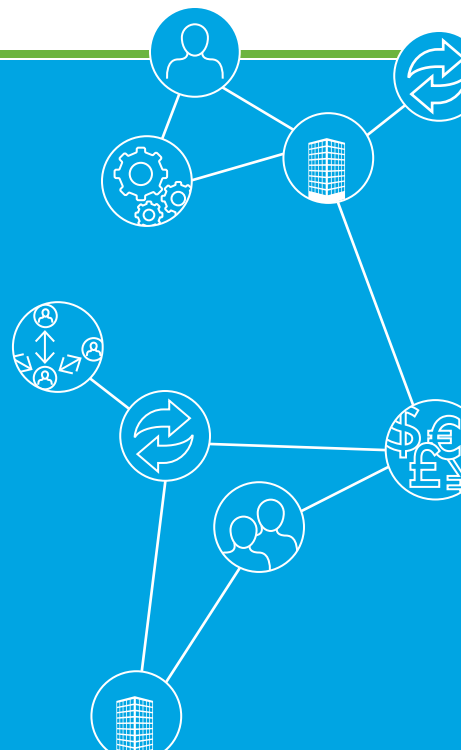**CEB**

WHAT THE BEST COMPANIES DO

EXECUTIVE GUIDANCE FOR 2014

The Rise of the Network Leader

Reframing Leadership in the New Work Environment

The Rise of the Network Leader

1X Profit Growth with Weak Leadership Bench

2X Profit Growth with Strong Leadership Bench

To Attain Greater Network Leadership:

1. Manage to a New Set of **NETWORK BUILDING ACTIVITIES**

2. **APPLY & BUILD** Network Leadership Skills

3. Adopt a **PORTFOLIO APPROACH** to Succession

74% of senior leaders agree that the number of **STAKEHOLDERS THEY INTERACT WITH HAS INCREASED.**

70% of senior leaders **LACK FLEXIBILITY TO EFFECTIVELY CREATE AND LEAD NETWORKS.**

Only **30%** of leaders prefer a **NEW, UNFAMILIAR ROLE.**

Transformational Leadership

Transactional Leadership

Today's new work environment demands that leaders assume the new role of "NETWORK LEADERSHIP."

Individual Task Performance **+** Network Performance **=**

High performance in the new work environment requires employees to provide "ENTERPRISE CONTRIBUTION."

80% of senior staff have been given more responsibility.

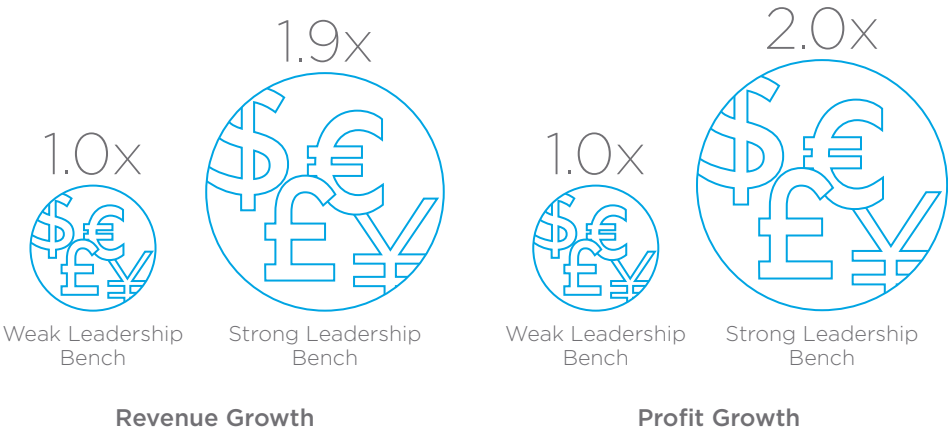**65%** of senior staff must deliver business results faster.

76% of senior staff are being asked to achieve more and broader objectives.

Today's leaders are clearly under intense pressure, and executive teams must grow top-line revenues while maintaining strong bottom-line results. To meet these aggressive objectives, most organizations are asking leaders to deliver significant gains in productivity. And rightly so—leaders are very important to their organization's performance. Analyzing the relative performance of more than 3,000 leaders, CEB has found that organizations with the strongest leaders have double the rates of revenue and profit growth compared to those with weaker leaders.

Unfortunately, many organizations and their leaders struggle to meet these mounting demands; those who struggle are hard pressed to maintain their advantage as the work environment changes and the nature of leadership in the new work environment shifts. CEB research shows that many leaders are poorly equipped to thrive in the new, rapidly changing work environment.

