ADAPTABLE

VISIONARY

HUMBLE

ENGAGED

Redefining Leadership for a Digital Age

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Andrew Tarling
Michael Wade

Executive Summary

Content

Many leaders today find it challenging to cope with the increasing pace and unpredictability of change. For a large number of companies, the root cause of this change is disruption fueled by digitization of products, processes, and business models. This report seeks to explore the skills, competencies, and behaviors that leaders require to succeed in environments characterized by such disruption.

This report is based on research conducted by the Global Center for Digital Business Transformation, an IMD and Cisco Initiative (DBT Center) and HR Consultancy metaBeratung. The data come from two sources: a survey of 1,042 executives, and in-depth interviews with nineteen digital leaders, all conducted between October 2016 and January 2017.

The research found that leadership effectiveness in disruptive environments shared many of the same characteristics as leadership in more stable environments, with a few notable exceptions. This report will focus on these exceptions. We refer to executives who are successful in disruptive environments, particularly those that are characterized by digital disruption, as *Agile Leaders*.

We found that *Agile Leaders*, those leaders who rated highly on the competencies and behaviors mentioned on the right, tended to significantly out-perform other leaders on measures such as work engagement and leadership effectiveness.

Four characteristics distinguish agile from non-agile leaders. *Agile Leaders* are:

1. **Humble:** They are able to accept feedback and acknowledge that others know more than they do.
2. **Adaptable:** They accept that change is constant and that changing their minds based on new information is a strength rather than a weakness.
3. **Visionary:** They have a clear sense of long-term direction, even in the face of short-term uncertainty.
4. **Engaged:** They have a willingness to listen, interact, and communicate with internal and external stakeholders combined with a strong sense of interest and curiosity in emerging trends.

In addition, we found that *Agile Leaders* exhibited three key behaviors helping them to successfully navigate disruptive environments. These three behaviors mirror the organizational agility capabilities described in the book, The Digital Vortex. They are:
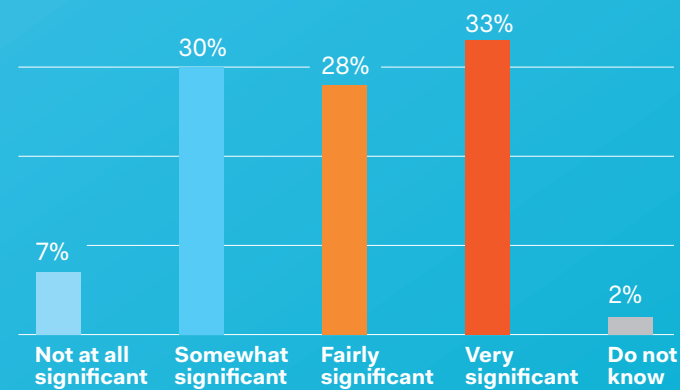
1. **Hyperawareness:** They are constantly scanning internal and external environments for opportunities and threats.
2. **Informed decision-making:** They make use of data and information to make evidence-based decisions.
3. **Fast execution:** They are able to move quickly, often valuing speed over perfection.

The Rise of Digitization as a Disruptive Force

To lead successfully at any point in history requires a specific set of competencies and behaviors that mesh with the demands of the time. Different economic circumstances, technology landscapes, cultures, and social values require different approaches. The current wave of industry disruption is fueled by digital tools, technologies, and business models such as analytics, virtual reality, blockchain, cloud environments, mobile solutions, machine learning, connected devices, the sharing economy, and digital ecosystems. These digital innovations are speeding up the pace of change and making it harder for leaders to accurately create and sustain positions of competitive advantage.

The executives responding to our survey were not blind to the magnitude of change affecting their organizations. Indeed, one third of them considered the impact of digital disruption on their industry to be "very significant".
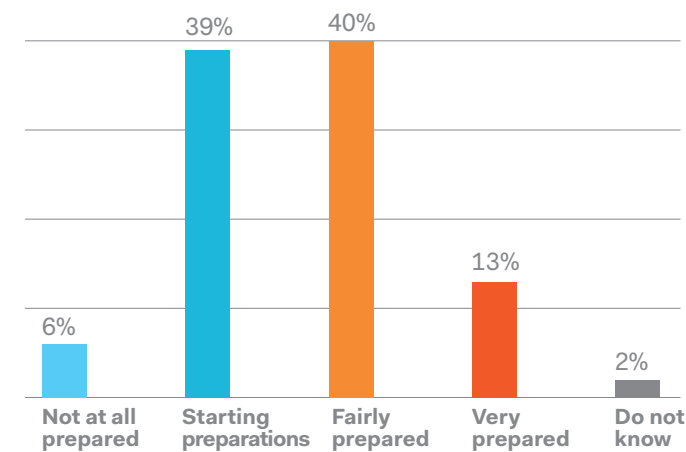
In our industry, we literally are at the epicenter of a huge change, we are being dragged from analogue to digital as we speak. Literally right now, it's happening now, and it's fascinating.
RUSSELL QUIRK
CEO eMoov

However, when they were asked whether or not their organizations were ready to meet the demands of a digitally disrupted business environment, less than 15% claimed to be "very prepared". The majority of them, almost 80%, indicated that they were "starting preparations" or were "fairly prepared". Considering the scale of disruption, there is clearly much work to be done to help these leaders respond.

Many of the executives we surveyed suggested that the role of the leader needs to change; for example, they challenged the traditional view of a leader as an authoritative, knowledgeable figure, and suggested the need for a more collaborative and engaging approach that focused on the empowerment of individuals and teams.

