change was playing out for CEOs around the world so that we could think about how to effectively prepare the next set of leaders for this new world.

The leaders with whom we spoke described today's leadership context as one where it is increasingly challenging to foresee problems, where the problems they do identify are more multi-dimensional in nature and the solutions required to address them are more complex and where the power required to address these problems must increasingly come through influence as opposed to formal authority. Additionally, these CEOs emphasized how difficult it is to lead effectively in a context where the shelf-life of information is unstable, the interconnection of information resources is non-linear, access to information is uncontrollable and the source of true differentiation lies in figuring things out as opposed to finding things out.

We are very grateful to the leaders who took the time to speak with us. Each of them was very interested in the topic and shared our commitment to better understand their current and future leadership challenges. We were enthused by the complete candor with which they articulated their views on the challenges they face and the changing context in which they lead.



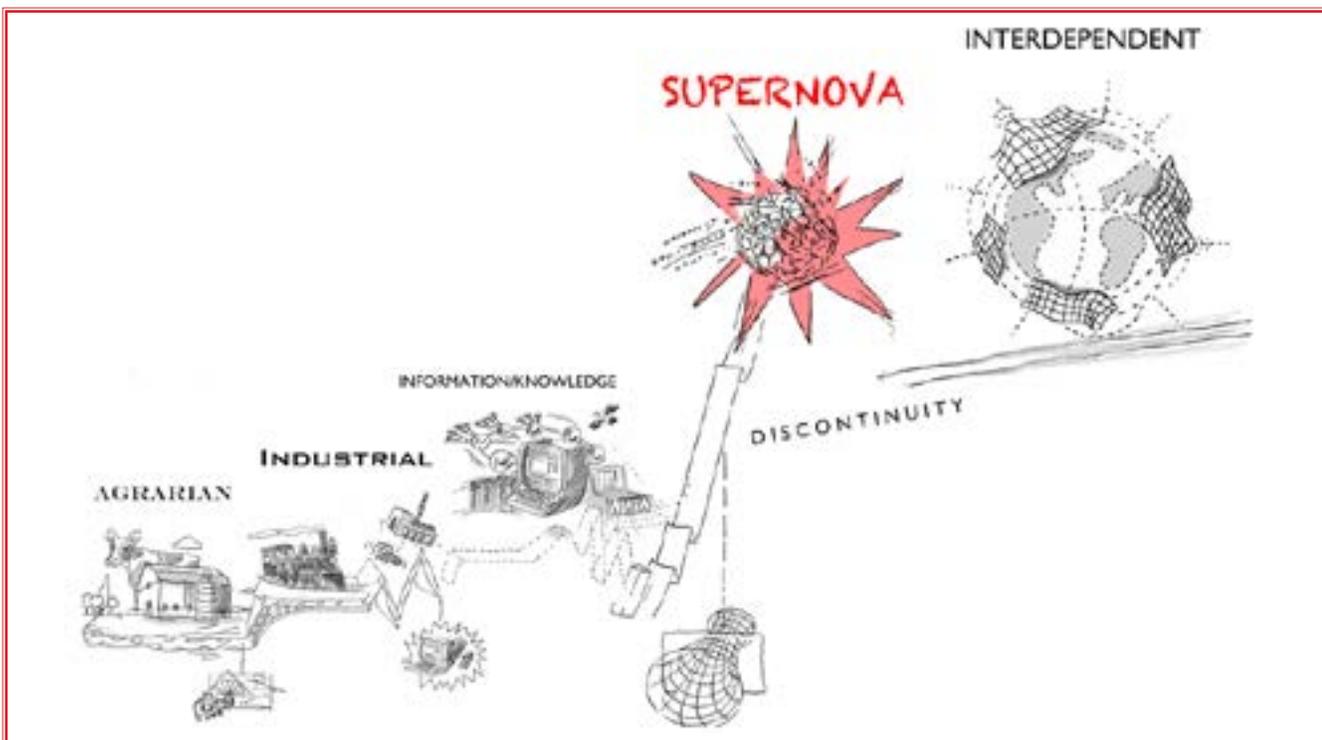
The themes that emerged highlighted the changing nature, and sometimes fragility, of each CEO's assumptions about the world, his company's position in the marketplace and his own basis of authority as a leader. We have characterized this changed context (which in many respects began with the 2008 financial crisis) as much more than a "perfect storm," a metaphor that has often been used to describe similar changes. Instead, we see the changed context that leaders now face as being generated from something more like the explosion of a supernova.

This supernova event has accelerated the move to an interdependent world and has untethered many of the assumptions and beliefs that leaders have depended on to frame their leadership context.

A supernova is triggered by the sudden collapse of the core of an aging massive star. This star undergoes sudden gravitational collapse, releasing enormous amounts of energy and creating a supernova explosion which results in either a black hole or a brilliant star. The events of 2009 seemed to mirror a supernova explosion. Our business environment reached a point where the massive system we created imploded on itself in some ways. The collapse, along with other global events, acted as an accelerator to move us to a new state in which the context of leadership is like nothing we've seen previously. Many of our old assumptions have been challenged and even the principles by which we have led are now being reconsidered.

This supernova change comes after what many have seen as the relatively linear evolution of work and knowledge, as well as education for work, which we've experienced over the last century.

