



Executive Report

Future leadership skillset requirements
Summary of Rialto research undertaken in 2018

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1. Introduction

The critical demands, increased pace of change and the landscape for modern leadership continue to change and therefore the requirements to succeed as an effective leader are constantly evolving. Digital disruption, the Fourth Industrial Revolution, evolving technologies like artificial intelligence, blockchain, the Internet of Things (IoT), machine learning and robotics are automating work and transforming the workplace and the role of leaders.

Every year, Rialto Consultancy tracks the capabilities, skills and experiences that future leaders will need to successfully lead businesses through the Rialto Accelerated Leadership Index (RALI). This real-time benchmarking index continually collects data ensuring an accurate and up-to-date picture of current and in-demand leadership requirements. This report provides the latest update from RALI and shows how the skillset has evolved since our last publication in 2018.

The report is also informed by the Rialto Consultancy 2018 Leadership Lunch events, which bring together C-suite and senior leaders from the public and private sectors to discuss the emerging economic & customer environment and key leadership trends and developments in the world of business. The events, which have been running for more than a decade, have earned a quality reputation. Throughout 2018, we surveyed more than 300 senior level attendees about the greatest challenges which lie ahead for them and their organisations and the consequential impact on the evolving leadership skillset required.

From their responses, we have distilled seven future leadership skillsets which will be key for aspiring and accomplished leaders to acquire or build in 2019 and beyond.

[Are you ready to lead in the future world of work?](#)

2. Risk-taking

Successful leaders have always needed to manage and mitigate a certain level of risk if they are to grow their businesses. It is reasonable to suggest, though, that the global recession instilled a more risk-averse culture in a cohort of leaders who were more focused on survival than expansion. But the changing customer expectations, the increasing importance of innovation and the increasing speed of technological and business change means that future leaders must regain an appetite for risk. While competition continues to intensify, globalisation and the more sophisticated online environment have opened many more new channels and opportunities.

Winning new contracts and customers relies on getting new products and services out to market more quickly so the company won't be left behind by more agile and responsive competitor organisations. It means innovating more like a start-up and instigating shorter and more rapid research and development to market cycles. Leaders must continue to learn how to judge when taking more of a risk makes good business sense. They must also be prepared to fail fast and learn from failure, instilling a level of risk-taking in their workforces so that innovation and great ideas can organically rise to the surface.

Innovation can come from all corners of the organisation but only if leaders allow it to happen and ensure it isn't stymied by the focus on day-to-day operations. Risk-taking needs to be balanced with good governance and controls and this is one of the biggest challenges facing leaders.

Leaders should think strategically about risk and budget for it and, if a product or service fails first time round, make sure there is a contingency plan to go back to the drawing board or move to the next iteration.

3. Connected and team-centric

The business world has moved away from the hero leader who often flies and acts solo towards a far more collaborative and team-centric one. But, crucially, they must understand that the teams they find themselves leading may no longer be made up of people they see every day. Teams increasingly include remote, contingent workers as well as contractors and increasingly AI & robots.

Moreover, they could find themselves part of a wider business network or ecosystem which has supplanted traditional organisational hierarchies. This new agile business ecosystem is a network of people and organisations that come together to deliver products and services and typically includes customers, suppliers, distributors, industry bodies as well as competitors. Members share ideas and resources. They influence and depend on each other and collaborate and compete.

Managing this complex web of relationships puts a premium on core team-building and soft skills such as communication, motivation, negotiation and problem-solving. What's more, leaders must be able to apply these skills in increasingly dynamic and connected environments. It is easy to assume that all leaders acquired these on their way up the career ladder but sadly they are absent or lost from many leaders' skillsets. As well as ensuring they are equipped with these core skills, leaders also need an understanding of all business functions and their priorities and challenges. They need to have a firm grasp of the issues and technologies that are impacting their industries and sectors. Unless they have these skills and all-round knowledge, they are unlikely to be able to build credibility, trust and loyalty with their internal and external teams.

4. Transparency and trust

Even the enhanced regulatory framework and systems that govern today's business world cannot guarantee that organisations will always do the right and proper thing by their employees and customers. Sadly, incidents of bad corporate behaviour still, too frequently, make the headlines. Nonetheless, organisations now operate in a highly transparent world so the risk of exposure is much higher. Employers and customers want to like and have trust in those organisations they work for and from which they buy products and services. Hence notions of 'trust' and 'trustworthiness' consistently rank highly in employee and customer surveys as well as those relating to desired leadership skills and attributes.

The 2018 Edelman Trust Barometer reported that more than half of respondents worldwide (52%) place trust in business "to do what is right". While trust frequently features in a company's corporate values, leaders and leadership teams must consistently model the behaviours and characteristics that symbolise it in their everyday actions as well as at executive level. It isn't enough to post a podcast on the corporate website and tell the workforce how well they've performed. They must demonstrate they genuinely care about their people by connecting and engaging with them at all levels. They must also ensure that every employee is treated fairly and transparently and eradicate bias from not only behaviours but also processes like performance management, recruitment and onboarding.

A workforce that respects and trusts its managers and leaders will be better placed to build rapport and credibility with customers. And in increasingly competitive customers markets where there is more choice and less loyalty, this will be a key differentiator.