By analyzing the qualitative and quantitative data, we identified the factors that differentiated leaders who were able to thrive in disruptive environments *(Agile Leaders)* from those who struggled *(Non-Agile Leaders)*. Overall, 29% of leaders were characterized as agile, 28% were non-agile, and the remaining 43% were defined as in transition. *Agile Leaders* reported significantly higher engagement scores with their work and higher success factors as leaders.
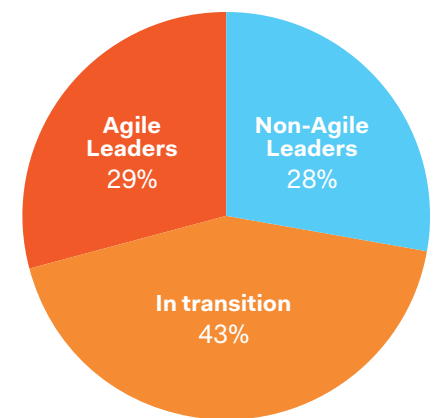
Certainly I've seen changes in that time... historically we saw very command-control businesses with leaders who had big egos, who almost used strength as a force for assuring respect, whereas today it has to be more mutual, I believe.
TERRY BENNETT
Fortium Partners

Digital disruption is significant

Not at all significant	Somewhat significant	Fairly significant	Very significant	Do not know
7%	30%	28%	33%	2%

"How significant has the effect of digital disruption been on your industry sector?"

Organizations are underprepared

Not at all prepared	Starting preparations	Fairly prepared	Very prepared	Do not know
6%	39%	40%	13%	2%

"How prepared is your organization to meet digitally disruptive competition?"

Not all leaders are agile

Agile Leaders 29%
Non-Agile Leaders 28%
In transition 43%

What Defines an Agile Leader?

Leadership has historically been associated with a few universal competencies and behaviors, such as integrity, judgement, resilience, decision-making capacity, analytical ability, charisma, and communication skills. What our research revealed, however, was a change in the balance of these factors. With *Agile Leaders*, we observed the increasing importance of some key competencies and behaviors and a lessening in the importance of others. This new leadership profile was found to be remarkably consistent across industries and geographies.

The following four competencies associated with the *Agile Leader* help define "what they are": Humble, Adaptable, Visionary, and Engaged. These HAVE competencies inform the business-focused actions or behaviors of *Agile Leaders* and translate directly into "what they do" – something we will address later.
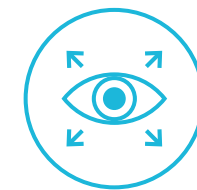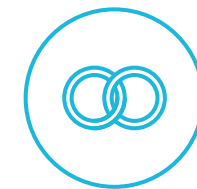
HAVE Competencies of Agile Leaders
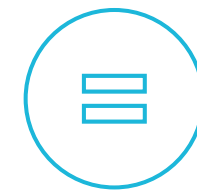
Humble
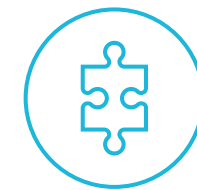
Adaptable

Visionary

Engaged

Humble

Humble: An ability to accept feedback and acknowledge that others know more than you.

In an age of rapid change, knowing what you don't know can be as valuable as knowing what you do. Unfortunately, leaders are often shielded from learning about new developments by the sheer volume and variety of new information that is captured across an organization's ecosystem. *Agile Leaders* need to be open to learn, and be willing to seek input both from inside and outside their organizations. They also need to trust others to know more than they do. We found leadership humility to be equally important for start-ups as for large incumbents.

Agile Leaders understand the need to build the right team and retain key staff. They focus on making good employment decisions and strongly back continuing development of their teams. With rapid changes in technology, it is necessary to invest time and resources to keep employees up to date.
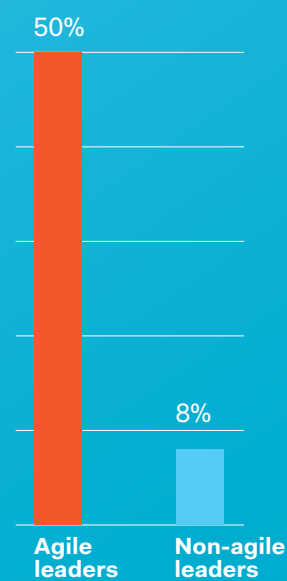
Google looks for the ability to step back and embrace other people's ideas when they're better. "It's 'intellectual humility.' Without humility, you are unable to learn".
LAZLO BOCK
Former SVP People Ops, Google, as quoted in the New York Times

You should be trying to work on the basis that everybody you appoint is significantly better than you in some area or another, if not everything.
COLIN HUGHES
MD Collins Learning

Leaders frequently do not have the time to invest personally in this, but encourage individuals and teams to contribute their knowledge, so that the organization can become an effective distributed knowledge system.

Being humble means learning to accept, welcome, and leverage the knowledge of team members, peers and employees for the benefit of the business. Humility is also relevant when dealing with customers – actively seeking to understand and gain deep customers insights is an important attribute of the *Agile Leader.*

Being humble in approaching leadership may sound inconsistent with the need to project an image of confidence and authority. We do not regard humility as an abdication of the need to provide a strong vision, as described later, but as an acknowledgement that the current speed of change outstrips any leader's personal store of knowledge or experience. Accepting that a single person cannot know everything needed to make a decision is a critical component of the *Agile Leader* approach. Humility, in this context, may be readily understood as practicing a philosophy of mutual respect – respect for the ideas and knowledge of others at least as equal to one's own.

