ENTERPRISE LEADERSHIP

DEVELOPING NEW LEADERSHIP FOR A NEW WORLD

KORN FERRY
BE MORE THAN
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INTRODUCTION

For decades, leadership has been seen in hierarchical terms—rising to the top of the “pipeline” that results in Executive Leadership. Though suitable for a different age, it is no longer enough for our complex, ever-changing, ever-challenging world. New leadership is needed for our new world.

Although the COVID-19 outbreak, continued social unrest, and growing consumer awareness have made this need clearer to most of us, our ways of framing this new leadership have not been clear. Rising above the pandemic with our human ingenuity has been a tremendous feat. But what is now needed to navigate both increasing uncertainty and future crises are agile leaders who perform and transform by going across the enterprise and ecosystem they touch. Executive Leadership needs to elevate to Enterprise Leadership.

CEOs today, after all, are leading in a world moving through crisis and disruption—where challenges have no known solutions, or if they do, there are far too many choices and few clear ones. Yet even while driving change amidst all this uncertainty, they need to keep the trains running on time.

This expectation that CEOs will transform the business while they maintain strong performance is not exactly new: it’s a trend that has been on an upward trajectory for years. But the current landscape has only accelerated this need. Keep employees safe or maintain efficient operations. Seek big and bold ideas or continue with the current strategy. Scale the company or focus on the core customer.

On the surface, these pressures seem paradoxical. If leaders focus on transformation only, they risk failing to hit their numbers; if they focus on performance only, they risk falling behind their competitors. In reality, they are two sides of the same coin.

Think of today’s demand as a constant sway between performing now and transforming next. Even though the traditional business mindset puts these capabilities at opposite ends of one spectrum, they are not, in fact, mutually exclusive. Rather, they are simultaneous, ambidextrous, and symbiotic—they are true and actionable at once. A leader can perform as much as possible and transform as much as possible. It’s about maximizing both capabilities—and not at the expense of one or the other.
Indeed, many leaders have sat at the helm of highly transformational companies that delivered extraordinary results. There’s Karen Lynch, CEO of US-based CVS Health, who is creating a clear mission to transform healthcare that is driving the company’s share price. Or John Donahoe, President and CEO of US-based Nike, whose purpose-driven approach, focus on inclusion, and investment in innovation have caused the retailer’s stock to surge. And then there’s Keith Barr, CEO of UK-based IHG Hotels & Resorts, whose ability to pivot and adapt during the pandemic helped transform the global hospitality chain when so many others in the industry were nearly decimated.

Lynch, Donahoe, Barr, and other top-performing CEOs were once seen as the exception to the business rule. Today, however, more and more organizations are creating Perform-Transform strategic priorities in order to meet the needs of this increasingly complex and uncertain environment. But for these companies to implement these agendas successfully, they need a different kind of leader—one who has the capabilities to both perform and transform, along with the capacity and agility to pivot dynamically between the two, all in order to create impact across and beyond the enterprise and broader ecosystem.

They need Enterprise Leadership.
The global environment is more volatile, more interconnected, and more competitive than ever before. Indeed, over 85% of CEOs interviewed by Korn Ferry for the CEOs For the Future study told us the historical “line” between business and society is ever more porous. As a result, CEOs, C-suite leaders, and other senior executives must now respond to multiple stakeholders simultaneously—shareholders, employees, communities, the environment. This, all while they handle challenges more complex, situations more ambiguous, and duties more significant than their predecessors faced.

For decades, however, the business landscape had rewarded those CEOs who delivered exceptional short-term performance within their function, unit, or geography. And for decades, the traditional business maxim was that economic value and social value could not be maximized at the same time. But this current climate has underscored one resounding truth: we can no longer operate in an either/or world. We are leaders of ecosystems, and leadership is no longer confined by boundaries.

If organizations want to thrive through this mounting disruption, they will need more than sophisticated Executive Leaders—ones who lead vertically, direct employees, and drive strategic planning, decision making, and business outcomes for their business unit or function. They will need agile Enterprise Leaders—executives who know how and when to perform and transform in today’s complex world, not just in their own area but horizontally, across the broader enterprise and ecosystem. In fact, Korn Ferry’s research into organizational transformation found that a company’s ability to continually disrupt and reinvent itself is key to extraordinary growth. And whether or not these transformations flourish will be determined by a leader’s ability to oscillate between Perform and Transform capabilities and to multiply their impact by going across and beyond.

“Going forward, the notion of people who can think through the enterprise, and are collaborative, is probably more important than ever, because as problems get more complex, you need multiple angles to solve them.”