Leadership Bench Strength Matters
Indexed Year–Over–Year Changes

Revenue Growth	Profit Growth
Weak Leadership Bench — 1.0x	Weak Leadership Bench — 1.0x
Strong Leadership Bench — 1.9x	Strong Leadership Bench — 2.0x

n = 203 business units.

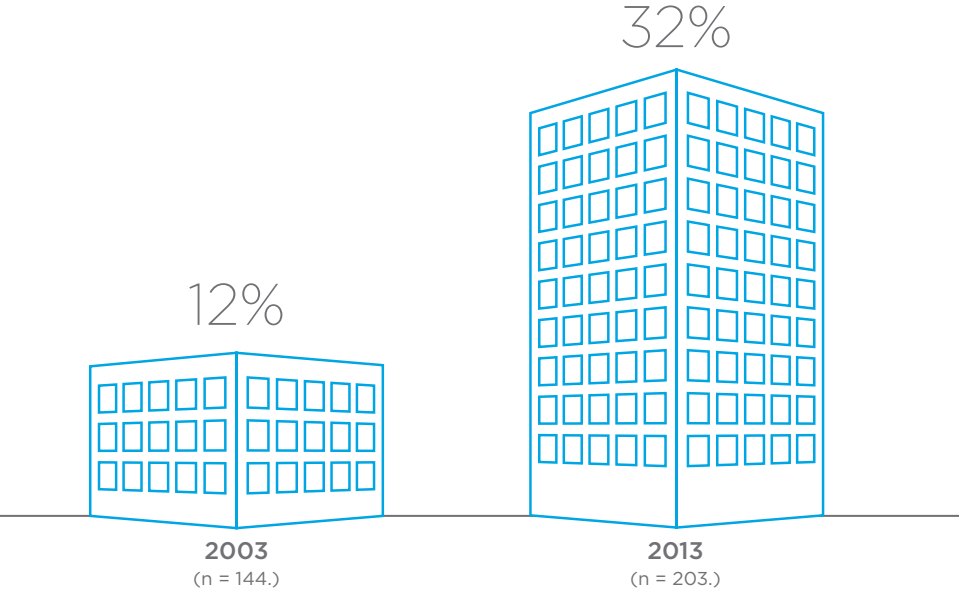Source: CEB 2013 Succession Management Survey.

Note: Leadership bench strength is the capacity of a leadership bench to fill gaps in existing leadership needs and to evolve as new leadership positions arise and change happens within roles.

Looking forward, we see an even greater leadership challenge. CEB research shows that very few leaders have the competencies and drive necessary to be effective leaders in a more collaborative, networked, and knowledge-based work environment. In addition, many leaders hesitate to apply their competencies in new ways when addressing difficult challenges. It is not surprising, then, that according to a recent CEB survey, close to one-third of organizations would significantly change their leadership teams if given the chance.

How will organizations ensure they have the leaders they need to achieve aggressive business goals in an environment where the nature of work and the drivers of employee performance have shifted dramatically? They must rethink and reframe their approach to leadership.

More Organizations Are Dissatisfied with Their Leaders

Percentage of Organizations That Would Replace Senior Leadership Team Members If Given the Opportunity

12%

2003
(n = 144.)

32%

2013
(n = 203.)

Source: CEB 2013 Succession Management Survey; CEB analysis.

Over the past year senior staff:

80%
have been given more responsibility,

76%
are being asked to achieve more and broader objectives,

65%
must deliver business results faster,

50%
have a more global role, and

54%
have had frequent shifts in job responsibilities.

Leading in the
New Work Environment

Today's work environment is in constant flux for many organizations; making rapid change is the new normal for employees and their leaders. In another recent CEB survey of 23,000 senior leaders and managers globally, most reported that their environment and roles are significantly changing. Over the past year:

- 80% have been given more responsibility,
- 76% are being asked to achieve more and broader objectives,
- 65% must deliver business results faster,
- 50% have a more global role, and
- 54% have had frequent shifts in job responsibilities.

Change for many organizations is persistent and dramatic. More than one-half of the employees CEB surveyed report experiencing significant organizational change in the past year—including changes in target markets, products, business objectives, time frames, cycle times, organization structure, work location, work teams, job roles, or manager alignment. These changes represent a fundamental shift to a more fluid business environment, characterized by ubiquitous information and rapid technological advances, where employees' work has become more collaborative, interdependent, and knowledge based. More work is now accomplished through employee networks, best described as collaborating webs of knowledge workers both internal and external to an organization. Improving or simply maintaining competitive levels of workforce productivity requires leaders to embrace the new work environment and change their underlying assumptions about how to lead in order to best leverage these networks.

