

# FIVE LEADERSHIP SKILLS FOR THE FUTURE

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Today, and even more so in the years ahead, we need leaders who can help transform their firms—so they become more agile, more innovative, more digitally savvy, more customer-centric, more inclusive, and more human. The problems to be solved—and opportunities to be seized—increasingly present what Harvard Kennedy School professor Ronald Heifetz calls “adaptive challenges,” complex situations in which there isn’t an obvious answer or clear choice, and solving problems depends on the brainpower and engagement of everyone not just the top leaders. Think, for example, about tackling environmental issues or systemic racism. As described by Microsoft chief executive officer (CEO) Satya Nadella in his book *Hit Refresh*, adaptive challenges require a mindset shift, from being “know it all’s” to becoming “learn it all’s.” I have found that five critical leadership skills are vital for creating an environment in which learning things the organization does not know how to do is valued over executing flawlessly on what it knows already. They are

- Cross-cutting: developing networks that extend to a diversity of people,
- Collaborating: fostering psychological safety to increase team performance,
- Coaching: having critical conversations that develop others’ potential,
- Culture shaping: shaping organizational culture by molding corporate practices, and
- Connecting: growing in empathy and authentic leadership.

## Cross-Cutting

Invariably, threats, opportunities, and new ideas come from the outside, outside your group, outside your company, outside your industry—maybe from customers, maybe from competitors, often from very unlikely sources. That’s why leaders need to cultivate cross-cutting ties that allow them to reach out and link people, ideas, and resources that wouldn’t otherwise connect.

Research shows that leaders with broader, more diverse networks of relationships perform better than leaders with a narrower reach. A recent study reported in *Harvard Business Review* of over 1200 S&P 1500 CEOs, for example, found that CEOs with more diverse networks create more firm value—because they are more innovative, as measured by patents, and engage in more productive, diversified mergers & acquisition activity. CEOs who were diversely connected (at the 75th percentile of the researcher’s “diversity index,” as based on gender, nationality, academic degrees, professional expertise, extracurricular activity, and global work experience), compared with those who were simply average, improved Tobin’s Q, a ratio of market to book value of assets, at a level equivalent to an \$81 million increase in market capitalization for a median-size firm in their sample.

New ideas enter organizations through people who are bridges between their specialty or company unit and the larger ecosystem in which they operate. But, my research reported in my book *Act Like a Leader, Think Like a Leader*, on how people build and use networks clearly shows that cross-cutting networks are the exception not the rule in corporate life. That is because human beings tend to be “narcissistic and lazy,” forging connections to people who are the most like them and nearest to them. The good news is that small changes can go a long way towards correcting this problem. Google, for example, found that its higher performing employees tended to build larger, more productive networks by using intentional strategies like deliberately eating lunch with different people in order to do so. In business, connectors facilitate productive collaboration.

## Collaborating

Although teams typically overperform the individuals that form them, they easily make poor choices when the ingredients of high-quality collaboration are absent. Reluctance by employees—from the senior leadership teams to the lowest rungs of the firm—to share their ideas, for fear that their contribution will not be appreciated or valued, or that challenging the status quo could be career limiting, is a major barrier to innovation.

How to get the best performance from a team was the subject of one of Google’s most famous studies, reported in *The New York Times* and elsewhere: Project Aristotle. Investigating every possible variable, the researchers hit on what scholars already knew: it’s the team’s norms that matter most. One norm in particular, psychological safety, defined as the shared belief that a team is safe for taking risks, is vital for performance. Members of teams that are higher in psychological safety have greater confidence that the group will not embarrass, ridicule, or reject a member for speaking up. This is a necessary—and often lacking—condition for members to disclose private information, challenge each other on the facts, and reach better decisions.

The failure to establish psychological safety is legion in many a story of corporate failure and scandal. As streaming started to take off, Netflix CEO Reed Hastings, for example, proposed breaking up Netflix into two separate companies that would charge for DVD and streaming services separately. The decision, reversed after less than a month, was a huge flop, one in which the firm lost millions of subscribers and its stock dropped 75 percent. Afterwards, members of Hastings’

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team said things like “I knew it would be a disaster but Reed is always right,” or “No one else brought it up, so I didn’t either,” or “You are so intense when you believe in something, that I thought you wouldn’t hear me out.”

