Visions, Strategies and Practices for the New Era

THE LEADER
OF THE
FUTURE 2

THE SUMMARY IN BRIEF

This summary celebrates the wisdom of some of the most recognized thought leaders of our day who share their unique vision of leadership for the future. Our post-9/11 world presents new and unexpected challenges for the leaders of the next decade. The articles in The Leader of the Future 2 reaffirm, reconsider and expand on the basic principles and values of leadership as they apply to emerging and unforeseen challenges, opportunities and trends.

The Leader of the Future, published in 1996, sold 200,000 copies and broke new ground in the world of leadership literature. Ten years later, The Leader of the Future 2 gives voice to the most critical issues and transformative ideas for the leaders of today and tomorrow. A number of the original thought leaders from the first Leader of the Future have returned to offer their insights and are joined by an exciting group of newcomers with fresh wisdom and inspiration to share.

This summary is divided into five sections: executive leadership and effectiveness; leading in a diverse world; leading in a time of crisis and complexity; leading organizations of the future; and the quality and character of the leaders of the future.

What you will learn in this summary:

✓ What Peter F. Drucker believed about executive leadership.
✓ The musings of Peter Senge and R. Roosevelt Thomas Jr. on leadership in a diverse world.
✓ Why Dave Ulrich and Norm Smallwood see leadership as a brand, and how Marshall Goldsmith leads a new age of professionals.
✓ How Stephen R. Covey and Usman A. Ghani define the quality and character of leaders as a developing leadership concept in the knowledge worker age.
Preface

Ten years ago it was a very simple, yet powerful idea. Call many of the greatest thinkers in the world, ask them to write a chapter sharing their vision for the future of leadership and put together an edited book titled The Leader of the Future with the proceeds supporting the Peter F. Drucker Foundation for Nonprofit Management to help develop leadership in the social sector.

The editors were — and still are — surprised at the positive reaction received from everyone. Even though the authors that were contacted were very busy people, over 90 percent enthusiastically replied to the call. Another surprise was that while edited books normally don’t make the best-seller list, The Leader of the Future not only made the BusinessWeek Top 15 best-seller list but has also become probably the greatest selling edited book in the history of the field.

Hundreds of thousands of copies of The Leader of the Future — available in 28 languages — are still moving around the world amid the hands of global leaders.

Ten years later, post September 11, we live in a different world with a new context. Our times call for new thought and action, yet the basic principles, values and fundamentals of leadership have not changed. A lot has happened within the last 10 years, yet, once again, the editors are moved by the generosity of the thought leaders asked to make a contribution.

The authors in The Leader of the Future 2 are an amazing collection of thinkers who have experience in all sectors — the private sector, the social sector, government, education and the military. In the turbulence of a world at war, how do these great thought leaders and writers find the language, the message that can inspire, guide and sustain leaders in an uncertain future?

PART ONE: A VISION OF LEADERSHIP

Peter Drucker on Executive Leadership and Effectiveness

By Joseph A. Maciariello

Peter Drucker’s writings on management and executive leadership are extensive and varied. Yet, through all of his work, a definite vision of what executive leadership and management is and how leaders and managers should operate emerges.

These intertwined and overlapping subjects can be distinguished — at least in theory — by separating the principles of governance of organizations, which Drucker refers to as the practice of management, from the principles of the conduct of leaders in these organizations, which he refers to as the effective executive.

Executive Leadership and Effectiveness

Executive leadership is concerned with creating organizations that have a high spirit of performance. To attain a spirit of performance leaders must:

- Exhibit high levels of integrity in their moral and ethical conduct.
- Focus on results.
- Build on strengths — one’s own and others’.
- Lead beyond borders to meet at least minimum requirements of all stakeholders.

The editors: Frances Hesselbein (New York, N.Y.) is founding president and Chairman of the Board of Governors of the Leader to Leader Institute and editor in chief of its journal Leader to Leader. In 1998, Hesselbein was awarded the Presidential Medal of Freedom, the United States’ highest civilian honor.

Marshall Goldsmith (Rancho Santa Fe, Calif.) is listed in Forbes magazine as one of five top executive coaches, and in Human Resources magazine as one of the world’s leading HR consultants.


