

TOP TALENT: KEY COMPETENCIES OF TOMORROW'S LEADERS



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By: Anita Hoffmann , Executiva Ltd
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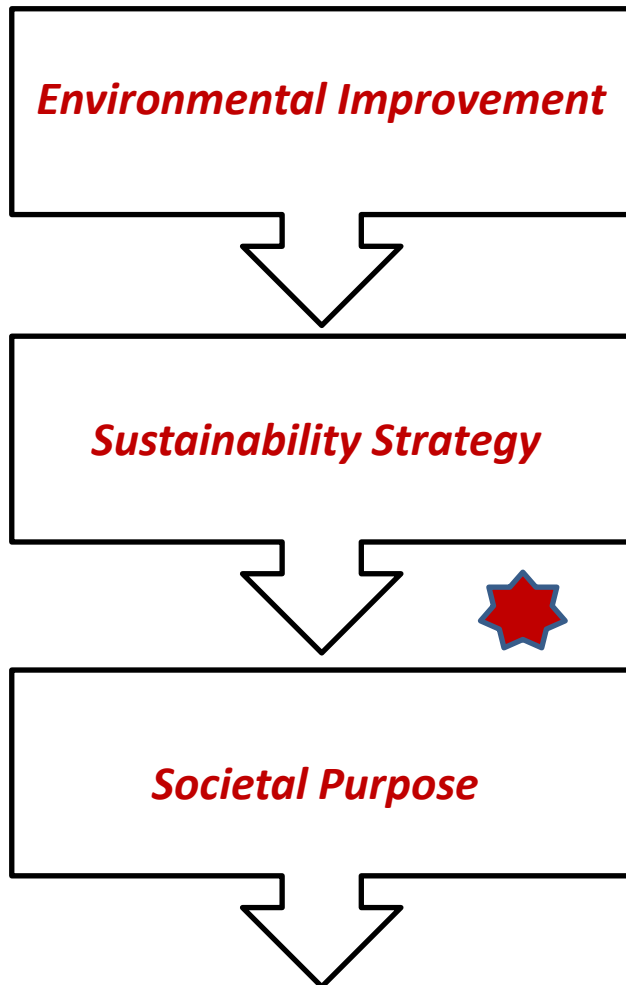
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Energy Renewables CleanTech Water Sustainability Climate Change

Sustainability now a 'must have'...but how do we know companies can deliver?

- ***Sustainability = long term healthy delivery of obligations to ALL stakeholders.***
- ***Corporate Philanthropy*** – developing from the 'grant giving' team on the fringes of the main business to a centre of expertise for engagement with society.
- We all know when we see a really good CEO/leader setting out their sustainability agenda. But ***what are they actually doing?***
- My hope is that this research will ***help you and your organisation think about what it takes to become a business which is truly part of society and not apart from society.***
- All of us on the panel also hopes that this session will ***assist you in taking a wider role*** in your company in developing Sustainable Leadership in all its aspects.

The Sustainability Journey



- **Stages on Sustainability Journey**
 - Reporting – baseline and improvements often environmental in nature
 - KPI's for organisation and Personal goals for individual leaders
 - Corporate Responsibility Programmes with social outreach
 - Corporate wide sustainability strategy – be a good corporate citizen, NetPositive
 - Sustainability as core driver – driving product and service development.
 - Contributing to solving major world issues
- Companies often find that their **leaders are not equipped** for the latter stages.
- This as **they were recruited, developed and promoted on operational excellence.**

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Summary and Background to the Research

- Change of business climate - leading boards and executive teams trying to articulate new leadership competencies
- Respondents were CEO's, CHRO's, CSO's, Chairmen and industry Observers, Pension Fund Advisors, NGO's. Global organisations headquartered in Australia, China, Denmark, France, India, Netherlands, UK and the USA.
- Findings: ***Five perspective themes and six key new leadership competencies*** identified and performance levels for classic competencies upgraded – impact on society.
- Additional demands on leaders and their ability to understand and interact with external forces, longer term issues and risks ***as well as*** continuing to run operations and internal processes efficiently and safely.
- ***Even leading companies are only 2-3 years into the Sustainability Leadership Journey.*** The leadership topic is their key focus for the next couple of years for respondents of all types.