Hire people who are the experts. Trust in them.
JAMES HIND
Founder/CEO Carwow

In former times, the leaders were really the experts, but they are not any more, they are like a facilitator. They are making things happen, shaping the environment, and making people happy that they can really work on the problem.
OLE MENSCHING
CEO/Founder Careerteam

Agile leaders are willing to learn

"I encourage my team to coach me in the use of digital tools and technologies."

Agile leaders encourage team development
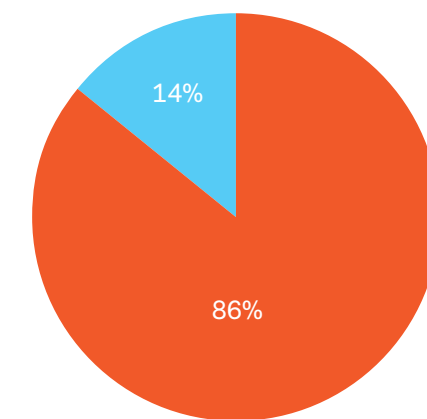
■ **Agile leaders**
■ **Non-agile leaders**

"I enable my team members to develop themselves."

Adaptable

Adaptable: An acceptance that change is constant and that changing your mind based on new information is a strength rather than a weakness.

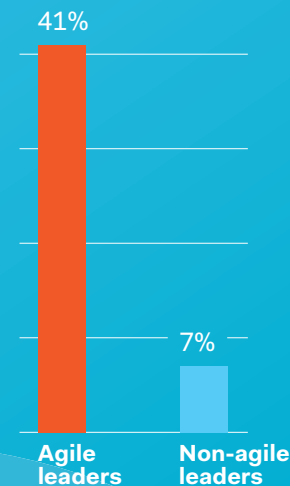It goes without saying that an ability to adapt is critical in a complex and changing environment. However, focused adaptability based on changing information is a distinct competency that needs to be distinguished from random vacillation. *Agile Leaders* adapt their behavior in the short term based on their ability to make evidence-based decisions.

Rapid technology change and the appearance of new digital competitors requires adaptation at a leadership level. However, it is not just the rapidly changing digital context that requires adaptability from leaders today. The global reach of digital technologies has opened up new frontiers for organizations, shrinking continental divides, and erasing traditional boundaries between industries and nations. We found that *Agile Leaders* are adept at dealing with complexity and less reluctant to change their minds in the face of new information.

...you have to be sure that you are able to correct wrong decisions or weak decisions. You have to be able to say, okay, yesterday, I said left and today, based on this, we are going right. It has to not be a weakness for you. It is a necessity of the environment of today.
LOTHAR RAIF
Head of Banking Support,
Credit Suisse

You need to do the planning, otherwise you won't get anywhere, but you need also at the same time to be prepared to reassess and re-evaluate and not love your own scenarios or plans too much. You need to be open to external impulses all the time.
MARIA HAMREFORS
CEO Akademibokhandlen AB

Agile leaders listen to their teams

41%

7%

Agile leaders **Non-agile leaders**

"I change my mind in front of my team, if they convince me."

Being adaptable is key to the success of both the organization and the *Agile Leader*. At an organizational level, it means being ready to innovate and react to opportunities and threats as they appear. At an individual level, it means being open to new ideas, to changing an opinion when convinced of the need, and to successfully communicate that revised opinion to relevant stakeholders, like peers, teams, and customers. Changing your mind, which to some is regarded as a sign or weakness or lack of conviction, should be a regarded as a strength when faced with changing information. *Agile Leaders* are not afraid to commit to a new course of action when the situation warrants it.

The amount of knowledge has increased, the accessibility has improved, but also the half-life of knowledge is decreasing, so I think as a leader, the role has changed into "how can I leverage the knowledge which is within my team members, in a better way?".
HEIKO SCHICKLE
Head of Digital,
Hilti Deutschland

Carlos Torres Vila
CEO BBVA

"We are taking decisive steps in the Group's transformation in order to create the best possible experience for current and future customers. The goal is for BBVA to be the best bank of the digital age."
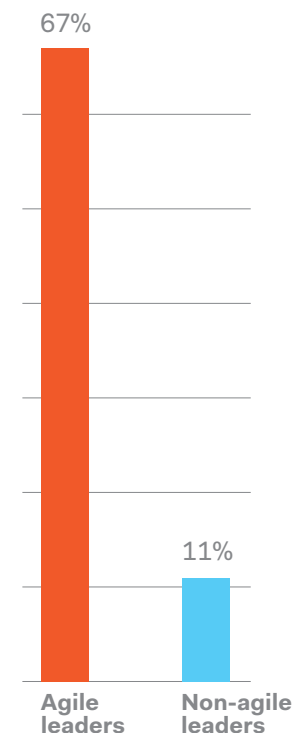
Carlos Torres Vila oversaw the transformation of BBVA from a traditional, physical "bricks and mortar" bank into one of the most successful financial services organizations of the digital era. He responded to financial sector disruption with adaptability, fostering a transformative culture, encouraging **agility**, **flexibility**, the primacy of **collaborative work**, an **entrepreneurial** spirit, and support for **innovation**. BBVA successfully combined their core competency, data, with innovation via start-ups, acquisition and subsidiaries.