In 2012, CEB introduced the term "enterprise contribution" to define high performance in the new work environment. We believe leaders must focus not just on maximizing the individual (task-based) contributions of employees but also their contributions to the performance of others—termed "network performance." Although in the past network performance behaviors have been seen as admirable but not required for employees—and leaders—they are becoming essential to success, as they reflect how work gets done in the new work environment. Ultimately, leaders and employees must combine strong individual contribution and network performance to maximize their enterprise contribution and to allow their organizations to succeed.

Performance Requires Enterprise Contribution
CEB's Model for High Performance in the New Work Environment

Individual Task Performance
An employee's effectiveness at achieving his or her individual tasks and assignments

+

Network Performance
An employee's effectiveness at improving others' performance and using others' contributions to improve his or her own performance

=

Enterprise Contribution
An employee's effectiveness at his or her individual tasks, contribution to others' performance, and use of others' contributions to improve his or her own performance

Business Unit Outcomes
Increased profit and revenue

Source: CEB analysis.

Beyond simply enabling employees in their traditional roles, leaders are increasingly responsible for helping the organization—and its employees—build collaborative networks to improve network performance and increase enterprise contribution. Unfortunately, networks are difficult to build and maintain in high-change environments. Frequent changes to processes and structures will disrupt (if not disband) long-standing networks, forcing employees to navigate changing structures, subcultures, and processes to complete their work. As a result, leaders face a substantial challenge in connecting their employees to the right collaborators. To achieve greater enterprise contribution, leaders must help develop, expand, and sustain flexible, adaptive employee networks despite organizational change.

Furthermore, most organizations and their leadership benches are not prepared to embrace change and develop network performers. Only one in three executives surveyed by CEB thinks his or her current leadership team has the abilities required to achieve business results in the new work environment. At the same time, less than half of the employees surveyed by CEB think their manager can connect them with the right coworkers to get their work done.

How can companies ensure stronger leadership in the new work environment and achieve greater enterprise contribution? A good starting point is to reframe leadership roles to better fit the requirements of the new work environment.

44% of Employees Agree Their Managers Connect Them with Coworkers to Help Them with Their Work
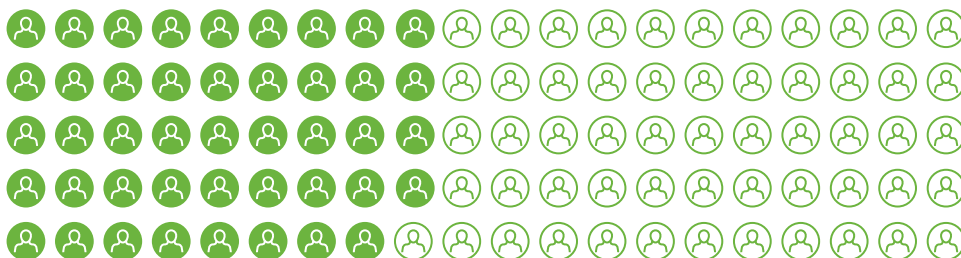
n = 15,931.

A New Role: Network Leadership

The new work environment and the need for greater enterprise contribution from employees make conventional approaches to leadership and leadership development incomplete and inadequate. For decades, companies have been identifying and managing leaders to guide and execute their organization's strategy. In this traditional framework, leaders have two primary and complementary roles:

1. **Transformational Leadership—**This role involves setting direction and inspiring others to foster change and focuses on shaping the organization's mission, culture, and strategy. Leaders should take steps to drive change across the organization and motivate others to perform beyond expectations.

2. **Transactional Leadership—**This role calls for organizing and directing employees to ensure efficient strategy execution and focuses on the leader's relationship with his or her chain of command. It particularly relates to traditional concepts, roles, and behaviors of management, such as setting objectives and goals, monitoring performance, managing employee work, and distributing rewards.

In the new work environment, leaders must do more than set strategic direction, inspire others, and drive execution. They also need to take on a third role of building and enabling employee networks, thereby helping employees maximize their enterprise contribution:

3. **Network Leadership—**This role involves establishing strong network performance by building, aligning, and enabling broad networks both internal and external to the organization. Network leadership is more about influence than control; it is also a more indirect than direct form of leadership, requiring leaders to create a work environment based on autonomy, empowerment, trust, sharing, and collaboration.