The Five Themes

- Guiding principle of leading companies: *re-unite* social utility of their products and services with financial utility.
- **Five themes of changed context** for companies and how they operate
 - **Living with uncertainty and complexity**
 - Dilemmas vs. puzzles, Long term trends, ‘Memories of the future’, Hi impact /low probability risks
 - **Valuing difference**
 - Cognitive diversity, Critical friends, Listening do ‘different’ voices
 - **A relational enterprise**
 - Relationships core , Partnership building for innovation, Single individual stakeholder – social media.
 - **Stepping outside the system**
 - Changing sector business model, experimenting on the edge of the business, Values as guiding light
 - **Leaders developing leaders**
 - Leaders to learn from, Achievement definition, Devolved authority of stakeholder relationships

The Top Competencies

- Competency frameworks with anchored performance scales are commonplace tools in companies. Most were developed mid 90ies to early 00ies. Revision needed for current environment.
- Some competencies are new (N), some redefined (Re) and some classic (C) competencies have redefined performance levels – impact on society.
- Of the 23 competencies the following were selected as key for the future:
 - **Ethics & Integrity** - (C)
 - External Awareness and Appreciation of Trends - (N)
 - Visioning and Strategy Formulation - (Re)
 - Risk Awareness, Assessment and Management - (Re)
 - Stakeholder Engagement - (N)
 - Flexibility and Adaptability to Change – (Re)
- A competency framework is not the only answer, but a practical way of starting to understand the '**Sustainability Leadership Gap**' for individual leaders and organisations.

Sustainable Leadership and Corporate Governance – Filling the ‘Sustainability Leadership Gap’

- **Questions for senior executives and human resources directors:**
 - Do you assess your leaders with sustainability in mind?
 - Reflected in recruitment, development and promotion of executives?
 - Are environmental and social issues integrated into incentive and reward schemes?
 - Are you working with your executive search and development partners to ensure these new leadership competencies permeate all levels of your recruitment ?

- **Questions for chairmen and boards:**
 - Sustainability part of board evaluations and succession planning?
 - Is there a nominated director responsible for taking the lead on sustainability issues?
 - Does new director training programs cover sustainability opportunities and risks?
 - Is there an advisory panel of ‘critical friends’?

- **Questions for Corporate Philanthropy teams:**
 - **Do your companies leaders display the five themes and 6 competencies?**
 - **Are the companies succession planning, recruitment and promotion aligned with this?**
 - **Can Corporate Philanthropy become a ‘sustainability competency centre’ for some competencies?**

Competency Definitions

Ethics and integrity (classic)

Acts not only within all applicable laws and regulations, but actively strives to go beyond these to act in accordance with the company's and their own highest values.

External awareness and appreciation of trends (new)

Scans the horizon far beyond his/her own company and industry to understand what is happening in business and society at large. Interprets trends and signals in such a way that colleagues, customers, and other stakeholders can see how this might create opportunities as well as risks.

Visioning and strategy formulation (redefined)

Leads and co-creates the development of and communicates a compelling future (vision) for the business reflecting its social responsibilities, creating value for the many, and recognizing the varying aspirations and expectations of stakeholders.

Risk awareness, assessment, and management (redefined)

Identifies, assesses, and manages risks including as they relate to corporate reputation and to stakeholder relations. Leads assessment of low probability/high impact risks that could jeopardize the company's future

Stakeholder engagement (new)

Demonstrates an interest in and knowledge of evolving stakeholder sentiment and expectations, and is able to respond astutely and respectfully to competing stakeholder interests.

Listens to and builds action-oriented, mutually beneficial partnerships including those with unconventional stakeholders.

Flexibility and adaptability to change (redefined)

Demonstrates ability to lead the organization also when there is considerable controversy and ambiguity concerning the best way forward. Listens carefully and respectfully to voices inside and outside the company for new information that might require a change of direction and thinks creatively about possible new ways of doing things.

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Table Discussion Questions

- How does your company develop sustainable leaders and how can those with responsibility for philanthropy or corporate citizenship uniquely contribute to this new way of leadership?
- How can your community relationships, understanding of social issues impacting business growth, and comfort with longer time horizons for results serve as a knowledge center for leaders in other areas of the company?
- What take-aways from this session can you bring back to your company and who will you engage with as a next step (HR, corporate affairs, C-suite, etc.)?

Q & A