We now live in a globally interdependent world where we play simultaneously in an environment that is interconnected in ways that were unheard of before and unpredictable to a degree that we haven't experienced. In essence, our gravitational tethers have been severed, change has accelerated like never before, unpredictability is a fact of life, and complexity is the new norm. This interdependent world is different and holds varied challenges we haven't dealt with regularly before – our current leaders must adapt and future leaders must be developed in order to succeed in this new context.



## THE NEW LEADERSHIP CONTEXT

Context for leaders is important—maybe now more than ever before. We heard from leader after leader, that though change has always been a significant part of what they have had to deal with, now the pace and nature of it is dramatically different. Leaders used to be able to rely on patterns (economics), rules (business, finance), and on who makes the rules (authority). Now, though, these constants have been challenged. Predictability has decreased substantially, so much that the notion of being able to see the future has almost been lost. And complexity has shot up—everything seems interconnected and interrelated. We now live in the “networked” world, where systems are critical, and a small change in a distant place can lead to dramatic unforeseen effects.

The “Supernova” has created a new context and new challenges for leaders. In many ways, it is almost like having to figure out how to operate in an environment where gravity no longer exists.

## THE WORLD IS MORE INTERDEPENDENT

Emerging and developing countries now account, for the first time in the modern era, for about half of total world output. In today’s interconnected world, not only do nations depend on each other, but so do organizations and their leaders, often in ways that are not anticipated or easily interpreted. The rules of order have changed, and the assumptions we made successfully in the past are often no longer valid. Many of the mental models held by Western leaders have been turned upside down. Leaders cannot easily predict the issues they will face because not only is the playing field different, but the players are also different, with often unfamiliar notions of power set in varied cultures. Even business culture, driven by comfortable and familiar assumptions and beliefs about “how things work around here” has broken down. Highlighting the interdependence, a CEO from India articulated: *“It’s no longer demand and supply alone that are determining commodity prices. It is demand-supply and what some Fund Manager sitting somewhere in the world is seeing it as! So, it’s very hard to figure out what is happening now.”*



CEOs discussed with us the challenges of leading in today's world of global interdependence, reflecting that the context in which they lead has transformed in two important ways – **challenges are less predictable and knowledge is less reliable.**

## CHALLENGES ARE LESS PREDICTABLE

When we asked about how change is different, we heard that the issues and solutions that matter to growth are increasingly less obvious, tactical or one-dimensional in this new leadership context. Many chief executives described an unsettled feeling in terms of how and where to move next in order to create the success their stakeholders required. As one CEO told us, *“It used to be that we could rely on models. We now have to release ourselves from these and think differently.”*

This leader talked about having to devise more complex approaches to solve what seem, at face value, like familiar problems. In addition, he noted that when he sends his smartest and best leaders out in the environment and they come back with the answer in the model, two things come to light. The first is that the people he is sending don't really understand the problems. They are using old (and often flawed) mental models and applying them to current situations. Secondly, the CEO is challenged—and often at a loss as to what questions to ask to help his leaders frame new models and think about the problems differently.

He noted, *“In the past, the CEO's role was to say, ‘How should you think about these problems?’ But that is being challenged now too. We think deep expertise in our leaders is essential, but now what's premium is pairing that with a systemic perspective and being able to better understand what's happening in the complex world around us.”*

The CEO of a biscuit company in India, whose main biscuit ingredient is wheat, noted, *“The variables we used to have control over—we no longer control or have the same control as we once had.”* She related that in one instance, while India was asleep overnight, a large investment firm in the U.S. connected with firms in Argentina and placed a big bet on grain futures. As a result, in three weeks, the price of wheat increased 30 percent. Of course, no one in the biscuit company had predicted this in their models. She surmised, *“We are now in a global playing field. How do you account for things that aren't in your model?”*

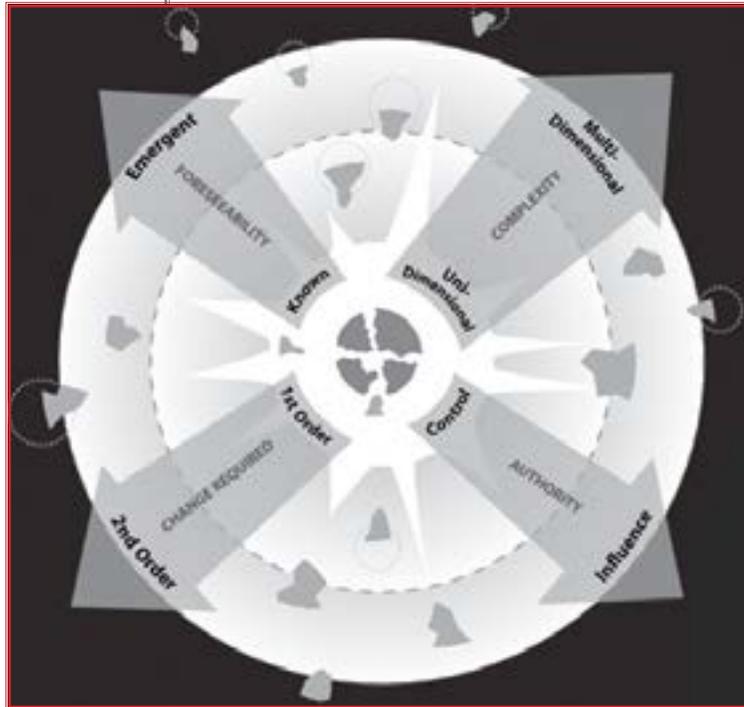
In essence, we learned that there are four key parts to the new context that leaders face:

- Problems and complexity leaders face have moved from being uni- to multi-dimensional
- Authority in leadership has shifted from being based in control to being centered on influence
- Change that leaders need to effect has moved from first order in its nature to second order
- Challenges have moved from being “known” to being more “emergent,” or less foreseeable



These four elements combine to make problems much less predictable and to therefore push leaders into a new context where a different set of mindsets, skills and abilities are required.