- CEO, Multi-national retail company
INTRODUCING THE ENTERPRISE LEADERSHIP FRAMEWORK

“The right approach is not just to focus on selecting the CEO. Instead, we should address our efforts towards developing a team of Enterprise Leaders with a common purpose and a deep level of trust.”

- CEO, international investment holding company

This is where the Enterprise Leadership Framework comes in. Although the phrase “enterprise leadership” is commonly used, its definition remained elusive—until now. With the Enterprise Leadership Framework, Korn Ferry provides a robust, research-based, multidimensional model linked directly to the strategic impact that is now crucial to the future of business.

Yet, despite this critical need, our research shows that less than 14% of executives could be considered Enterprise Leaders.

Rather, we have found that many CEOs still lead with mainly an executive approach.

An executive doesn’t become an Enterprise Leader by stepping into a position with an enterprise mandate. Instead, Executive Leaders can progress into Enterprise Leadership with sophisticated assessment, development, coaching, mentoring, and stretch experiences. What’s more, the potential for Enterprise Leadership can be found in top teams, C-suite executives, and leaders in other mission-critical roles. Like those at the helm, these senior leaders can grow into Enterprise Leaders through self-awareness, personal growth, and development that fosters the capabilities and mindsets needed to flourish now and in the future.

Grounded in deep science and abundant, practical experience, Korn Ferry has developed a rich, holistic approach to understanding, assessing, and developing Enterprise Leaders. The Integrated Enterprise Leadership Framework is a measurable model that pinpoints what Enterprise Leaders do in order to drive both performance and transformation. It identifies those key levers most pivotal in developing leaders who create collective, sustainable impact.
Korn Ferry’s Integrated Enterprise Leadership Framework is built on three interconnected dimensions: Enterprise Impact, Perform-Transform Capabilities, and Agile Mindsets. Our research codifies the specifics within each dimension.

**Figure 1**

**KORN FERRY’S INTEGRATED ENTERPRISE LEADERSHIP FRAMEWORK**

**Impact**

“The what”

What you can **count on the leader to deliver** for the enterprise, both **now** (based on current capabilities) and in the **future** (based on mindsets and development trajectory).

**Capabilities**

“The how”

How the leader will **Perform and Transform** as an enterprise leader based on their current level of mastery and competence.

**Mindsets**

“The who and why”

The beliefs that can **multiply—or diminish**—the leader’s **capacity to grow** as an enterprise leader, and to **pivot** between Perform and Transform dynamics.
The world, right now, is in the midst of intense change. But this change is not a passing phase or a one-off situational crisis. The challenges and multiplicity are long-lasting and evolving. And as the world continues to grow more complex, so too do the paradoxes become more apparently irreconcilable.

Enterprise Leaders not only integrate and resolve these paradoxes, but they also maximize them, allowing both possibilities the space to flourish by adopting a different lens on the issue. They see these conflicts and contradictions as opportunities to deliver extraordinary results and build an extraordinary future. And they do so by creating impact across and beyond the enterprise and the ecosystem within which they operate. Enterprise Impact is multifaceted, spanning across multiple stakeholders and multiple arenas, from stakeholders and employees to customers and community—inherently necessary in today’s world.

For most organizations now, Enterprise Impact can be viewed through the lenses of Perform and Transform: expressed both by fully optimizing and extending their core business model and by transforming their existing business model to respond to evolving changes and disruption in the landscape. And there are risks associated with each. Stay the course too long and risk losing competitiveness and providing diminished value to customers; make big bets on perhaps unproven approaches and risk failing in the marketplace, or make big changes to the operating model and risk confusion and culture rejection by the organization.

“The role of companies is not just about profitability; it’s about contributing to a better world. The role of the CEO would be central in this.”

– Former CEO, global food services and facilities management company
HOW ENTERPRISE LEADERS THINK ABOUT IMPACT

• What kind of societal needs does the organization intend to meet?
• What impact does the organization desire to generate?
• Who will the organization partner with?
• What is the purpose that holds the ecosystem together?
• How does the organization position itself in this ecosystem?
• How are values created and shared among key players in the ecosystem?
In Korn Ferry’s Enterprise Leadership Framework, Enterprise Leaders start with the type of impact they seek to create across the enterprise and ecosystem, and across a broad range of stakeholders, rather than a narrow spotlight on financial metrics. They think far and broad, with a purpose-fueled vision that goes beyond customers and competitors to more fundamental elements that drive collective success, both now (based on current capabilities) and in the future (based on their capacity to develop). Focusing on impact enables Enterprise Leaders to harness the full potential of the organization in order to define and create value for all stakeholders, using a broad set of criteria, across multiple time horizons.
Most leaders see driving performance as not only the price of entry, but as an end in itself. Some others shape and navigate disruptive change, innovation, and transformation. Enterprise Leaders do both.

