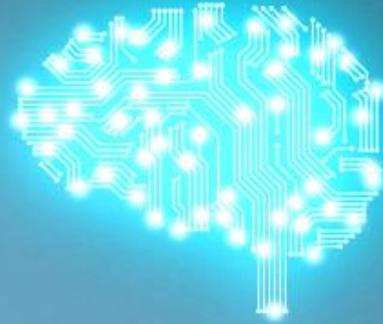# White Paper

Future leadership challenges and
changing leadership profile requirements

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Business leaders and their organisations will continue to face some tough times throughout 2018 and beyond. A great deal depends on them and a great deal will be demanded of them. To identify the key leadership challenges and the changing leadership profile, capabilities and attributes required to deal with them, Rialto surveyed attendees of its ongoing Leadership Lunch events which have been held for over a decade.

The events attract C-suite and senior leaders from all levels and sectors. The events have earned a quality reputation for bringing together leaders from across the country to discuss the key topics that matter to business today. The findings below are based on the top five challenges that were identified as most critical to be successfully addressed to achieve future business success and the five personal leadership attributes that were deemed most important to take their organisations forward.

More than 400 leaders attended the 2017 events and took part in the survey.

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Need to grow

In the face of existing and new competition, as well as uncertain economic and political climates, leaders must find new ways to grow and future-proof their organisation. In some cases, this will mean developing new business models to remain relevant and which will lead to increased revenue. In others it could entail forming strategic alliances or partnerships to access new markets or distribution channels more rapidly than traditional routes would allow. It will also involve accelerating and fostering a culture of innovation within the organisation. Irrespective of the route taken, leaders must ensure they are attuned to what customers want as this will be the underlying driver of growth. And as well as existing customers, this also means anticipating the needs of potential new customers.

People: skills gaps and talent development

The rise of robotics and automation will render some (if not many according to networking forecasters) existing roles obsolete but will also lead to creation of new ones. This is likely to compound existing skills gaps which leaders have already struggled to tackle. The 2017 Open University Business Barometer reported that 90 per cent of organisations find it difficult to recruit people with the right skills. While a nationwide issue, leaders must put new and remodelled strategies in place to address their individual workforce capability development needs. They need to determine where the company is heading and assess which skills are required to realise its aims. For instance, this could be a newly created role of data scientist, which is one of the hot skills of the moment. Having mapped the skills and talents required, leaders must conduct highly targeted recruitment campaigns but also invest in upskilling homegrown talent.

Keeping pace with rapid change

The pace of change will continue to accelerate as the world progresses further into the Fourth Industrial Revolution. Leaders must ensure their organisations are equipped practically and culturally to deal with ongoing change, ambiguity, uncertainty and business transformation. As well as the rapidity of the change, the potential scale of it cannot be underestimated. Entire markets are already being completely disrupted and there is likely more to come. While investment in the latest fit fir purpose technology is vital, just as critical is ensuring the organisation and its people have the right culture and mindset to continually embrace and adapt to change. To do this, organisations must be far less hierarchical and far more agile.

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Crossing the digital divide

Assessing where an organisation fits into the digital revolution is one of the biggest challenges leaders will face in their careers. Pressure is on all organisations to digitise and automate which brings far-reaching changes to how a company operates, its process as well as its offering to customers. Procrastination can lead to organisations falling behind competitors. However, leaders must ensure they have a digital transformation strategy which is clearly defined. An increasing number of organisations are establishing a digital leadership team to guide this and at the very least leaders must ensure the board is able to consult with those who have top level experience of digital transformation. Digitisation is often feared by both leaders and employees but this fear factor must be confronted and eradicated. The future is unmistakably digital and it is how leaders map their digital journey that will make the difference today and tomorrow.

Innovation

Innovation is key to several of the challenges facing today's leaders, including growth and digitisation. Enabling and fostering a culture of innovation to ensure it flows freely throughout an organisation poses a challenge in itself for many leaders. Innovation flourishes in organisations which have an appetite for risk and where employees feel empowered and free to experiment rather than be concerned about the negative implications of making mistakes. Strict hierarchical structures and regimes are the enemy of innovation. While most leaders would like to think they have moved away from these, there can still be residues of this leadership style. Leaders can begin by broadening the remit and parameters of their managers which can be infused into the shopfloor. As a key differentiator of the digital age, innovation is too important to be left to chance.