1. PROBLEMS HAVE MOVED FROM UNI TO MULTI-DIMENSIONAL



One reason it may be hard for leaders to see the entire picture is that the act of driving solutions has changed from being technical or uni-dimensional to increasingly multi-dimensional. Our CEOs told us this occurs in the form of the multiple constituencies that are involved in almost every decision, including employees, shareholders, members of the value chain, governments, and other partners who span various boundaries. This requires leaders to understand the system in which they work in a more nuanced way than in the past. Because of this, much of a leader’s time today is taken up by orchestrating, advocating, influencing and explaining across a multi-dimensional world.

One U.S. based CEO stated: *“I think there’s an interconnectedness now in problems – and this changes the issues. You need to have more people involved with the decision making, leaving the leader less in control of the situation.”*

Several CEOs noted that the ability of any company to manage its own destiny more or less independently from what is happening around them in the global economy at large has been seriously challenged since 2008. A CEO in China noted: *“The biggest challenge faced recently is how do we deal with the increasing complexity in the global economy.”*

Now more than ever, leaders are aware that they operate in a highly interdependent world, within complex networks of stakeholders comprising governments, trading blocks, NGOs, communities— all with a more complex set of expectations. Add to this a complex patchwork of national and regional regulatory schemes that companies need to navigate and comply within areas like financial practices, carbon emissions, medical science, and labor practices.

The navigational skills required to handle these expectations cannot be underestimated. Some are global, many are not. Some are regional but ignored at national levels. Very few are mandatory, but customers are becoming more thoughtful about the practices and compliance of their suppliers.

A Chinese based CEO succinctly stated in terms of the increasing complexity of the problems he faces: *“We need to understand not just our industry, but our affiliates as well and also know how other industries will play out. Need to manage with a whole value chain perspective.”*



## 2. AUTHORITY HAS SHIFTED FROM CONTROL TO INFLUENCE

So who holds the power to decide in this new leadership context? As economic and power structures change externally and demographics and expectations change internally, authority morphs as well. The CEO position, once thought to be the ultimate seat of authority, is now questioned. But in this case, it is not about authority shifting from one party to the other but the recognition of interdependence and the need for thoughtful collaboration and influence.

Changing demographics in the workforce are making the job of influencing the CEO's own people increasingly complex. Today meaning and purpose in one's work and in the company one

works for are much more important for the rising generation of millennial employees who drive hard to understand why they should work for their leaders and what their leaders stand for as individuals, as well as their organization's purpose. In this environment, CEOs feel the pressure to be purpose-led and connected, while also expert on the business and inspirational to employees. And externally, the more complex set of stakeholders of today's multi-dimensional world have a new set of expectations that is not satisfied by yesterday's static contracts.

"It's getting tougher to lead, you have to influence more. The Business environment has gotten more egalitarian not only with our customers but also with our staff. There are fewer levers to pull to get things done." CEO, TURKEY

One CEO from India related: *"The degrees of freedom you have to control the variables that determine the business are less. Your direct influence on those variables is much less. Increasingly, business is being done, not in terms of hierarchical structure, but more in terms of circles."*

Thinking of influence in circles is a novel perspective. We were struck by the thoughtfulness with which these leaders discussed this topic. We asked CEOs if they feel as though they have as much influence to resolve issues their way as in the past. Many spoke of a lessening in influence and the difficulty in getting work accomplished now. They noted the numbers of constituencies involved in the execution of most decisions and the increasing activism amongst those constituencies, making their job as leader or orchestrator much more complex.



A U.S. CEO noted the change in how she has had to operate with multiple constituencies and a new context: *“The idea that I am going to sit in my office and I’ve got three levers and I am going to do command and control—even if that is your style and even if that could be effective, I don’t think in this environment it can be. I think there are just too many constituencies that need to be considered in the process. The information flows too fast, the clients and teammates are extremely well informed and they are knowledgeable and they have their own base of truth.”*

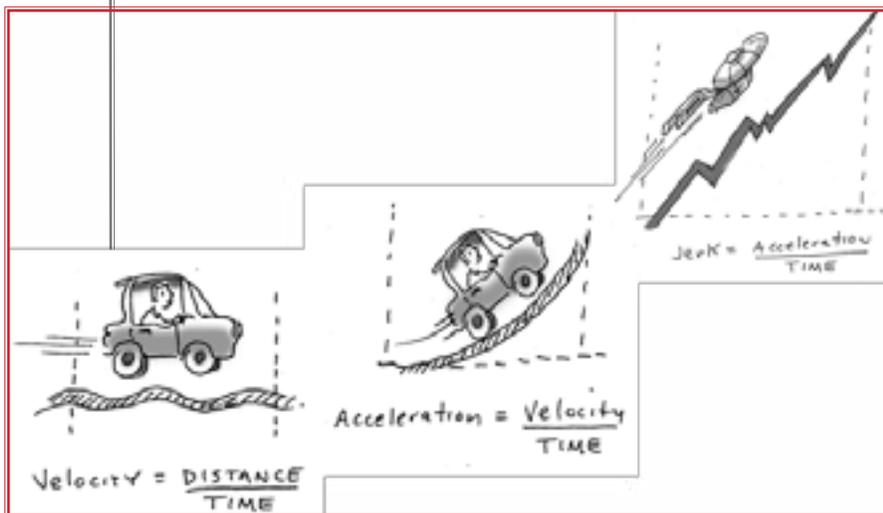
Another noted: *“... The change has been the most dramatic. And it has been highly emotionally charged. So my job now involves as much bridge building as participation and I have a lot of different audiences than the person in my job had two CEOs ago.”*