Enterprise Leaders envision and grow; scale and create. They go beyond by going across the enterprise, optimizing the whole organization and its entire ecosystem by leading outside what they can control. These are leaders who see their role as being a participant in diverse and dynamic communities—not simply companies. They can master two, often-competing priorities—expanding and reinventing the enterprise at the same time. They also equip their team and the organization to be more capable of adapting and pivoting through capability development—individually, collectively, and culturally.

And this translates into tangible results: according to Korn Ferry research, companies with strong performing-and-transforming Enterprise Leaders grow 6.74% faster than the average of other companies in EBITDA growth.

Perform-Transform Capabilities are based on a leader’s competencies and experiences that enable them to Perform and Transform with agility, and create new and innovative solutions. Too often, definitions of Enterprise Leadership are simplistic and narrow, for example, simply operating in the best interests of the organization. From our research, however, the capabilities that we have identified span all aspects of leadership. Enterprise Leaders master performing and transforming across four areas: Visualize (having a view of what the future and the organization’s positioning will look like); Realize (achieving results and creating value for a broad range of stakeholders); Mobilize (organizing and energizing people, teams, and resources to get things done); and Catalyze (building and creating capabilities within and across the ecosystem).

“We [will] need CEOs that are creative, transformative, and adaptive. We’ll need CEOs that are capable not only to actually think but to execute.”

– CEO and Founder, global digital staffing agency
CREATING BETTER LEADERS FOR A BETTER WORLD

- A Fortune 500 energy company saw the future of sustainable energy as not only a strategic imperative, but also as a distinct leadership challenge. The firm engaged Korn Ferry to apply the Enterprise Leadership Framework to its strategic needs for multiple generations of leaders. Korn Ferry helped revamp its assessment, development, and coaching processes, from top to bottom, to ensure a robust pipeline of Enterprise Leaders now and next.

- A global life sciences company entrusted Korn Ferry to assess, develop, and coach its top 1,000 leaders over a period of a few years. Korn Ferry helped find the next CEO and a robust slate of future Enterprise Leaders. The pipeline became so robust that more than 100 CEOs populated the entire life sciences industry ecosystem.

- A large oil and gas company with long-term sustainability goals wanted to both drive operational excellence and invest in new green technologies. The firm worked with Korn Ferry to translate these strategic priorities into the Enterprise Leadership behaviors and mindsets needed to accelerate change and pivot across the Perform-Transform spectrum.
**FIGURE 3**
PERFORM-TRANSFORM CAPABILITIES

<table>
<thead>
<tr>
<th>PERFORM</th>
<th>TRANSFORM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RUN THE ORGANIZATION</strong></td>
<td><strong>CHANGE THE ORGANIZATION</strong></td>
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**VISUALIZE**
- Extrapolate from current state, **optimize** existing business models, and **scale** innovation.
- Anticipate trends, **envision** possibilities, disrupt the business model, and **create** the new and different.

**REALIZE**
- Manage risk, make **prudent** decisions, drive performance **today**, and deliver **consistent** results.
- Make **bold** decisions that push the envelope, pursue **breakthrough** results, and build for **tomorrow**.

**MOBILIZE**
- Create **structure** and process, **align** people and accountabilities, and ensure **commitment**.
- Build flexible and **agile** organizations, embrace **differences**, and **inspire** **purpose** across.

**CATALYZE**
- Develop talent at scale, build **mastery**, and **partner** across networks to support shared objectives.
- Generate **new talent and capabilities** and create and **harness ecosystems** to amplify impact.
AGILE MINDSETS

“To push through the really difficult moments, you’ve got to have a purpose. You’ve got to have something that you really believe in.”

– Chairman, President and CEO, multinational engineered products company

For many executives, their journey to the corner office is often driven by a focus on maximizing value within their business unit or function. But Enterprise Leadership requires leaders to look beyond their silos and go across the entire organization and its ecosystem. This, of course, doesn’t always come easily when dealing with entrenched beliefs and assumptions that influence a leader’s thoughts, feelings, and behaviors. But evolving into an Enterprise Leader will require Executive Leaders to examine and open their mindsets—the lens through which they see, understand, and experience the world.