For additional information on the editors, go to: http://my.summary.com
The Spirit of Performance: True Test of an Organization

The true test of an organization is the presence of a spirit of performance. An organization that is high in spirit builds on and develops the strength of each person. The result is common people doing extraordinary things.

To guard against weaknesses created by an emphasis on strengths, a highly spirited organization will cover weaknesses of people by overlapping the strengths of others upon these people “like shingles on a roof.”

The Theory of the Business

Drucker’s ideas about leading organizations all start with the organization’s “theory of the business.” A theory of the business is the way an organization intends to create value for its customers and is therefore applicable to all organizations, not just business organizations. It requires answers to the following questions:

● What is our mission?
● What are our core competencies?
● Who are our customers and non-customers?
● What do we consider results for the enterprise?
● What should our theory be?

The theory of a business is often not obvious, nor can it be formulated without controversy. This means that formulating a theory of the business must be a forward-looking exercise — creating a mission that compels it to systematically evaluate emerging trends, future changes in its environments and current or emerging social problems that may be turned into business opportunities.

The Environment and Social Impacts

Drucker describes two different types of social impacts:

● Negative ones an organization creates
● Social ills that are turned into business opportunities.

Both impacts are important and must be managed since the first deals with what an organization does to harm society and the second with what an organization can do to help society. An organization’s social impact on society is properly defined as activities, or results of activities, that are the result of an organization’s pursuit of its purpose.

Detrimental impacts to society created in this process must be minimized since they are harmful to the common good and are outside the proper mission of the organization.

Executive Practices, Skills and Tasks

Executive leadership and effectiveness consists of three interconnected areas:

● Personal attributes and practices that make an executive effective
● Specific skills executives must acquire to be effective as individuals
● Specific tasks that executives must perform to make their organization effective.

Identifying the Future that Has Already Happened

Executives will have to focus much more on making knowledge work productive and the knowledge workers achieving members of their organizations, given the growing importance of both in the developed and the developing economies. This requires building on strengths and increasing the productivity of knowledge workers, and integrating these specialists into a performance whole.
Systems Citizenship: The Leadership Mandate for This Millennium

By Peter Senge

“The only enduring source of competitive advantage is an organization’s relative ability to learn faster than its competition,” wrote Arie de Geus in *Harvard Business Review* in 1988. With these words, the organizational learning movement was born. By De Geus’ definition, today’s organizations face unprecedented learning challenges, which we are only starting to perceive. These challenges go beyond adapting to the Internet and other new technologies or dealing with global competition. They go to the very DNA of the Industrial Age business model, a model that shapes modern societies as well.

For all of human history, societies that endured appreciated that their economies could be no healthier than the larger natural and societal systems upon which they depended. Historian Jared Diamond has shown how many one-time flourishing cultures that forgot this truism passed into oblivion, often with surprising speed. But there is one big difference today. The society in question is increasingly a global society.

As individuals and organizations, we have never had to be concerned about how our daily decisions — like the products we buy and the energy we use — affect people and larger living systems who live thousands of miles away. While De Geus’ learning imperative was initially directed to individual organizations and especially businesses, the challenge of evolving to remain in harmony with our environment today applies also to larger supply networks, entire industries and whole societies. This is the message of globalization and it is indeed an alien one for all of us. We’ve never been here before — and the future is watching.

Societies Waking Up

Societies and their governments around the world are waking up to the fact that industrial growth as we have known it is now encountering severe and environmental limits, whose costs are getting harder and harder to ignore. For example, carbon dioxide (CO2) in the atmosphere is 30 percent higher than at any time in the past 400,000 years, and the rate of CO2 emissions — which itself is rapidly rising — is between two and five times the rate of which CO2 is being removed from the atmosphere through carbon sequestration.

While environmentalists have been warning about possible CO2 effects on global climate for a long time, the human and economic costs are starting to become hard to ignore for governments and insurance companies faced with the consequences of weather instability and spreading tropical diseases.

As these costs become recognized and their sources understood, they are starting to be allocated back to the businesses and industries where they originate. In short, formerly “externalized” costs for businesses are starting to show up on the profit statements of insurers, health care providers and producers of diverse products and services. The era of “privatizing” profit and “socializing” many social and environmental costs is passing. These costs are growing and they can no longer be regarded as somebody else’s problems at some indefinite time in the future. For more and more, the future is now.