Others spoke of increasing levels of influence they now had as they adapted to the new requirements and worked more collaboratively and in a less controlling, more inclusive way. Increasing influence as a leader and working in an interdependent world requires the ability to truly connect with and inspire people, internally and externally. This is both different and more challenging work than the transactional fixes of the past.

### 3. FIRST TO SECOND ORDER CHANGE IS NOW REQUIRED

The kind of change required now has evolved by a significant degree. To say that the pace of change has accelerated is an understatement. In fact, many characterize the speed of change now

as a “jerk” in speed rather than just a mere change in velocity over time. Some note that this has brought a shift – from first order to second order change as many CEOs told us that business practice is different, challenging their very business models.



A CEO in Europe said: *“For us the whole way of doing business is different. The regulatory environment is different. The way the customers are looking at us... what they expect from us is different.”*

The speed and difference in change is also noted by a company’s constituencies — and happens in a world that seems to be less forgiving. The CEO of an Australian company stated: *“We used to evolve quite slowly. ... People now expect instant gratification. ... You don’t have the time for slow evolution. Not all (your moves) will be right. The tolerance for mistakes has to be greater, and you have to fix it later. That is a hard thing to do.”*



"Change has to be number one for us because our business model is actually under siege. Irrespective of the economic growth, a sustained low, flat yield curve is a very challenging business environment and there's a whole business imperative and dynamic I and other CEOs are dealing with — what does this whole company look like going forward?" CEO, US

Globally, change has been dominant. In the reform of the Chinese economy, the CEOs we interviewed described a drastic change within the order of the three functions or purposes of their companies. They told us that in the past, the order of the three functions was first, fulfilling the national mission; second, meeting their social responsibility; and third, building and growing the economy. That order has now reversed and forced CEOs to operate in different ways to meet this new order of priorities.

Similarly, in South Africa, one CEO related: "The change in culture, habitual change internally and externally, is a big challenge. It is very difficult for people to move and change the way they do things;

to understand that transformation is not only racial transformation, but change in the way things have to be done."

This leader shared the depth and power of the changes required: "Transformation is not just about business, but also about the movement to a more egalitarian society. This has required a difference in how we leaders think about the challenges faced and the systemic nature of solutions."

But most of all, the change requires adaptability and resilience, as noted by the CEO of a company in Turkey: "...This has been four hard years of cut, restructure, slash and burn; new ways of having to deal with business. Trouble is...it's not looking pretty in 2013. So now, that's five years. That's an awful long time to be going through painful change."

4. PREDICTABILITY AND FORESEEABILITY: FROM KNOWN TO EMERGENT  
CEOs told us that before 2008 they could more or less predict their environment and challenges, but now they are not effectively able to see what is coming. Today challenges are increasingly emergent. These leaders remarked that with this comes the problem of determining how to actually understand what is happening in order to be able to predict what is important to the success of the company. Merely understanding and planning for the future has become more difficult and tenuous. As a CEO in India stated: "I am going to do a five year plan and then measure myself against that plan? I think this is going out the window."

This level of unpredictability was noted by another CEO in the U.S.: "If you think things are going well, you should be uncertain that it will in the future."



Similarly, these leaders talked about needing to approach problems from a different vantage point and rely not on established solutions or even on known frames, but instead using emerging knowledge and insight from varied places both in the external environment and within their companies. In essence, the CEO cannot operate alone, but must rely on the knowledge of others and the emergent “wisdom of the crowd.”



A CEO in China asserted: *“Because of the global integration of the economy, you must take into consideration many factors. No one can make a decision alone. You must consider domestic, and global, and the industry supply chain—downstream and upstream.”*

Underscoring the need for leaders to operate differently in the face of complexity and unpredictability, a CEO in the U.S. advised: *“There is no playbook that you pull out of the bottom left hand drawer that says, ‘Okay now we all go left.’ So I think from that context it is really trying to understand the dynamics of how to operate in an environment where the things that were valued before are just valued completely differently today.”*

CEOs said that in the past they were able to rely on the same competition, but with changes in technology and in markets, that is no longer the case. A European CEO asserted: *“The environment was such that you could more or less predict who your competitors were and kind of set yourself in relation to what you think your competitors are ... (now) you have competitors coming from a very different area and a very different angle.”*

In fact, the new and emerging competitor doesn’t always hold the burden of history, so the innovations and ideas coming to the forefront are less predictable. CEOs don’t know which innovations and ideas will succeed, but they know some of them will bring about a whole new set of competition.