CEB's new leadership framework elevates network leadership to a primary role and embeds it as a core part of the leadership development and management model. This new framework requires leaders to embrace, and the organization to reinforce, all three roles: transformational, transactional, and network leadership. Together, these roles enable leaders to drive a broad spectrum of performance: setting the agenda, leading individual employees and work teams, and establishing the networks required for enterprise contribution.

The New Work Environment Requires Leaders to Take a New Role
Leadership Framework Comparison

Traditional Leadership Framework

Transformational Leadership

Transactional Leadership

CEB's Leadership Framework

Transformational Leadership

Transactional Leadership

Network Leadership

Source: CEB analysis.

Identifying Network Leader Competencies

The new work environment and the addition of the network leadership role do not require leaders to suddenly develop previously unknown skill sets. The capabilities needed for effective network leadership are included in many existing leadership competency models and are common in comprehensive models, such as our Universal Competency Framework (UCF). However, the introduction of network leadership requires a shift in the relative importance of many core leadership competencies. As a result, many organizations will have to adjust their leader development and performance management efforts to reprioritize key competencies and desired behaviors, and leaders may need to rebuild and rebalance their capabilities and skills to improve their performance.

Effective network leaders operate differently and rely on a set of important competencies not easily substituted or compensated for. To fuel collaboration and knowledge sharing across the organization, network leaders must be effective at indirect leadership as well as traditional direct leadership. They need to be as good, if not better, at influencing how stakeholders work together as they are at using formal authority to drive activity.

Using our UCF, CEB identified core competency components that are particularly important for effective network leadership (some of which are shown in the accompanying table). Some components are obvious and central to the role's definition—for example, networking, where no amount of skill at planning, directing, or controlling can make up for its importance in creating viable networks. Other elements are important to leadership in a broader sense but are particularly critical to network leadership. For example, leaders who are not disposed to innovating or empowering employees will struggle to energize networks with a sense of common purpose aligned with common goals. Several competencies (such as adapting, accepting new ideas, and testing assumptions) relate to the ability and willingness—and even more important, the desire or mind-set—to introduce change and tackle new and unfamiliar situations. The core competency components of network leadership represent a limited but critical subset of the capabilities required to be an effective leader.

Network Leaders Will Have to Display Key Behaviors and Competencies

Select UCF Competency Components Critical to Effective Network Leadership

UCF Competency	Sample Leadership Behavior
Network Leaders Will...	By...
Empower Staff	Pushing autonomy and empowerment downward through the organization
Motivate Others	Motivating staff to achieve goals
Build Team Spirit	Addressing issues disrupting team (network) functioning
Listen	Encouraging others to share their views
Consult Others	Encouraging team (network) to become involved in the decision-making process
Communicate Proactively	Sharing information widely with others
Network	Encouraging and assisting others to develop people networks
Manage Conflict	Facilitating the resolution of conflict between others
Test Assumptions and Investigate	Questioning and challenging assumptions
Encourage and Support Organizational Learning	Encouraging a culture of continuous improvement
Innovate	Questioning traditional assumptions and producing new ideas, approaches, and insights
Seek and Introduce Change	Encouraging others to change inefficient work practices
Have Vision	Encouraging other people to think about the organization's long-term potential
Adapt	Adjusting to change positively
Accept New Ideas	Supporting change initiatives
Deal with Ambiguity	Tolerating conditions of uncertainty

Source: CEB analysis.

The new work environment calls for a balance of the behaviors required for each leadership role, with the challenges and responsibilities of a particular position dictating the most effective mix of behaviors. For some leaders, this balance between indirect and direct leadership can be unsettling; it requires increased trust in the capabilities of others, including those they have no formal authority over.

Unfortunately, many organizations and their leaders are not prepared to develop network leadership capabilities. CEB research has found that roughly 7% of leaders are likely to be strong in all three leadership roles: transformational, transactional, and network leadership. This finding helps explain why many leaders struggle; it also suggests that leadership teams and networks should be developed with specific attention given to identifying a mix of members who complement each other's strengths and compensate for weaknesses.

7.3% of Leaders Are Strong Across All of the Three Leadership Roles— Transformational, Transactional, and Network Leadership

n = 171,529.

Source: CEB analysis.