While the notion of psychological safety has gained currency in recent years, executives often remain at a loss for how to establish it. Research published in the *Science* article “Evidence for a Collective Intelligence Factor in the Performance of Human Groups,” by Anita Williams Woolley and co-authors, shows that the higher the social sensitivity, which is akin to empathy, across all team members, and the more team members take turns participating, the more effectively a team performs. But, creating a space where open and constructive dialogue can take place requires a different leadership style than that on which many executives, schooled in the art of vigorous advocacy, have built their success. That’s why adding a coaching style of leadership to one’s repertory is so important.

## Coaching

When constant and disruptive change is the norm, executives simply won’t be able to provide leadership in the form of answers. It’s the employees on the frontline who have their fingers on the pulse of what customers need and how to best provide it. And, with the availability of powerful digital tools that provide real-time data on key metrics, it no longer makes sense for managers to spend their time monitoring employees. That is why the role of the leader is becoming that of a coach, someone whose job it is to facilitate the development, learning, and performance of another.

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This view of coaching is not the familiar, benevolent form of sharing what you know with someone who is less experienced. It’s a way of using questions to spark insights in the other person and a choice to give support and guidance rather than instructions. When David Morley, then the senior partner of law firm Allen & Overy, decided to make coaching a key part of his firm’s leadership culture, for example, he talked with his colleagues about the importance of having high-value conversations, with their employees as well as their clients. Workshops were deployed to teach the lawyers how to enable people to perform and progress through more regular, open, and effective coaching conversations.

Because coaching hinges on the “art of the question,” it is integral to the fabric of a learning culture—a skill that people at all levels need to develop. But, for leaders whose success has come by telling others what to do, a coaching approach often feels too “soft,” too slow, or even disingenuous. Like any new skill set it needs to be taught, role modeled by senior leaders and supported—instead of undermined—by the organization’s culture.

## Culture Shaping

As anyone who has attempted a corporate transformation knows, articulating the desired cultural and mindset shift is the easy part. To allow deep change to flourish, leaders need to recognize that culture is baked into iconic practices—processes, systems, and ceremonies that are emblematic of the core values of the past and that can persist long after they have become stale or counter-productive—and eliminate the mixed messages.

At Microsoft, for example, quarterly business reviews (QBR) had become a form of corporate theatre in which top executives grilled senior managers from around the world on their performance and plans. Given the high visibility and career-defining importance of making a good impression—and the fear impact it had on people—company executives devoted months of their time to preparing for it, time their own workforce analytics showed could be more profitably put to use with customers. Worse, the ritual required managers

to paint the best picture of the business they could without admitting mistakes or failures under scrutiny. But as the shift to a learning culture unfolded it became clear that this only rewarded the “know it all” stance: having the right answer, being “the smartest person in the room.” So, Microsoft eliminated the QBR, in favor of a more learning-oriented session in which coaching could take place. Taking a wrecking ball to practices that reinforce the wrong message is essential to any effort to transform culture.

## Connecting

In an interview published in *The Guardian*, New Zealand prime minister Jacinda Ardern, who became a global role model for a more humane form of leadership by her compassionate and heartfelt support for victims of the mass shooting at mosques in the city of Christchurch that left 51 dead in 2019 states, “I think one of the sad things that I’ve seen in political leadership is—because we’ve placed over time so much emphasis on notions of assertiveness and strength—that we probably have assumed that it means you can’t have those other qualities of kindness and empathy. And yet, when you think about all the big challenges that we face in the world, that’s probably the quality we need the most.” Likewise, when participants in a panel I moderated in October 2020 for the World Economic Forum’s Jobs Reset Summit were asked what is the top quality needed in leaders today, over 70 percent selected empathy.

Today more than ever who you are and how you connect to others matters. Kaiser Permanente CEO Greg A. Adams, for example, draws on his life experience as a native of rural Georgia and frontline caregiver to lead on social justice issues ranging from racism, mental health, and gun violence to homelessness, poverty, and affordable housing. Developing this kind of personal leadership capacity requires vulnerability and courageous self-exploration; the growing self-awareness that ensues allows leaders to extract valuable life lessons that increase their capacity to empathize, and therefore, connect to others who undoubtedly share some of the same struggles.

## Conclusion

The massive changes in societies, markets, customers, competition, and technology around the world over the next 25 years will challenge organizations to learn new ways of operating. Often the toughest task for leaders is resisting the urge to provide leadership in the form of answers and instead mobilizing their people throughout the organization to tackle adaptive challenges together. That means executives must increasingly supplement their industry and functional expertise with five leadership skills—cross-cutting, collaborating, coaching, culture shaping and connecting—that increase their own and their people’s capacity for learning.

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