Diversity Management: An Essential Craft for the Leader of the Future

By R. Roosevelt Thomas Jr.

The idea of diversity in business has undergone rapid change over the past several decades. While in the early 60s, the business use of the term was virtually nonexistent. Diversity has rapidly transitioned from necessary evil to competitive advantage for businesses that manage it effectively — an advantage that no successful leader today can ignore.

Rethinking Diversity

Putting diversity to work requires a complete rethinking of the complex concepts behind this simple word. But why now? Aren’t current definitions of diversity doing the job?

Actually, they aren’t. Business leaders and diversity professionals alike are increasingly concerned that the field is stuck around ideas of “representation” and “relationships”— constructs that have been with us since the mid-1960s. All are asking “Isn’t there more to diversity than ‘counting’ and ‘getting along’?”

The evidence is that there must be. But truth be told, the current reality shows that there is room for improvement. Cynicism has crept into many organizational diversity efforts and, as a result, some observers place little faith in the true motivation driving their implement-

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10 Expectations for the Future

Specifically, there are 10 expectations for what diversity practices might look like in the future. Though the rate of evolution cannot be precisely predicted, these expectations will become a reality for tomorrow’s organizations — and for their leaders.

1. Future leaders will differentiate between representation and diversity.

2. Future leaders will not think in terms of “diversity” nor will they see it as an extension of the Civil Rights Movement. Instead, they will think in terms of diversity management and view it as a craft.

3. Future leaders will define diversity management as, “making quality decisions in the midst of differences, similarities and related tensions.”

PART THREE: LEADING IN A TIME OF CRISIS AND COMPLEXITY

The Challenge of Complexity

By John Alexander

At the Center for Creative Leadership (CCL), clients are continually reminded that leadership development is never an event — it’s an ongoing and arduous process. The art of leadership itself is exceedingly difficult to master.

A team headed by CCL researcher Andre Martin asked practicing managers if the definition of effective leadership has changed in the past five years. An astounding 84 percent agreed that it has. This same group, surveyed by Martin and his team for the CCL research report on “The Changing Nature of Leadership,” said that the nature of outstanding leadership will shift even further over the next five years, with the “soft skills” of building relationships, collaboration and change management becoming more crucial.

Why is the very definition of leadership changing? At CCL, it is believed this phenomenon is connected to the rise of complex challenges, those for which no pre-existing solutions or expertise exists. Such challenges test the limits of an organization’s current strategies. They reveal the shortcomings of leadership as it is currently practiced. They create the demand for a new kind of leadership, whether one is working in the private, public or social sectors.

The Complexity of Crises

When existing strategies and tools fail — as occurred with 9/11, the 2005 hurricanes and the South Asian tsunami — something new is needed. Today’s leaders are being called upon by necessity to develop responses to complex challenges brought on by unexpected or unimagined events or situations. We don’t know exactly what their answers will look like, but we do know this: The best leaders of the future will embrace complexity and the skills needed to harness it.

The Rise of Complex Challenges

Beyond the extraordinary challenges posted by crises — including natural disasters and terrorist — change and uncertainty in the business, political and social environments of the United States and the rest of the world are a fact of life now. Globalization, technology and the relentless pace of change challenge the strategic and tactical skills of executives and managers each day.

The Changing Nature of Leadership

As the complex nature of challenges becomes clearer, leaders are thinking more about how to address them through collaborative and interdependent work. The CCL has found in particular that individual leaders are becoming more aware of the necessity of developing the
Leadership Over Fear

By John Edwin Mroz

President Franklin D. Roosevelt’s response to the national despair of the Great Depression was simple and direct: “The only thing we have to fear is fear itself.” Today, much of the world lives in fear. Increasing numbers of people fear the destruction of their way of life due to global warming or the powerful and unwelcome influences of globalization.

Others fear that the so-called “clash of civilizations” between the Muslim and non-Muslim worlds will become an inevitability. Ever increasing terrorism around the globe, the spread of weapons of mass destruction and a renewed fear of global pandemics have added new uncertainties about our safety.