Attaining Greater Network Leadership

Understanding the growing importance of network leadership in an organization's leadership framework is an important step toward improving enterprise contribution in the new work environment. Fortunately, the new framework does not require an overhaul of the organization's leadership development program or, in all likelihood, its established leadership competency model. Adapting leadership to the new work environment and enabling greater network leadership will require a new set of activities from leaders and adjustments in how the organization develops and manages its leadership bench:

1. Leaders: Manage to a New Set of Network Building Activities

2. Organizations: Apply and Build Network Leadership Skills

3. Organizations: Adopt a Portfolio Approach to Succession

1 Leaders: Manage to a New Set of Network Building Activities

Network leadership sets a higher bar for leaders, requiring them to create a work climate that supports autonomy and collaboration. In this empowered environment, the leader must take on the role of an active enabler, creating conditions to accelerate individual and group decision making, rather than directing others to follow a particular path. Leaders will guide employees on *how* to work more effectively in their networks instead of directing *what* they do in their work.

To create this work environment, leaders must spend more time on network building, and they must behave differently than they did in the past to allow networks to develop and operate autonomously. These requirements have proven to be a common challenge, as 70% of surveyed organizations believe their leaders lack the flexibility to effectively create and lead networks.

To more effectively manage networks and networked employees, and realize the benefits of network performance, leaders must focus on three broad activities:

Leaders must help others build and connect to networks.

Leaders must align and direct the network.

**Leaders must energize and enable the network.**

Leaders must help others build and connect to networks.
Even under the traditional leadership framework, many leaders help employees establish important connections that give them organizational visibility and support career advancement; leaders in the new work environment must introduce employees to key sources of information and influence. The interconnected nature of work also means that leaders must actively involve employees in projects that cross organizational boundaries—increasing employees' influence, organizational understanding, and network skills.

The principles strong network leaders follow and steps they take to build and connect networks include the following:

- **Actively Model Network Participation—**Perhaps the most important network in any company is its leadership network. Nearly three-quarters of surveyed leaders report working with significantly more stakeholders (other leaders) now than they have in the past. Effective network leaders seek out, build, and rely on those connections to help structure and manage their employees' networks. Leaders' networking behaviors demonstrate to direct reports, and others in the organization, the importance of network performance and participation.

74% of Senior Leaders Agree That They Work with More Stakeholders Now Than They Did Three Years Ago
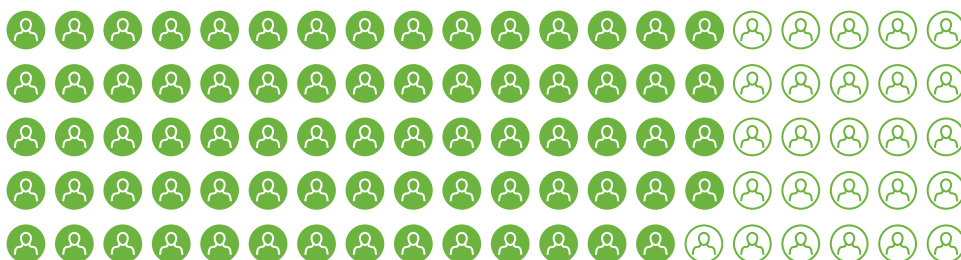
n = 895.

- **Ensure Network Diversity—**Effective leaders should focus on building networks with complementary skill sets. The most effective network leaders build networks by prioritizing fit with network partners' skill sets and work styles, not just fit with broader—and often less tangible—factors, such as company culture. In addition, leaders should build networks with broad expertise and a diversity of work experiences rather than according to a formula or to replicate a common set of skills and abilities. Replicating networks works only when objectives and work systems are stable and performance is consistently high, which is not the case in a high-change, ambiguous, fast-paced, and knowledge-intensive work environment.

- **Refresh and Reform as Necessary—**Networks are dynamic and so too should be network membership. As objectives or situations change, leaders should include new stakeholders and add or remove network members.

⊕ **Leaders must align and direct the network.**
Networks, by nature, include participants with different and sometimes competing objectives, motivations, and professional preferences. Network leaders must therefore align their networks to the right company goals. To keep network participants focused and cohesive, strong network leaders create operational guardrails and communicate purpose and direction:

- **Reinforce the Importance of Strategy to Networks and Vice Versa**—Leaders should reinforce the role networks can play in meeting the organization's broad strategic goals. Communication must highlight and clarify the opportunities that allow networks and their participants to impact specific organizational goals and objectives.