Given the change in what is valued, chief executives are recognizing the need for people to adjust their mindsets in order to thrive in a world of newly emergent problems. One CEO from India said: *“The biggest thing in the way of change or transition is the very strong mental models that people have and their inability to shed those mental models.”*

An Australian CEO added that it is very hard for people to get a sense of reality in this new leadership context.

*“The hardest thing is getting a sense of reality in this new situation. Constant change... it’s the hardest thing to get people to understand... Senior leaders have to be able to look at the big picture, and that picture has no frame.”*  
CEO, AUSTRALIA



## KNOWLEDGE IS LESS RELIABLE

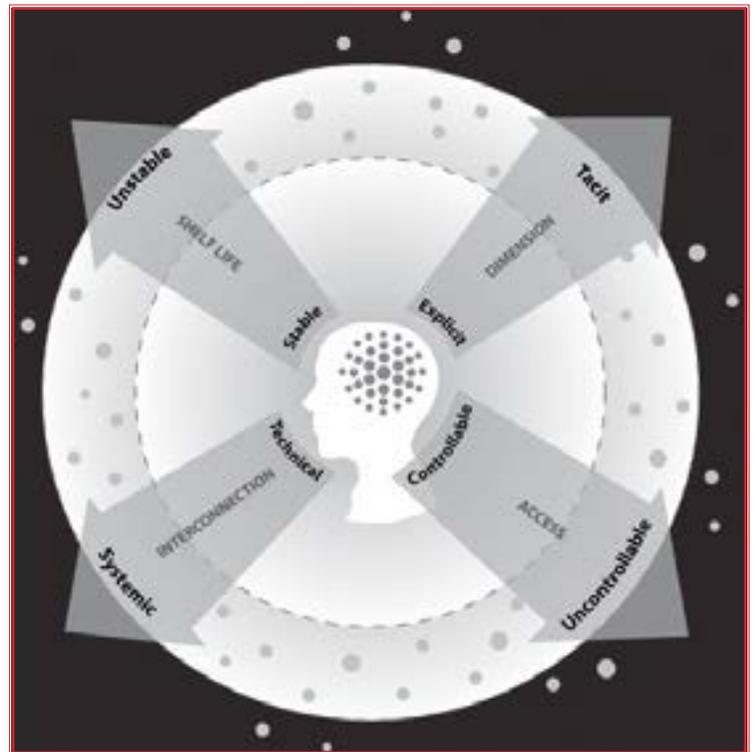
As challenges have become less predictable along the dimensions we've described, the nature and reliability of knowledge have also changed dramatically.

In the study, the following principles emerged relating to both the value and the nature of knowledge and how it affects leaders:

- Access to knowledge is increasingly uncontrollable and its “shelf-life” is low
- Tacit knowledge is as valuable as explicit – and critical to leadership
- Systemic knowledge leads to understanding complex problems in a way that technical knowledge cannot

### ACCESS TO KNOWLEDGE IS UNCONTROLLABLE AND SHELF-LIFE IS LOW

We are impacted every day by information technology and the increased awareness of how to use it to make new knowledge constantly accessible to all of us. Access to knowledge is increasingly universal and almost uncontrollable, and our knowledge bases are added to regularly thus leading to a shorter “shelf life” or duration of the knowledge. As a result, the most valuable knowledge perhaps is not “what is” but “why it is.” This “why it is” knowledge is tacit and different from the explicit knowledge that has been valued greatly by leaders and in business. This tacit knowledge is about understanding the unfamiliar rather than trying to absorb what is known today.



CEOs noted that unless you are interested in a very broad range of information and have creative ways to access it, things are moving so quickly that it can be difficult to stay ahead. One CEO in India related: *“Even if you are a leader who has 25 years of experience, if you have not really spent time learning the use of social media and the implications of social media, how can you understand what is going on?”*

In an interdependent world, where the CEO is dealing with so many constituencies, knowledge is less stable and it is almost impossible to control access. We learned that this has an impact on both the CEO – in terms of how she communicates with the world as well as the consequences of that communication.



One CEO in the U.S. described the complexity that technology and especially social media have created: *"I think there are more constituencies involved in the process, and maybe they were all involved before, but the ramifications of getting it wrong now are more severe. ... You can't get sideways with any particular community group that you are not thinking about or being conscious of. ... You can make a misstep and end up with an activist shareholder who has a different approach from you. You can make a misstep and there is a social media wildfire reaction. The things are magnified in a lot of different dimensions."*

Of course, technology and the pace of new knowledge also affects a CEO's ability to be up to date and know what is essential to consider in decision-making. A CEO in Europe noted the difficulty of keeping up with the pace of new knowledge: *"...understanding really what's going on... what affects our world. Since we know so much more, we get so much information—it is a challenge."*

*"Social media has gotten real hard... The difficulty is how do you manage social media in today's world? Anyone can go on Facebook and say 'I hate (this company)'" CEO, TURKEY*

Similarly, a European CEO stated: *"You make statements. You might very quickly not be in tune anymore with reality if you're not really broadly, very broadly interested in what happens around the world."*

#### TACIT KNOWLEDGE IS NOW AS VALUABLE AS EXPLICIT

The last shift is in the importance of a certain kind of knowledge. For many years technical knowledge has been king in a world of transactions. But now in a world of interdependence, CEOs told us that it is tacit knowledge—the knowledge of why things happen and how to do something—that is becoming more and more important. They worry in some ways that the rising generation

of leaders, and particularly those with very deep technical expertise, may not actually be able to learn the delicacies and intricacies of "how rather than what."