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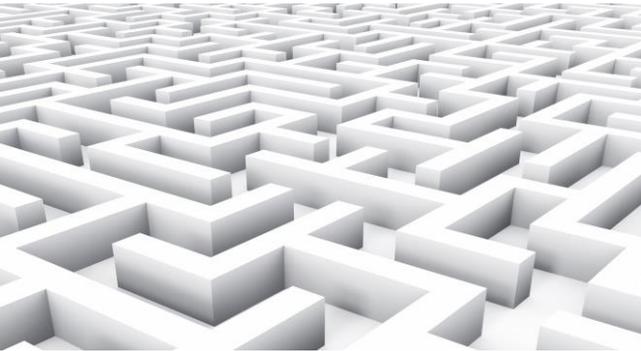
Agility

Recent years has seen the rise of the agile leader, who is able to steer the organisation through the twists and turns of the complex and ambiguous operating environment that businesses find themselves working in. Agility will become even more important as industry progresses into the digital age. Agile leaders must be able to adapt and flex to different business situations, allowing them to capitalise on opportunities or respond to threats. It isn't only about reacting in the moment though but also anticipating what might lie ahead and developing a strategy for how the company needs to change to deal with it. Agile leaders are open-minded, ready to listen to others and constantly alert to external forces that may impact the business. Agile leaders can achieve a great deal but is optimised when agility is embedded into the mindset and actions of the workforce and the whole organisation, it can become a major differentiator.

Strategic thinking
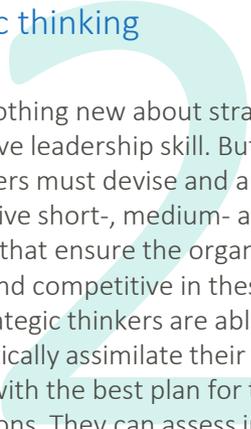
There is nothing new about strategic thinking as a must-have leadership skill. But more than ever, leaders must devise and articulate clear and effective short-, medium- and long-term strategies that ensure the organisation remains relevant and competitive in these challenging times. Strategic thinkers are able to objectively and analytically assimilate their thoughts to come up with the best plan for their organisations. They can assess internal and external dynamics, gather and analyse data and feed it into the strategy. They also know what to focus on at the appropriate time which can often help steal a march on distracted competitors. Strategic thinkers do not live in ivory towers but instead cascade their vision throughout the organisation, while being instrumental in its implementation and articulate an inspiring purpose to teams.

Communication
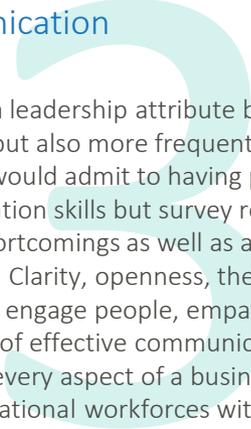
Never has a leadership attribute been more important but also more frequently overlooked. No leader would admit to having poor communication skills but survey results frequently point to shortcomings as well as a mis-perceptions in this area. Clarity, openness, the ability to tell stories that engage people, empathy and listening are all part of effective communication and it underpins every aspect of a business' operations. Inter-generational workforces with vastly different motivations make even more demands on leaders' powers of communication. And the incoming Millennial and Centennial generations have grown up in a far more transparent world in which social media has provided a platform for them to air their feelings. If a product or service falls short, they'll say so. They are likely to apply similar principles in the workplace as evidenced by the growth of Glassdoor. Great leadership has always begun with an ability to communicate well but it is high time that all leaders practice it.

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Curious and questioning

Curiosity has steadily crept up the leadership behavioural ranking in recent years and it is easy to see why. It was given a huge fillip when Dell chief executive, Michael Dell, said he would bet on "curiosity" as being what would help organisations succeed in difficult times. Naturally curious people love to learn, explore and widen their perspective on life. These are also great attributes of leaders and ones that, increasingly, will help to grow and expand the company. Questioning everything shouldn't stop at leadership levels but often can. Being curious about markets, customers, competitors, employees and more can directly lead to new avenues for the business. Leaders may not feel their daily schedules gives them much time for curious inquiry but need to consciously make it part of their psyche and apply it, as well as foster it at organisational level.

Resilience

VUCA (volatile, unpredictable, complex and ambiguous) operating conditions have put a premium on resilience as a leadership trait and this is unlikely to change in the foreseeable future. German philosopher, Friedrich Nietzsche's line, "That which does not kill us makes us stronger", could certainly be a truism in the case of leaders and resilience. From being talked about as a must-have trait, there an increasing band of leaders who have shown how resilience have helped their companies navigate through challenging times. Leaders who haven't yet been exposed to such turbulent times would do well to learn from their experiences. Being resilient isn't just important in times of crisis though, emotional and physical strength can help in leaders' daily work routines, to push through initiatives and implement strategies and could prove especially relevant for digital transformation programmes.

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Looking ahead

The Rialto 2018 Leadership Lunch programme is already underway and we have started to gather data for this year's research. It will be fascinating to see whether the same challenges and attributes appear in our top five rankings at the end of this year. It has never been more important for leaders to share their experiences and learn from one another and this is one of the driving factors behind the programme.

Individuals who would be interested in being part of the discussion this year can find out more about the programme of events by visiting

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