- **Align Network Activities (and Projects) to Strategic Goals**— Only 30% of employees know how they can achieve a broader impact within the organization. Network members need context, and leaders should share the organization's strategic goals broadly. How well employees understand strategic goals and align their work to them drives one-fifth of the variation in their performance. Creating common goals and working toward clear, high-level objectives will minimize ambiguity about what the organization is trying to accomplish, focus networks on the right issues, create interdependence among network members, and improve the network's cohesiveness and sustainability.

- **Recognize Individual and Group Contributions**—Although it is important to recognize strong individual contributions to the network to encourage participation, it is also important to widely recognize group productivity and success. This recognition will reinforce the value of networks to the organization. Leaders can recognize network performance through performance management, praise, awards programs, and compensation.

⚡ **Leaders must energize and enable the network.**

Rather than controlled top down by an individual leader, networks in the new work environment are dynamic and influenced by many different stakeholders and leaders. In addition to providing purpose and direction to employee networks, progressive leaders work together to create a work climate supportive of collaboration and knowledge sharing. Unlike their more traditional role in directing and managing critical work activities, network leaders must foster, energize, and enable networks to perform:

- **Build Creative Tension Rather Than Just Strive for Harmony**—Many leaders view their job as managing disagreement or helping collaborators "get along," which is too often characterized by minimizing or avoiding conflict. Network leaders understand that creative tension is necessary to take advantage of the diversity of ideas, perspectives, and skills in broad professional networks. They use stretch goals, complex problems, and controversial ideas to encourage creative dialogue, debate, and tension in the network. The tension or conflict leaders should build is task related rather than personal. Leaders must avoid pitting employees against each other.

- **Enable Solutions Rather Than Provide Them—**Although a counterintuitive concept for many traditional leaders, they need to minimize their role as final authority for resolving network challenges. Network leaders should not be the ultimate arbitrator of coordination issues, as this strategy prevents network participants from resolving issues creatively. Network participants must learn to constructively manage creative tension to resolve conflict and make decisions on their own whenever possible. Leaders should step in only when disagreement reaches a point at which conflict becomes overly personal and constructive discussions have stopped.

- **Enable Autonomy at Lower Levels—**Although network leaders provide context and set goals, they do not directly control the network or its activities. The most effective networks are largely self-managed, and informal leaders must be allowed to emerge within the network. This means leaders should empower employees and employee networks and instill the autonomy necessary for them to be creative, make decisions, adapt work processes, and execute work collaboratively. To do this, network leaders encourage decisions at lower levels and refrain from micromanaging how work is accomplished within the network. In the new work environment, leaders do not push for acceptance of their own plans as much as they help employees understand the strategic context and objectives that can affect organizational success—and then allow, guide, encourage, and accept the emergence of creative plans from within the network.

- **Minimize Organizational Friction—**Providing autonomy does not mean abdicating an active role in guiding and enabling the network. Network leaders can improve the network's vitality and performance by these activities:

  - Overcommunicate goals and objectives and facilitate the sharing of information across the network. This enhances the understanding of how work is done and how information flows in networks. In addition, leaders can help clarify how employees can better support each other.

  - Provide and distribute resources to their best use and facilitate the process of obtaining them. At times leaders may have to use their authority or influence to support employees and remove barriers (technological, political, personal, and otherwise) to network performance.

  - Build opportunities for live and even face-to-face connections in an increasingly virtual workplace to solidify network connections. Leaders should balance virtual and live network activities; they need to be seen and heard from often.

2 Organizations: Apply and Build Network Leadership Skills

Although the new work environment requires leaders to apply a different mix of competencies and to demonstrate new behaviors, many are not ready. Only 37% of executives surveyed by CEB are confident that their leadership bench demonstrate the required abilities to achieve critical results today. Even when leaders have the right competencies, many struggle to apply the skills they have to unfamiliar situations; only one in four surveyed senior leaders think their organization's leaders are effectively applying their existing skills and competencies in the new work environment. Although some leaders may be uncertain how to apply their competencies to new situations, others are simply reluctant to get out of their comfort zones. In fact, despite the importance of stretch roles to leader development, only 30% of leaders surveyed by CEB would prefer to move into a new role in an unfamiliar situation.