A U.S. CEO asserted regarding this shift: *"We used to say, 80 percent technical/20 percent social political. Complexity now is the fungibility of information. Eighty percent is social political and 20 percent is technical."*

Our CEOs were concerned that the leaders currently growing in their organizations may not be broad enough to drive change or complete a mission in the environment we face today. A European CEO highlighted this:

*"The challenge is to have people really broadly interested in and able to respond effectively to the changes affecting our world."*



A South African CEO noted the importance of tacit knowledge and the criticality of learning beyond the technical: *“We must bring young people into the corporate world and allow them to learn from their elders things that they were never taught at the university.”*

The question the CEOs are asking is “How do we create leaders who can acquire that tacit knowledge and use it over and over again?”

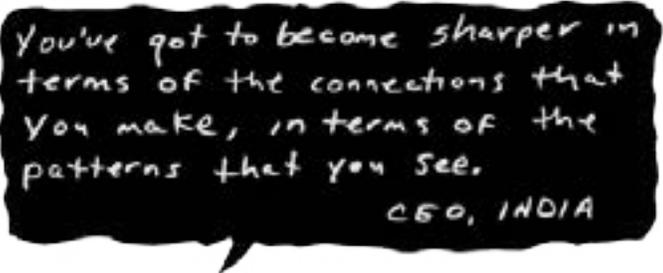
SYSTEMIC KNOWLEDGE IS CRITICAL TO UNDERSTANDING - AND SOLVING PROBLEMS

*“Thinking systematically has never been more important than it is now. I cannot solve a marketing problem only in technical because business is not fractured or fragmented. Successful businesses are those that operate networks consistently and well.”* -CEO, India

Because of these changes there is a natural shift in the value of technical knowledge to more systemic knowledge being key to decision-making.

One financial services CEO shared that in the past he was able to rely almost exclusively on the models his organization invested in over the last 10-15 years. However, he now finds himself increasingly uncomfortable with using that kind of information to drive his decision-making. He is not sure that the models include all the interdependencies and outside contingencies that go on in the world today. He told us he has had to learn to ask questions again in a very different way. As an example, he shared you can no longer solve a marketing problem with only your technical knowledge but instead have to include your systemic knowledge of what is going on in your geography and the dynamics of that geography with the rest of the world as well as your knowledge of consumer behavior and of the economy at large.

So the move from technical understanding to systemic understanding is another reason why perhaps the knowledge that has guided us in the past is now less reliable. A U.S. CEO asserted: *“I think there’s an interconnectedness now of the problems and changes and the issues. You need to have more people involved with the decision making, leaves the leader less in control of the situation.”*