5. Digitally-Savvy

An increasing number of authoritative surveys point to an increasing digital leadership void that is evident in many companies. This is borne out by the high failure rates of digital transformation programmes (50% - 80%) and tales of projects having stalled or detailed due to a raft of reasons, including organisations not having the right culture in place to support the shift to digital and a lack of appropriate skills. There is also evidence that leaders simply aren't engaging with such programmes effectively on every occasion. The reality is that many leaders have mentally and physically outsourced the process to other departments such as IT. Yet there is a desperate need for digital leadership at the very top of the company. As hackneyed as the phrase is becoming, "we are all tech companies now" and what we do, how we do it and where and how we sell to customers all relies on digital technologies. It is hard to think of a business process that isn't touched by technology so the idea that leaders are shunning ownership of digital transformation projects is unfathomable. It is perhaps due to fear of change, lack of understanding or in some cases, inertia. Irrespective of the root cause, it needs to be confronted, and quickly. As the Fourth Industrial Revolution gathers pace, leaders have an ever-shrinking window to prepare their organisations for the digital age. As well as addressing their own shortcomings, leaders must focus on the skills that the organisation needs not just to support and ensure the transformation programme is successful but further into the future. Artificial intelligence will replace some roles but will create others. In line with this, leaders must understand how the human workforce will be complemented by and work alongside the robotic one. Not all leadership challenges in the next five years will be rooted in digital technologies, but a significant proportion will.

6. Customer-centric

Whenever an entirely new role is being replicated at other organisations, it is a signal to sit up and take notice. The practice of appointing a chief customer experience officer (CCEO) is moving up the business agenda. The 24/7 online world, proliferation of diverse sales and marketing channels and accessibility of more global markets means there are far more customers out there to be won or lost. There are also many more companies and start-ups with which to compete. Customer experience (CX) is central to recruiting new customers and retaining existing ones and must go beyond mere satisfaction. Organisations must become customer-obsessed and this means leaders can no longer remain remote from those who buy their goods and services. They must recognise that it is the customer who holds the balance of power and should work with frontline and customer service teams to understand their customers' motivations and preferences. Though they might not be hands-on in terms of process, they must have a clear understanding of the customer journey and make themselves responsible for ensuring consistency of service and that any pain points in the experience are eradicated. It isn't a one-off job though and leaders must ensure they have appropriate feedback channels and mechanisms in place to monitor and measure customer experience levels on an ongoing basis. Increasingly, this means investing in data and analytics software and systems to build a clear picture of who existing and potential customers are and what they want not just today but in future. In turn, they must upskill customer service teams or recruit data scientists and analytics professionals to turn their findings into actionable insights. While customer experience is about people at the front-end, behind the scenes it is increasingly a science based on leveraging the insights contained in mountains of data.

7. Effective, authentic communication & improved employee experience

At this time of great change, it is vital that leaders can engage employees with the organisation's vision and strategy but they can only do this with clear and compelling communication. It must be authentic and it has to be believable. If trust exists between the two sides already it will be far simpler for employees to buy into the vision and be part of implementing the strategy. Similarly, the more open and honest the leader is in their daily actions, the more believable they will be. They should be upfront about any difficulties or issues on the agenda or that the future may hold and be clear on objectives and desired outcomes. The rise of inter-generational workforces means that leaders also need to be able reach different audiences effectively and therefore require the ability to empathise so certain groups do not feel alienated. Effective and authentic communication is also crucial to building and enhancing corporate brand to external groups such as customers, supply chains and other stakeholders. For leaders who always remain true to themselves and their values and who set high standards of behaviour for themselves, authentic story-telling and effective communication comes naturally. Although potentially the most powerful leadership skill in the toolbox, it is often the most poorly used one. As many leaders have found to their cost, it is a huge false economy to assume words are cheap.

8. Agility and resilience

If leaders were permitted only two attributes, agility and resilience would, arguably, rank as the most powerful in the current and predicted business climate. In short, agile and resilient leaders need to build agile and resilient organisations that can react and adapt to change and thrive and prosper in highly challenging markets. Leaders who can think on their feet and problem-solve and strategise when under pressure are well placed to take advantage of the opportunities the digital era brings but those who can't are more likely to buckle under the pressure. Agile thinking could be the difference between a leader spotting a great business opportunity before everyone else or being blind to it. Agile leaders tend to be more effective at devising, implementing and managing change programmes which is another key trait in the era of digital transformation. They are, of course, also far better placed to build a culture to support agile working which enables organisations to quickly react and respond to market conditions or developments impacting their sector. During the global recession, resilience was cited as a key leadership skill because leaders had to dig deep and lead their organisations through financially difficult times. But the relentless pace of technological change and the demands of an always on 24/7 operating environment means it continues to be a highly desirable leadership trait. With innovation hovering near the top of the corporate agenda, coupled with intense pressure to get new products and services to market, resilience enables organisations to “fail fast” and quickly bounce back. Resilience and agility are optimised when fully embedded into the mindset and actions of the workforce and the whole organisation and will help to ensure it remains both future fit – and fighting fit.

9. About RALI

RALI is an innovative digital resource (based on 5+ years research) which identifies the leadership capabilities and experiences that individuals will need to display to stay relevant in the workplace of the future where AI and rapidly developing technologies will replace many current jobs and create new ones requiring new skillsets.

Providing both accomplished and aspiring leaders with data to determine the gaps that are emerging in their knowledge, capabilities and experience, more rapidly and more regularly, RALI delivers ongoing intelligence by mapping the market and comparing individuals profiles with those of their peers thus delivering uniquely valuable intelligence and actionable insights.

For more information visit www.ralionline.com

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The Rialto Consultancy Ltd
25 Southampton Buildings
Chancery Lane
London WC2A 1AL

T: +44 (0)20 3043 8640

E: info@rialtoconsultancy.com

www.rialtoconsultancy.com