37% of Senior Executives Agree
That Their Senior Leaders Demonstrate
the Required Abilities to Achieve
Critical Results Today
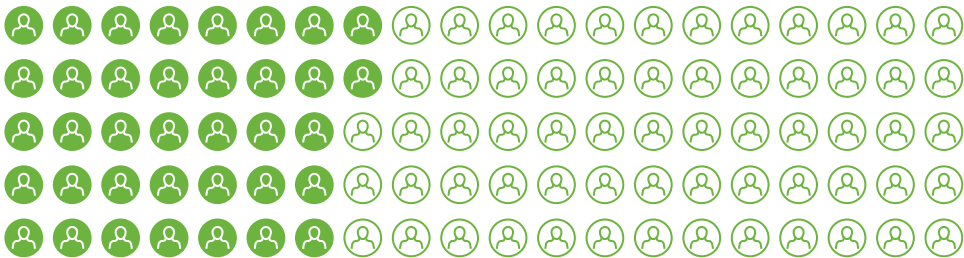
n = 786.

Source: CEB 2013 Leadership Development Survey.

Unfortunately, many leaders appear unwilling and unable to assume network leadership roles, and are therefore less effective. Much of what they have been taught has related to maximizing their individual performance and that of their direct reports. To foster more effective network leadership, organizations must change how they and their leaders think about and approach leadership development by focusing on developing agility, providing exposure to diverse work experiences, and highlighting the benefits of—and tools for—building networks. The best companies help leaders understand how to apply their competencies in new situations.

To better prepare network leaders, organizations should take the following steps:

- **Make Leaders "Network Reliant"—**Make network building and collaboration required objectives in key roles, and position leaders to bring different groups together to address an issue or implement a business solution. Leaders will be open to building network competencies more quickly when they are explicitly expected to rely on and work with a variety of people to succeed.

- **Stretch Leaders by Exposing Them to More Network Experiences—**Leaders will become more adaptive, capable, and networked through development experiences provided by stretch roles. Create organization-wide projects that expose leaders to a variety of different experiences and challenges, accelerating their experience acquisition through work with other leaders and new business issues. Target positions and projects that will not only force leaders to build networks but also allow them to apply core network leadership competencies in different contexts.

- **Refresh Leader Networks Frequently—**Moving leaders into new, nonobvious roles and experiences is essential to creating a more adaptive and collaborative mind-set. It is also a great opportunity to encourage leaders to refresh their networks. Engineer leadership transitions such that leaders must expand their relationship bandwidth, making network evaluation and expansion a formal part of onboarding into new roles and positions. In addition, formalizing "network transfers"—similar to knowledge transfers—as part of the handoff from incumbent to successor can help jump-start leader network building.

- **Change Leader Mind-Sets on How to Lead—**Communicate the importance of network leadership and the competencies and behaviors that matter in terms that are familiar to leaders, and then reinforce those behaviors through repeated development activities, such as stretch roles, key projects, or leadership training events. Clearly position stretch roles as opportunities to prove and develop essential leadership skills.

- **Focus Development Efforts on Both Learning and Application Agility—**Much of leadership development attention focuses on learning agility, which is the ability and willingness to rapidly learn new knowledge or skills. CEB research has shown, however, that "application agility"—the ability and mind-set to apply skills and knowledge in diverse and unfamiliar situations—has more than three times the impact on leader performance as learning agility and that far fewer leaders are effective at it. In addition to developing application agility through training and broad network experiences, organizations should also equip leaders with resources and support systems that go beyond their immediate supervisors, such as relevant peer support groups.

- **Emphasize the Importance of Contribution to Group Goals—** Leaders are often rewarded for individual accomplishments, and many wind up carrying an individual contributor mind-set with them throughout their careers. They need to be open to new ways of accomplishing work through others, and they cannot be locked into approaches to "getting things done" that always worked for them previously. While heroic individual contributions should be recognized, it is important to also recognize the contributions leaders make by working through and with others. CEB research shows that providing group-level rewards based on attainment of overall group objectives is not the most effective way to drive network leadership. Rather, design objectives and rewards that are 1) within a leader's span of influence, 2) aligned to network goals, and 3) centered on specific, individual collaborative activities. For example, creating productive personal and employee networks should be a formal part of leader objectives—and closely tied to compensation.

3 Organizations: Adopt a Portfolio Approach to Succession

Recent CEB research demonstrates that, for many organizations, leadership pipelines are broken. Traditional approaches to managing careers and leader succession frequently fail to provide the broad experience and perspective necessary for effective network leadership. Typical career paths and succession management schemes are overly linear, directing leaders to predictable and often predefined roles.

Due to frequent and significant workplace changes, traditional organizations often develop leaders for positions that will become obsolete. Nearly one in three leaders is in a newly created position—likely one that is different than what the leader anticipated.