Agile leaders are not afraid to adapt their behavior

67%

11%

Agile leaders **Non-agile leaders**

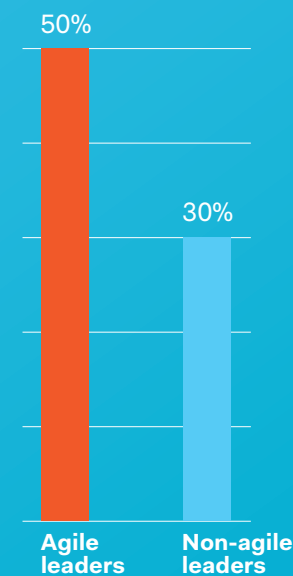"I adapt my behaviour to new circumstances."

Visionary

Visionary: A clear sense of long-term direction, even in the face of short-term uncertainty.

It has always been important for a leader to have a clear vision for the future of their organization. In times of rapid technology and business model disruption, with opportunities opening up on all sides, a clear vision becomes ever more critical. Indeed, an ability to set a course and stick to it was strongly endorsed both by the executives we surveyed as well as by those we interviewed. Visionary leaders have a well-defined idea of where their organizations need to go, even if they do not know exactly how to get there.

Being visionary in the context of *Agile Leaders* isn't restricted to digital disruptors – although clearly leaders in these contexts are operating with a level of visionary insight. Being visionary is equally important for legacy organizations, whose leaders need to define and clearly articulate long-term aims and objectives. For example, General Electric has a vision to become the dominant player in the industrial internet, a term that it coined, which is a major departure from its traditional manufacturing roots.

...I think you have to be bolder as a leader because by definition disruption is bolder, you have to have the courage of your convictions... You have to wear your vision on your sleeve.
RUSSELL QUIRK
CEO eMoov

Agile leaders are involved in setting digital strategy

50%
30%

Agile leaders

Non-agile leaders

As strategy has transformed from long-term linear planning to more agile movements with a common focus, so keeping the vision "true" whilst adapting in the short term has become a critical competency for leaders. The unpredictability of business ecosystems is creating a situation in which traditional analytic business approaches are failing to provide the long term definitive strategies and marker posts that leaders have relied on in the past. Indeed, vision is always in tension with adaptability. *Agile Leaders* deal with this tension by using vision to motivate and inspire, whilst at the same time adapting rapidly to current, contextual business situations.

A successful leader can break down the vision into strategy and can explain to every employee what the vision means for their job.
OLE MENSCHING
CEO/Founder Careerteam

You have just got to be comfortable knowing that the end game certainly is uncertain, but you know you've got to make the moves, and you've got to be happy making those moves.
EDWARD HARDING
MD Sales, Coleman Research

Jeff Immelt
CEO GE

"What we've tried to do is narrow our focus as a company, to be only those things that have significant core competency. So, that's led us into being a global infrastructure leader... We're playing to the company's strengths, and, at the same time, we're playing to those things that the world needs... That's led us to be more global. It's led us to be more technical. It's led us to exit media, shrink financial services, and be in those things that we think are core to the company."

Jeff Immelt had the **vision** to see what GE needed to become, not just what it was. His vision has reshaped GE into a global force in the area of the industrial internet.
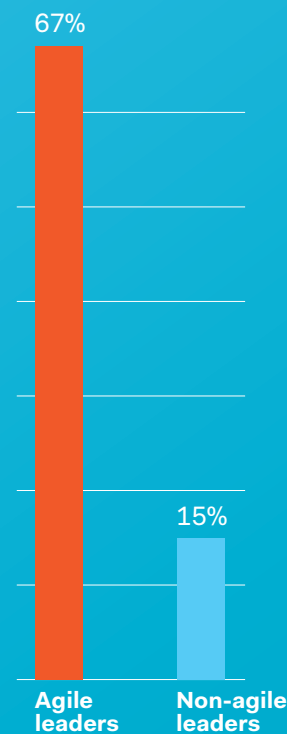
Engaged

Engaged: A willingness to listen, interact, and communicate with internal and external stakeholders combined with a strong sense of interest and curiosity in emerging trends.

Articulating a clear vision of the future and being adaptable enough to recognize when the course needs to be modified, are *Agile Leader* competencies. Successful communication of these factors through constant engagement with stakeholders is a requirement. *Agile Leaders*, whatever their position in an organizational hierarchy, are always engaged, whether with customers, partners, suppliers, team members, staff or their broader societal and industrial ecosystems. This desire to explore, discover, learn and discuss with others is as much a mind-set as a definable set of business-focused activities.

Listen and trust.
This can't be
a half-hearted effort.
TERRY BENNETT
Fortium Partners

Agile Leaders scored highly on communication factors such as "ensuring a constant interchange of information within my team" (85% often/ frequently) and "encouraging teams to challenge views and opinions" (86% often/frequently).

The speed of change, not just in technology, but in business models and competitive dynamics, means that executives simply have to be in listening mode all the time; what they know today may be irrelevant tomorrow. *Agile Leaders* are listeners and communicators. They spend huge amounts of time interacting with the outside world. This interaction may be face to face or it may be virtual.