Fear breeds a search for simple truths, which in turn contributes to intolerance, alienation and extremism. This problem is a global phenomenon.

Peter Drucker reminded us a decade ago that the world had entered a prolonged period of profound change every bit as dramatic and turbulent as that ushering in the Industrial Revolution. Our world is an extremely unpredictable place where asymmetric threats make it difficult for governments to guarantee the safety of their citizens and the well being of their economies.

There are four things we must do. First, natural leaders in a world of fear and change must step up and lead themselves. Second, such men and women must imagine the possibility of change. Third, they must seek out other natural leaders who, like themselves, have had enough of watching and are willing to assert themselves. Fourth, they must set a pace that fits the context.

Leaders willing to take risks to overcome fear are all around us. Therein lies our hope for dealing with the seemingly overwhelming challenges to our planet in this 21st century. A key leadership challenge today is how to mobilize sufficient numbers of these naturally embedded leaders across the divides that breed fear and extremism and threaten our future.

It all starts with our willingness to face up to our own fears, stare them down, and find the emerging natural leader within each of us.

Leaders of the Future: Growing One-Eyed Kings

By General Eric K. Shinseki

Leaders of the future — 2015? 2025? 2030? Do you know who will lead your business 10 years from now, or 20 or 25 years in the future? How about next week?

The U.S. Army knows who its leaders will be decades from today, they just don’t know their names yet. Because the Army promotes entirely from within, it knows that it must be a premier learning organization where leadership development is a daily commitment made by leaders at every echelon throughout a high performing institution.

The Certainty of Uncertainty

The quotation, “In the Kingdom of the blind, the one-eyed man is king,” and the reference to One-Eyed Kings encouraged young officers — who must grow into strategic leaders — to embrace uncertainty and to learn to be decisive.

Accept uncertainty as a given, balance risk and opportunity, find ways to generate momentum, master the transitions which always threaten to steal momentum, and retain the freedom to act whenever opportunities present themselves. These are the hallmarks of dominant decisive operations, and they are the same attributes critical to leaders of the future, whether in the military, in business or in the social sector.

The Certainty of Change

One consistent lesson that comes out of 20th century history is that the assumptions of one decade rarely carried over into the next. If you are big and the best of what you do, change — especially fundamental and comprehensive change — is nearly beyond reach.

It will not be any different in the 21st century, even with all of its promising technologies, because change is about people. Institutions don’t change, people do. Change is a fact of life. You can either lead change or have it thrust upon you. That is the history of the 20th century.

Visioning is the most demanding task for any institution’s senior leadership. Looking into the future is an uncertain task at best, and it requires experienced, creative and determined risk takers to deliver visions of merit.

Being more agile than one’s competition is powerful in business. In the military profession, there is no alternative to being more agile, more visionary, and bolder than your competition. Simply, it is the difference between victory and defeat.
Leaders of the Future: Growing One-Eyed Kings

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In the midst of its ongoing operations the Army continues to develop its leaders for the unseen and unknown crises that will confront the nation in the future. Sept. 11, 2001 — like Dec. 7, 1941 — is a reminder that Americans will never see risks clearly enough. That’s true both in business and in the military.

Organizational competence is about growing leaders who have the skills, knowledge and attributes to make good, bold decisions in the face of uncertainty that all organizations face. The Army sought to grow One-Eyed Kings for its future, and there is a tremendously good crop in place.

PART FOUR: LEADING ORGANIZATIONS OF THE FUTURE

Leadership as a Brand

By Dave Ulrich and Norm Smallwood

Research shows — and experience confirms — that organizations with strong and effective leadership at all levels achieve superior business results, while organizations with inconsistent leadership achieve inconsistent business results. Effective executives can turn fledgling companies into viable competitors; ineffective executives turn once-competitive companies into takeover targets. Because leadership matters, and almost every leader wants to learn how to become more effective, the last 20 years have brought a profusion of creative metaphors and images to describe what it takes to be a successful leader.