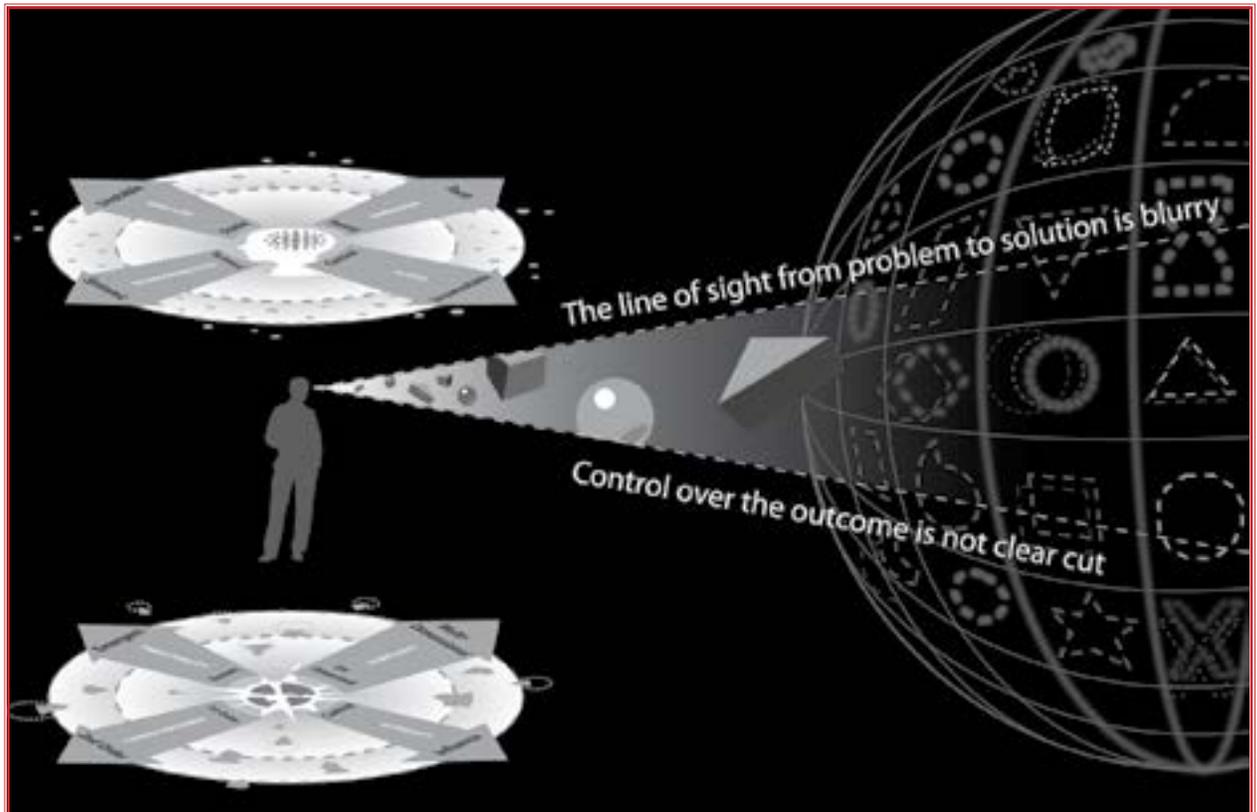


*You've got to become sharper in terms of the connections that you make, in terms of the patterns that you see.*  
CEO, INDIA



## LEADERS FOR THE NEW CONTEXT

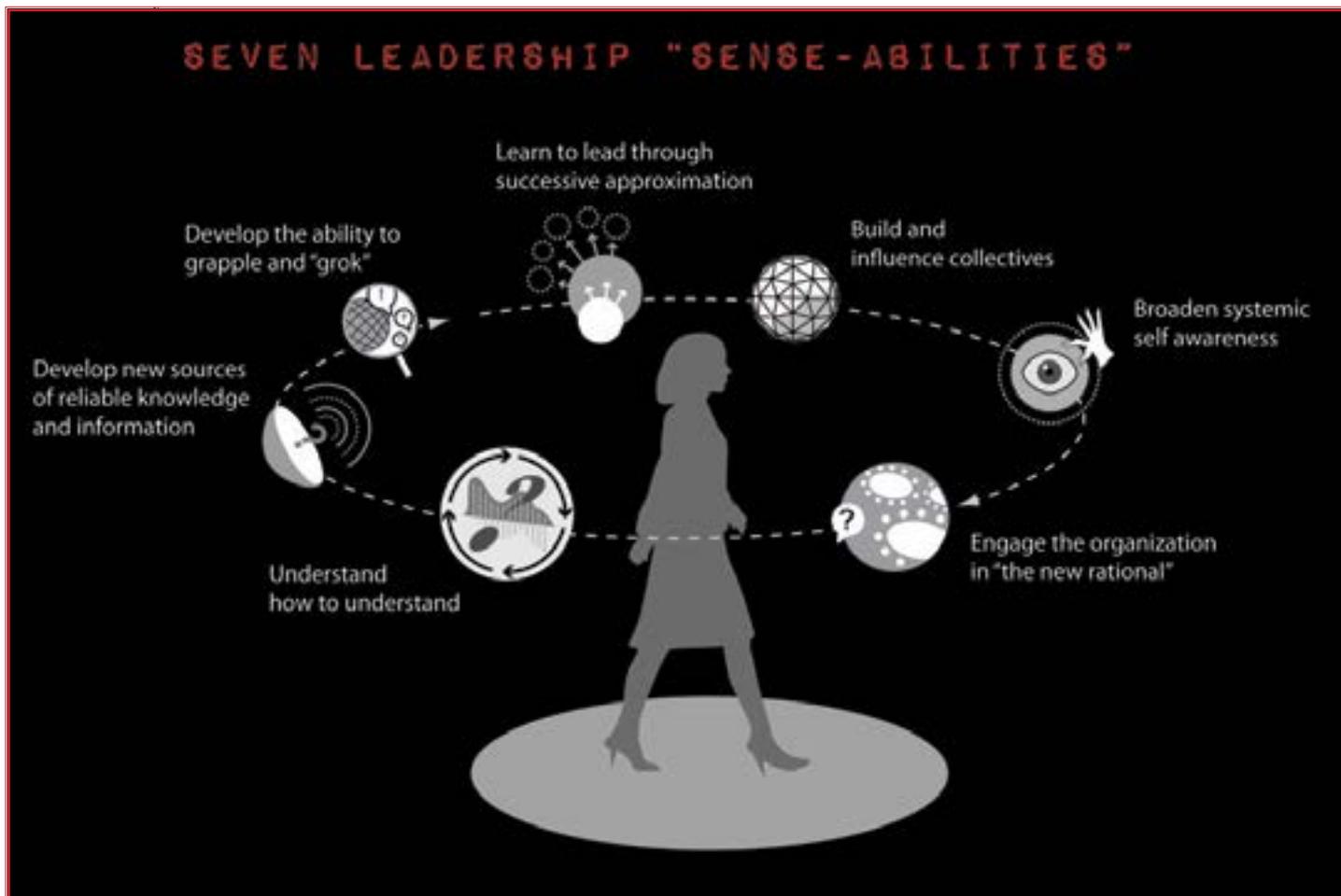
As our CEOs spoke about the challenges they faced as leaders and explicated the nature of the changed context in which they operate, two fundamental obstacles were clear: the line of sight they had from problem to solution was either fuzzy or hard to establish at all and control of the outcome was not clear cut at best and extremely uncertain at worst.



## BUILDING SENSE-ABLE LEADERS TO DEAL WITH AN INTERDEPENDENT WORLD

As we have considered the new leadership context and these key obstacles, we determined that a new set of mindsets, skills and abilities was needed. Our conversations with these CEOs uncovered seven Sense-Abilities that leaders must cultivate in order to survive and thrive in an increasingly connected and complex business context.