So, while being humble implies that the *Agile Leader* knows the limits of his or her own capabilities, being engaged is how he or she can stay as up to date as possible. Being humble without seeking to engage is simply weak leadership. It is also clear that engagement drives the business-focusing competencies of vision and adaptability.
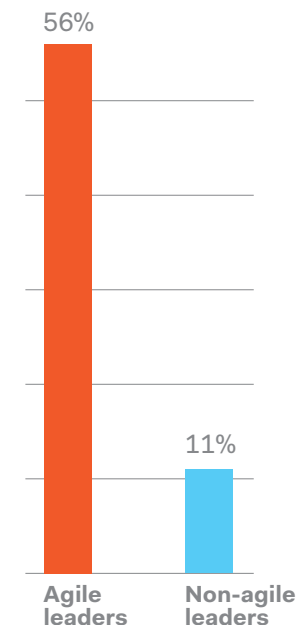
...leaders of disrupted
businesses, need
to listen much,
much more.
JERKER NILSSON
CEO SRF

**Agile leaders
share information
with their teams**

67%

15%

Agile
leaders

Non-agile
leaders

"I ensure a constant interchange of information within my team."

**Agile leaders monitor
customer needs**

56%

11%

Agile
leaders

Non-agile
leaders

"I monitor customer needs."

Robert Gentz
CEO Zalando

Zalando has a hugely diverse workforce with employees from 117 countries. They focus on making this diversity a driver for the business and engaging all employees in company-wide conversations.

Robert Gentz's team at Zalando implemented digital tools to channel topics of interest from all employees to the management board (zTalk) as well as zLive, a company-wide 'social' intranet and zBeat, which surveys the entire workforce every six weeks about their current work experience.

The Actions of an Agile Leader
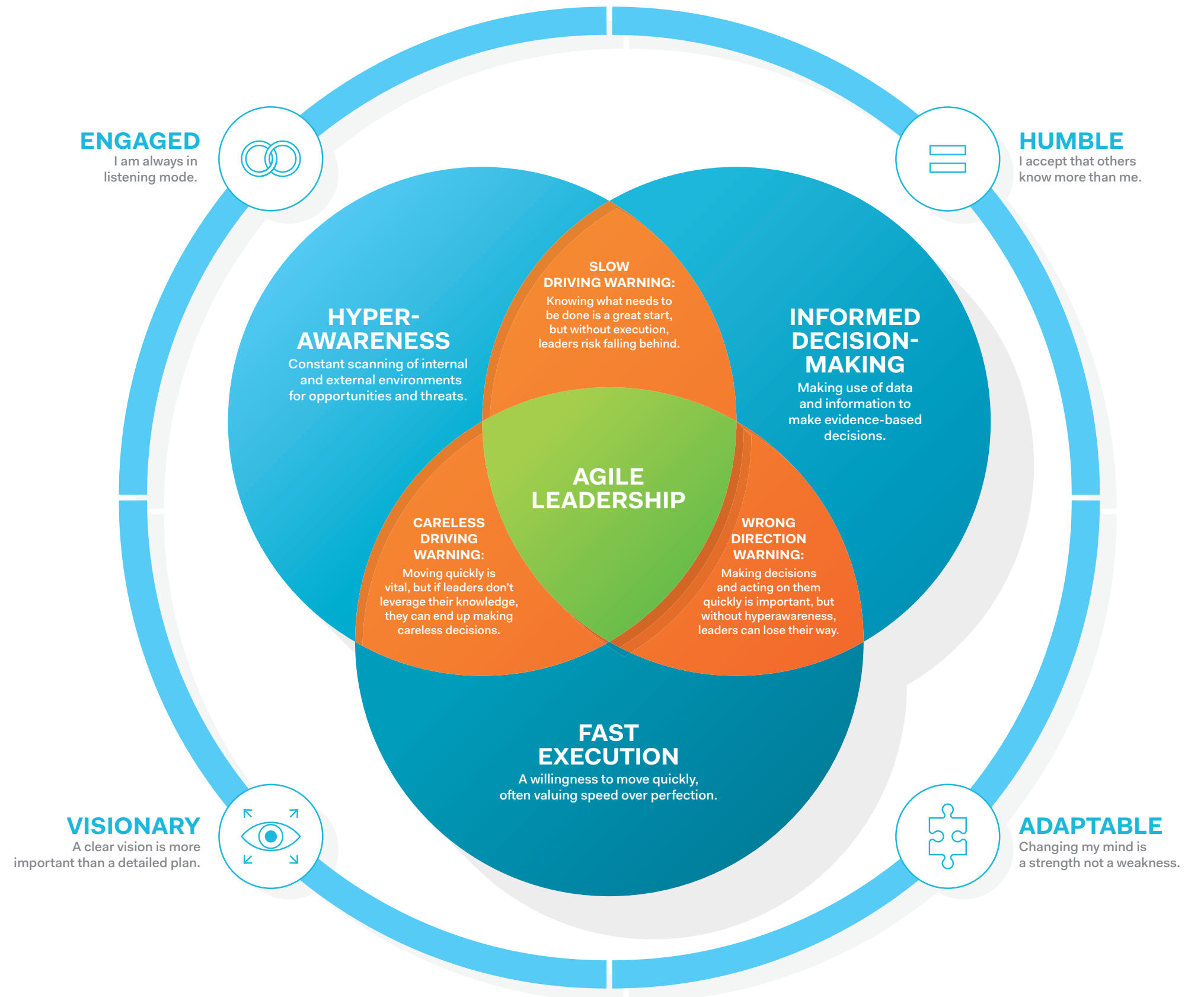
Competencies, Personality, and Behaviors

The four HAVE competencies described previously are facets of a leader's personality. Personality is partly genetic and partly shaped by early experiences. It defines the space, the repertoire, and the comfort zone in which a person acts. The construct of personality has been globally researched for over one hundred years and scientists agree that it is a strong predictor of business outcomes.