31% of Senior Leaders
Are In Newly Created Positions
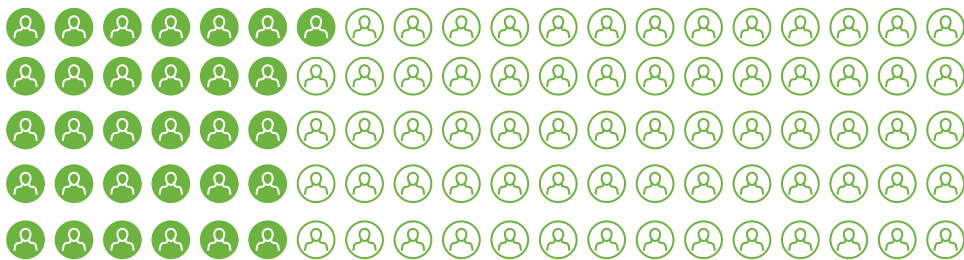
n = 1,531.

Source: CEB 2012 Senior Executive Survey.

To create more capable network leaders and improve employees' network performance, organizations must modify how they build and manage their leadership bench. Just as firms need viable and broad employee networks, they also need to sustain well-connected leader networks, which leaders can then use to create, guide, and manage network performance. Leaders need broad exposure to their organizations—especially to peers in other parts of the business (and even outside their organization).

Capitalizing on the need for leaders who can fill new roles and the desire to build stronger network leadership, progressive organizations are moving from predictable, linear succession plans toward a portfolio approach to managing their leadership bench. Along with enabling more effective network leadership, firms that use a portfolio approach make a deliberate effort to take a broader, holistic view of their leaders and adopt a longer-term view on their careers. They take the following steps:

- **Manage Leaders as an Asset Linked to Strategy**—Leaders are a corporate asset; they should be developed and managed to support the organization's strategy and needs, not developed and deployed solely to meet a specific business unit's need or a preset vision of career development.

- **Focus on the Demand for Leaders, Not Just on the Supply**—Focusing succession planning on meeting the organization's future demand for leaders, rather than allocating the supply of leaders to the next available set of roles, is a subtle but important shift in philosophy that simplifies management of leaders as a corporate asset. Investments in developing leaders should be based on forecasting future needs as determined by organizational goals and strategies, rather than "replacement planning" for anticipated vacancies in current roles.

- **Identify Candidates More Broadly**—Instead of focusing career paths and succession on a defined, linear set of steps or roles for a limited pool of potential leaders, organizations should identify, track, and draw successors from across the organization. Building a portfolio of leaders rather than a set pipeline allows nontraditional candidates to emerge and move into nonobvious roles—bringing new ideas, approaches, and networks to bear.

- **Manage the Mix of Leadership Profiles Within the Portfolio**—Although all leaders are unique, they often fit into common competency and experience profiles with defined strengths and weaknesses in different situations. Unfortunately, not enough leader profiles reflect strength across all three core leadership roles (transactional, transformational, and network). Organizations should consider and manage the mix of profiles and experiences in their leadership portfolio, taking particular care to place their best network leaders where they are most needed.

- **Manage Leaders Out of as Well as Into Roles**—Too often traditional succession approaches focus on finding candidates for specific leadership roles, or simply replacing vacant leadership positions. In high-change environments, where strategic shifts can redefine or alter leader roles, legacy leaders may lose their fit with or ability to perform in their current positions. Assessing leader fit with future strategy will help to identify leaders that may be more effective in other roles and allow the organization to rebalance its leadership portfolio proactively—not just reactively.

Leaders today are pressured to deliver results quickly and convincingly. Although difficult under any circumstances, their challenge is particularly acute in the new work environment, where the nature of work and the drivers of employee performance have shifted. To drive greater enterprise contribution, firms must change their conventional approaches to leadership and leadership development. They have to rethink and reframe their approach to include network leadership.

Although this transition will not be easy, it is manageable. It will not require a large-scale change in the way leaders are recruited, developed, and deployed, but it will require a fundamental shift from focusing on the leader as an individual motivator to seeing him or her as a collaborator and network builder. Leaders will not need new competencies, but they will have to reinforce a core set of network leadership capabilities. Executive teams will need to begin modifying their approach to managing leadership, refocusing leaders on the right set of behaviors, reorienting their development programs toward more network-rich learning experiences, and finally abandoning linear, role-based career paths for more flexible succession plans.

Across 2014, CEB will continue to explore the evolving role of leadership in the new work environment and its implications on leadership assessment, development, and management. In particular, we will focus on understanding how organizations can better identify their most effective leaders, and we will provide guidelines on how to build more effective leadership teams and networks.

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