**Understand How to Understand:** Leaders must be able to deal with increasingly complex and unfamiliar contexts. The key question leaders must contemplate to develop this Sense-Ability is “How can I make sense of unfamiliar contexts as quickly as possible?”

**Develop Reliable Sources of Knowledge and Insight:** Leaders must cultivate and curate a more diverse personal network and broader set of trusted knowledge resources to help them “widen their lens.” As a leader, widening your lens and sharpening your curiosity is key to reading weak signals and anticipating business impact. The key question leaders must contemplate to develop this Sense-Ability is “How good is my radar for picking up weak signals that could undermine my business or for identifying new opportunities to grow my business?”



**Develop the Ability to Grapple and Grok:** Leaders must form a process of sense-making that enables them to more quickly identify leverage for action. The key question leaders must contemplate to develop this Sense-Ability is “How long can I hold on to multiple conflicting hypotheses about which course of action to take until I can see a way forward that gives me the most leverage?”



**Learn to Lead through Successive Approximation:** Leaders must cultivate the ability to make forward progress absent complete information. The key question leaders must contemplate to develop this Sense-Ability is “How can I quickly figure out the next move that will leave me the most options for the move after that?”



**Build and Influence Collectives:** Leaders must form collectives of individuals and entities that can see problems in new ways and respond to challenges differently. It is not enough to understand yourself; the road to success is littered with leaders that were “right” but not followed. The key question leaders must contemplate to develop this Sense-Ability is, “How do I engage people in a way that builds understanding and movement? Essentially, how do I inspire and bring people with me?”



**Broaden Systemic Self-Awareness:** Leaders must understand the upstream and downstream implications of their actions and interactions in the ecosystem within which they operate. The key question leaders need to ponder to develop this Sense-Ability is “What systemic consequences could result from a particular course of action?”



**Engage the Organization in the New Rational:** Leaders must work to redefine rational behavior; instead of *avoiding risk and following the rules*, it should become *seeing and seizing opportunities that will advance the business*. The key question leaders need to ponder to develop this Sense-Ability is “How do I move the default position of the organization from avoidance of risk to the pursuit of opportunity when the context seems less certain?”



Taken together, these Sense-Abilities enable leaders to make sense of what is going on in an increasingly unfamiliar and unpredictable business context and invoke the appropriate set of resources and capabilities to take collective action in order to achieve a desired outcome.

The new leadership context—our interdependent world—needs leaders who can employ these Sense-Abilities for success and effectiveness.



## APPENDIX A: QUESTIONS TO BUILD OUR SENSE-ABILITIES

The journey to building leadership Sense-Abilities begins not with answers, but with questions. We offer the questions below as you consider your own leadership, the challenges you face and the context in which you are immersed.



- Has there been a time in your life when the conditions around you changed dramatically? How did you respond? What lessons can you draw from that experience?
- How has the environment in which you lead today changed? What have you done to understand the genesis and evolution of those changes? What patterns do you see emerging?
- Where do you go for help when you are uncertain about what you are experiencing and what it means? Who helps you “look around the corner” and read signals? Are these trusted resources expansive enough for the challenges you face today or are you relying on what feels comfortable?
- How comfortable do you believe you are in dealing with unfamiliar environments, situations and relationships? Can you move when you don’t have the answer to unfamiliar questions or must you have complete information?
- How much do you rely on what has worked before in resolving challenges in unfamiliar contexts? What remains important regardless of context? What adjustments have you had to make and how did you decide on those adjustments?
- How much do you factor optionality into your decisions in unfamiliar contexts? Does your thinking extend beyond the next move to the possibilities that follow that move?
- How active are you in developing relationships with others who share your objectives or influence your success in a new environment? Have you developed ways to overcome differences and influence outcomes in this context?
- Have you ever taken an action as a leader to solve a problem only to have that action create another problem? How conscious are you now of the broader systemic consequences of your actions? What tools do you use to anticipate unintended consequences?
- Do you currently seek feedback from those that are involved in or impacted by your decisions? When faced with a new challenge or context, do you proactively put in place a system for generating feedback?
- How comfortable are you questioning the assumption set and rule-base that bounds your business context?
- Have you ever challenged the status-quo to pursue an opportunity you believe will add value? How did you get others to buy in to your thinking? Did your actions change the thinking going forward or did it revert back to status quo?
- Can you bring your experiences and insights back into your organization in a way that energizes others to think and act in new and different ways?



## APPENDIX B: METHODOLOGY

For the 2013 CEO Study: Leading in Context, we conducted interviews with 38 chief executive officers (CEOs) from around the globe to better understand what it takes to lead in an increasingly connected and complex business context. In order to increase the richness and depth of data, we interviewed each of the CEOs personally rather than relying on a survey instrument. Our conversations revealed many of the challenges that leaders now face in our changed business environment. We conducted semi-structured interviews with each CEO, following a pre-designed protocol.

All interviews were recorded, transcribed and analyzed to uncover the themes and conclusions given in this report.

## APPENDIX C: PARTICIPANTS



Our CEOs covered the globe physically in addition to representing most key global industries. From established western economic powers, like the U.S. and the UK, to the new eastern powers, like China and India, we gained varied perspectives on leadership and the challenges these CEOs face.



And though a number of our CEOs come from the financial services sector, we also had good representation across multiple industries.