Two of the competencies – adaptable and visionary – describe two ends of a temporal scale. Adaptability focuses on the *short term*, whereas acting in a visionary manner implies a *long term* focus. The other two competencies – engaged and humble – can be placed at opposite ends of an emotional/cognitive scale. Engagement is largely an *emotional* competency, while humility is primarily *cognitive*.

These competencies manifest themselves in business behaviors. Compared to competencies, which are relatively stable over time, behaviors can change from situation to situation, and the behavioral repertoire of a leader can be quite diverse. In the following section, we describe three behaviors that differentiate agile from non-agile leaders.

The Behaviors of an Agile Leader

Digital Business Agility (DBA), as outlined in the book Digital Vortex (2016), described the following set of three capabilities that are vital for incumbent companies to compete successfully in turbulent environments: hyperawareness, informed decision-making, and fast execution. Combining **HAVE** competencies with agile behaviors provides a powerful amplifying effect for *Agile Leaders*. Indeed, when we examined leaders who scored in the top quartile of each of the DBA related survey items, we found that they were significantly better equipped to deal with today's disruptive business environments.

ENGAGED
I am always in listening mode.

HUMBLE
I accept that others know more than me.

HYPER-AWARENESS
Constant scanning of internal and external environments for opportunities and threats.

SLOW DRIVING WARNING:
Knowing what needs to be done is a great start, but without execution, leaders risk falling behind.

INFORMED DECISION-MAKING
Making use of data and information to make evidence-based decisions.

AGILE LEADERSHIP

CARELESS DRIVING WARNING:
Moving quickly is vital, but if leaders don't leverage their knowledge, they can end up making careless decisions.

WRONG DIRECTION WARNING:
Making decisions and acting on them quickly is important, but without hyperawareness, leaders can lose their way.

FAST EXECUTION
A willingness to move quickly, often valuing speed over perfection.

VISIONARY
A clear vision is more important than a detailed plan.

ADAPTABLE
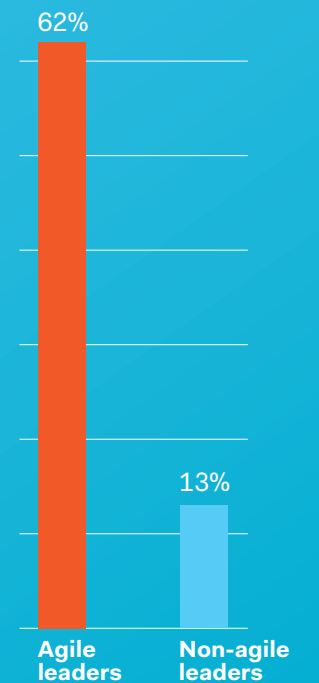Changing my mind is a strength not a weakness.

Agile Leaders are Hyperaware

Hyperawareness: Constant scanning of internal and external environments for opportunities and threats.

Good leaders are constantly scanning their environments, both inside and outside their organizational boundaries. With technology-driven change accelerating across industries, the need for leaders to look outwards, and not just at their competitors, is evident. But *Agile Leaders* do more than this, they listen intensely to diverse voices and solicit inputs that feed their hyperawareness.

There are obstacles, of course, such as getting the right inputs, avoiding confirmation bias and organizing information flows efficiently. But, to be an *Agile Leader* is to be hyperaware, and as one respondent put it, *"Why is hyperawareness really important nowadays? Because the speed of change is so much faster."* (Jerker Nilsson – CEO SRF)

> There needs to be an everlasting radar, a high speed radar, where you constantly track the situation.
> ALEXANDER DAHM
> VP Head of Space
> Equipment Ops, Airbus

> ... they need to make sure that their team, their organization, is imbued with a relentless focus on what is going on outside the business.
> COLIN HUGHES
> CEO HarperCollins

Agile leaders monitor new technologies in their industry

62%
13%

Agile leaders
Non-agile leaders

"I monitor new technologies in my industry."

A part of hyperawareness in digitally-disruptive environments is to follow digital technology trends, and while leaders do not need to be technically proficient, they need to keep up with relevant advances in technology. *Agile Leaders*, in particular, reported that being "tech savvy" and being open minded to the role of new technologies within their general business contexts was important.

Individual hyperawareness means spotting emerging competitive threats or digital opportunities. To counterbalance the potential for change that threatens to overwhelm linear strategy, the requirement for *Agile Leaders* to use their strength in vision to keep their organizations on track has never been greater. So while being hyperaware is about engaging, seeking new insights and adapting, it also reinforces the need to provide guidance through strong vision.

> It's not just about the customer anymore, it really is about everything that is going on around the industry, even adjacent industries, and drawing on parallels, otherwise you don't see what's happening in terms of those young firms...
> EDWARD HARDING
> MD Sales, Coleman Research

Mathias Dopfner
CEO Axel Springer

When Mathias Dopfner defined Axel Springer's three top priorities as "Internet", "Internet" and "Internet" in 2002 – he knew that he didn't know enough, but his hyperawareness and vision told him where he needed to focus.