Leadership as a Brand

The concept of brand is known to all — everywhere we go, product brands are pervasive. We buy clothes with the Nike swoosh or the Polo horse and rider. A leadership brand represents the identity and reputation of leaders throughout a company. Thinking about leadership as a brand instead of simply something leaders do offers a number of insights into leadership effectiveness and into creating sustained and consistent leadership that enhances firm value.

Branded Leadership Matters

When firms have a leadership brand they win on multiple dimensions. They win with investors. Investors will grant higher market value for similar earnings, often called intangibles. Quality of management or leadership gives investors confidence in the future, leading to a higher share price. General Electric, for example, has a reputation for great leaders. Those who leave GE to lead other firms carry that leadership brand with them and often create intangible market value.

Leading New Age Professionals

By Marshall Goldsmith

Over the last 25 years, the role of leadership in large organizations, particularly in the United States, has been transforming. Several trends were beginning to be discussed when The Leader of the Future (1996) was published — and now they have accelerated. Several trends are causing managers to revisit their assumptions about what leadership means in a rapidly changing high-pressure, insecure professional work.

In the early 1980s, one could get the impression that corporate managers and professionals were lazy. In most corporate headquarters, you could have shot a cannonball down the hall at 5:00 p.m. and not hit anyone. Professionals and managers were working 35 to 40 hours per week. They were taking four- to five-week vacations. They enjoyed incredible security, great benefits, lifetime healthcare and guaranteed pensions.

Those days are gone! What happened?

Five factors have converged to create a new world of professional work:

- Increased differentiation in compensation
- Decreased job security

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What New Age Professionals Want from Leaders

As corporations’ expectations of their professionals have increased, the professionals’ expectations of their leaders have also increased. Peter Drucker often talked about the importance of leading knowledge workers — professionals who know more about what they are doing than their boss. It is important to “reverse the pyramid” and look at leadership from the perspective of the wants and needs of the professional, as opposed to the perspective of the skills of the leader.

- Encourage their passion.
- Enhance their ability.
- Value their time.
- Build their network.
- Support their dreams.
- Expand their contribution.

Leaders will need to go beyond looking at the work to be done and consider the human doing the work.

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- Decreased healthcare and pension security
- Global competition
- New technology.

PART FIVE: THE QUALITY AND CHARACTER OF THE LEADERS OF THE FUTURE

Leading in the Knowledge Worker Age

By Stephen R. Covey

We live in a Knowledge Worker Age but operate our organizations in a controlling Industrial Age Model that absolutely suppresses the release of human potential. The mindset of the Industrial Age that still dominates today’s workplace will simply not work in the Knowledge Worker Age and new economy.

The main assets and primary drivers of economic prosperity in the Industrial Age were machines and capital — things. People were necessary, but replaceable. You could control and churn through manual workers with little consequence — supply exceeded demand. You just got more able bodies that would comply with strict procedures. People were like things — you could be efficient with them. So many of our modern management practices come from the Industrial Age.

The problem is managers today are still applying the Industrial Age control model to knowledge workers. Treating people like things creates low trust, contention and rebellion. Can you imagine the personal and organizational cost of failing to fully engage the passion, talent and intelligence of the workforce in this new reality? It is far greater than all taxes, interest charges and labor costs put together!

Leadership in the Knowledge Worker Age will be characterized by those who find their own voice and who, regardless of formal positions, inspire others to find their voice.

It is leadership where people communicate to others their worth and potential so clearly they will come to see it in themselves. Therein lies a bright and limitless future.

The Leader Integrator: An Emerging Role

By Usman A. Ghani

The leader of the future is the Leader Integrator — an individual who breeds multiple perspectives, consciously connecting these perspectives and applying a variety of skills to establish new directions, options and solutions for the organization.

Leader integrators adapt multiple roles for themselves and seek new talents and new teams to create new directions for their organizations.

As a rule, Leader Integrators move away from the traditional accolades such as, “He is a great visionary,” or “She is an excellent mentor,” or “He is a smart implementer,” to “He brings myriad talents to the table and can effectively bring into play a particular role at an appropriate time.”

The Leader of the Future

By disposition, the Leader Integrator works with an inclusive attitude, incorporating individual viewpoints as well as commonalities across different personality types and thoughts.

It is the idea and the thought process that is most important to the Leader Integrator, who actually seeks out diversity to enrich every process.