Where Perform-Transform Capabilities describe what Enterprise Leaders can do today and the impact they can have, Agile Mindsets show the Enterprise Leader’s capacity to grow into an Enterprise Leader, and to simultaneously perform and transform. Consider Agile Mindsets to be “force multipliers”: they can both illuminate shadows and accelerate performance. This makes Agile Mindsets foundational for Enterprise Leadership, as they power CEOs and senior executives to lead their organizations through the gray to the next “new normal.” Agile Mindsets flow through everything we do; they can help leaders not only know where they are, but also see where they are going and have to go. Agile Mindsets can open or close a person’s own capabilities to make a broad impact.
LOOK BEYOND THE HORIZON, SEE NEW POSSIBILITIES

Using the Enterprise Leadership Framework, Korn Ferry assessed the president of a large business unit in a Fortune 100 company to accelerate her development as an Enterprise Leader. The assessment found that she is uniquely talented as a profit-and-loss leader with a gift for reinvigorating struggling business. But for her continued development—and to enhance her readiness as a longer-term CEO candidate—she needed to seize her potential as a transformative visionary and step forward with a stronger enterprise presence. This required the leader to move from a primary focus on fixing and optimizing the existing business (Perform) to a balanced focus that included envisioning future possibilities on a longer time horizon (Transform). To shift these capabilities, she needed to open several Agile Mindsets: her Integrative Thinking (e.g., understanding how new technologies could enable the business to stand apart in tomorrow’s landscape); her Courage Across and Beyond (e.g., to step outside of her comfort zone and extend her curiosity and reach across the entire enterprise); and her Inclusion that Multiplies (e.g., engaging with and reaching out to peers across the organization to support the business transformation).
KORN FERRY’S INTEGRATED ENTERPRISE LEADERSHIP FRAMEWORK IDENTIFIES FIVE AGILE MINDSETS

PURPOSE
The belief that Enterprise Leaders have a responsibility to transcend self to apply and grow their gifts to more powerfully give to others, the enterprise, and beyond.

COURAGE ACROSS AND BEYOND
The belief in the ability and responsibility to identify and address enterprise problems and opportunities, even when unpopular, fear-provoking, challenging, or outside a person’s direct control.

AWARENESS OF SELF AND IMPACT
The belief that an Enterprise Leader’s deep understanding of, and continuous learning about, themselves and their impact across is foundational to maximize their impact across the enterprise.

INCLUSION THAT MULTIPLIES
The belief that an Enterprise Leader can multiply impact through connection and inclusion.

INTEGRATIVE THINKING
The belief that situations and people need to be interpreted in their dynamic relationship to the enterprise and beyond, balancing the interaction of multiple tensions, and generating creative resolutions that are more than the sum of parts.
NEW LEADERSHIP FOR A NEW WORLD

“The disruptive challenges leaders face today have never been so constant, so relentless, and so global. Disintermediation, economic upheaval, social unrest, public health crises, environmental change—these issues and others demand leaders who see tensions not simply as dilemmas with trade-offs, but as opportunities to accelerate impact.

Enterprise Leaders run the business and change the business. They are courageous, innovative, and radically human—motivated toward both driving exceptional results and inspiring enduring change that brings meaningful benefits to their customers, their communities, and the world. Partnering with Korn Ferry can empower organizations to develop these agile Enterprise Leaders, ones that can interconnect purpose, performance, and impact, collectively.

Unlike traditional models, Korn Ferry’s Integrated Enterprise Leadership Framework recognizes that leading is no longer only about vertical power; now, it is about horizontal influence.

Just consider this: roughly 72% of C-suite leaders who responded to a global Korn Ferry survey said their job requires “influencing others without having formal authority over them.” In the same survey, more than 69% reported having to negotiate or bargain with others to win support.

Some CEOs have a real need for visibility, for a sense of power, for a sense of importance, and they’re spending a lot of time getting their face on the cover of a magazine. And people are just so tired of that, the world is tired of that. That has to change.”

- CEO, global logistics and transportation company
To succeed in today’s hyper-connected environment, leaders need to have wide reach within and beyond their business units. CEOs have to take a big-picture view of both their organization and its broader network, understanding deeply how all of their diverse parts interrelate, then working to maximize that interdependence. This is the crux of Enterprise Leadership: transcending the borders and interests of self, function, company, community, and even geography to serve and create lasting value for the whole enterprise and the whole ecosystem.

Or put another way: Enterprise Leadership sees beyond current obstacles to new value-creating realities.
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About Korn Ferry

Korn Ferry is a global organizational consulting firm. We work with our clients to design optimal organization structures, roles, and responsibilities. We help them hire the right people and advise them on how to reward and motivate their workforce while developing professionals as they navigate and advance their careers. Our 7,000 experts in more than 50 countries deliver on five core areas: Organization Strategy, Assessment and Succession, Talent Acquisition, Leadership Development, and Total Rewards.