Recognizing that the U.S. tech culture was something they needed to understand, he set out to learn it, not by employing high-powered consultants, but by immersing his top team in Silicon Valley for almost a year. His aim was to deliberately force them out of their comfort zones. "I wanted people to be in student mode". Having the humility to pause and learn has paid huge dividends for the entire organization, now a European digital publishing powerhouse.
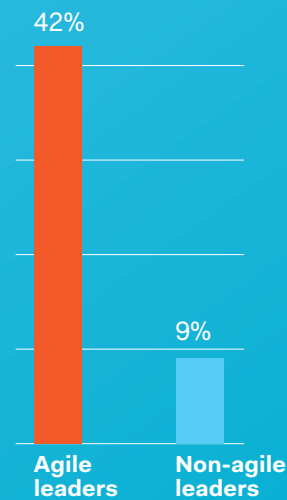
Agile Leaders practice Informed Decision-Making

**Informed decision-making: Making use of data and information to make evidence-based decisions.**

Informed decision-making is the result of well-directed information gathering, effective analysis, and informed judgement. It underpins the ability to be adaptable and supports a leader's long-term vision. *Agile Leaders* understand the value of using digital technologies to gather and analyze data. They are always on the lookout for new data sources to support informed decision-making, and a number of respondents noted the growing availability of public data along with social, mobile, and other sources. Gains can be dramatic; one respondent told us that technology supported decision-making reduced a seven-week manual process to one day for plant production planning – a 90% reduction in decision-making time.

> I would say no data, no decisions. Informed decision-making is becoming critical.
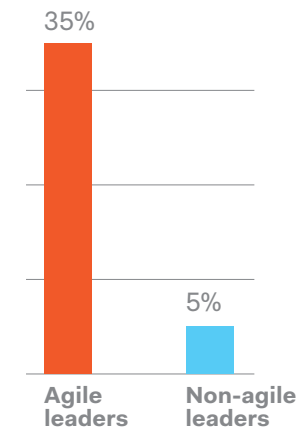> ISABELLE PERREAULT
> Stratford Managers
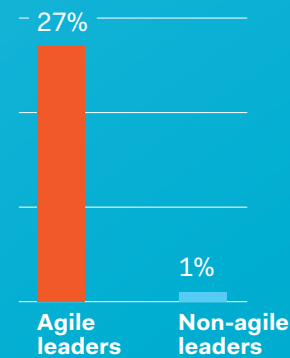
Making informed decisions is about engaging, recognizing, and utilizing the best data sources, applying appropriate analytics, and then making a decision. However, the executives we surveyed were also keenly aware that making informed decisions was not driven solely by algorithms. Quite often, a leader will lack sufficient data to make an informed decision, or be faced with contradictory data. In situations such as these, the leader must draw on experience and intuition to move forward. For example, leaders need to develop a talent for discriminating between useful information and background noise.

This requirement to rely on experience and intuition may seem inconsistent with the use of data and analytics to support decision-making, but it brings sharply to the fore how *Agile Leaders* need to be humble – only delivering personal, experience-based decisions as a final check, not automatically assuming they know the answers.

While executives in the study were strong supporters of utilizing digital tools and processes to support decision-making, they were also aware that *"it's not the access to information, it's what you do with it that counts"* as Mary O'Conner from MacMillan Education told us. There was also a recognition that the availability of data does not in itself result in better decision-making. Indeed, for many organizations, the volume of data was outstripping their capacity to draw insights from it at speed.

> ...at the end of the day, if informed decision-making was so clear, then you wouldn't need a leader anymore because machines or artificial intelligence would make the decision.
> LOTHAR RAIF
> Head of Banking Support,
> Credit Suisse

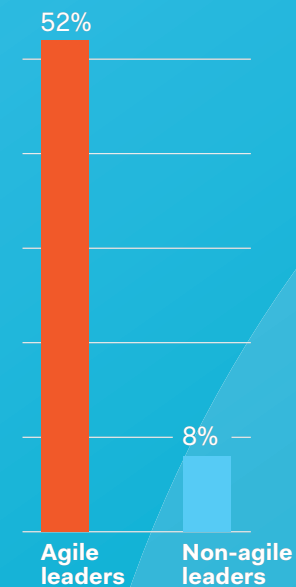> I'd say it's probably 80/20, or 90/10, say 80% data or 90% data, and the rest being intuition.
> MARIA HAMREFORS
> CEO Akademibokhandlen AB

Agile Leaders base their decisions on facts and data

42%

9%

Agile leaders   Non-agile leaders

Agile Leaders make use of business simulations or scenarios to support decisions

27%

1%

Agile leaders   Non-agile leaders

Agile Leaders base their decisions on real-time or current data

35%

5%

Agile leaders   Non-agile leaders

Agile Leaders practice Fast Execution

Fast execution: A willingness to move quickly, often valuing speed over perfection.

In an environment characterized by significant disruption, the effectiveness of hyperawareness and informed decision-making are significantly reduced if the *Agile Leader* is not able to act quickly. Ultimately, *Agile Leaders* will only be effective if they are able to quickly execute an informed decision. Unfortunately, there are many barriers, be they organizational, fiscal, structural or cultural. One executive from a large incumbent told us *"…you need to kill and hide bureaucracy… fast decision-making means fewer signatures"* – it's adaptability in action. Size matters in execution terms, but *Agile Leaders* at all levels in large organizations identified fast execution as a critical behavior.

> **What do you define as fast? … For me, fast execution means, as soon as I come to a conclusion, then I execute.**
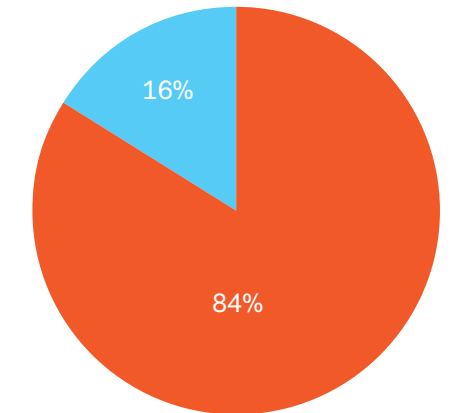> EMRAH GOZTURK
> SVP, GEA Farm Technologies

The fostering of a fail-tolerant culture in a large organization helps speed up execution, and *Agile Leaders* scored highly on giving responsibility to teams and allowing widespread autonomy. Most leaders recognized that they couldn't always succeed, and *Agile Leaders* voiced this most clearly. Acknowledging that an idea may not work, or indeed that others have better ideas, is where humility plays most strongly in fast execution. One respondent put it clearly for us: *"You might have a great idea, you think it's great, but then if 10 people are saying it's nonsense, then maybe drop it and come up with another idea. That kind of quality is important to be able to execute quickly."*

> **It doesn't have to go through filters of signing off. We once built a whole new homepage and had it launched, I think we made the decision on the Monday, launched on the Friday.**
> RUSSELL QUIRK
> CEO eMoov

Agile Leaders take risks to speed up execution

52%

8%

Agile leaders   Non-agile leaders

I regard mistakes as an opportunity to learn

16%

84%

■ Agile leaders
■ Non-agile leaders

Heiko Schickle
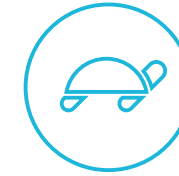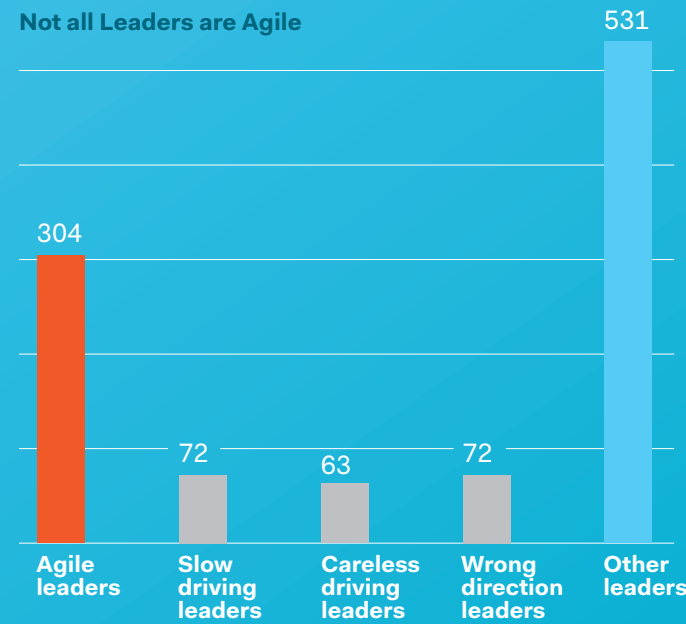Hilti Deutschland

Fast execution requires the right team

"Well, if you want to move fast, you can try to move fast with a very traditional highly hierarchical organizational set-up. It's just, it most likely will not happen. If you think about the people you may need for this [fast execution] it's typically people who are not used to these types of structures and hierarchies. If you try to fully embed them into host organizations and hierarchies, most likely they will not get anywhere and, by the way, they will get frustrated by the organization and the hierarchies and everything that is related to that."

The Dangers of Non-Agile Leadership

While *Agile Leaders* are able to balance hyperawareness, informed decision-making and fast execution, many more leaders struggle.

The dangers of only applying one or none of the three agile behaviors are clear. Being hyperaware, for example, but unable to make informed decisions or act quickly will not lead to a good outcome. Making a data-driven decision, based on incorrect data, and doing it slowly will probably also not turn out very well. However, even applying two of the three behaviors can lead to sub-optimal outcomes.

Not all Leaders are Agile

304	72	63	72	531
Agile leaders	Slow driving leaders	Careless driving leaders	Wrong direction leaders	Other leaders

Slow Driving:

Leaders who use their hyperawareness to the full extent should be well aware of what needs to be done in relation to new threats and opportunities. With the right balance of individual competencies, they can stay ahead of the game, spotting trends early and moving to make informed decisions. With data and analytics in place, these decisions can be made, incorporating diverse and inclusive viewpoints to specify beneficial actions. But all of this progress can be wasted if they cannot execute at speed. This situation leads to the frustration of "slow driving" where the leader has the vision and the road map, knows where they should be headed, knows how to get there – but is stuck in the slow lane watching competitors pass at will.

Careless Driving:

Having the hyperawareness to spot technology and industry sector changes early is a great leadership skill based on engaging broadly with customers, stakeholders and the wider industry ecosystem. A leader may see a threat in the far distance, and decide to counter it quickly, but what decisions need to be made in the short term? Informed decision-making is both the driver and engine room of change; it is what links motive and desire to an objective. Leaders who are both hyperaware and have helped build organizations that execute at speed need to ensure that they also continue to make informed decisions or they run the risk of driving carelessly with resulting delays and accidents.

Wrong Direction:

Making objective decisions based on data is the core of informed decision-making. It's an on-going process that enables leaders to keep the wheels turning in the right direction by constantly monitoring and feeding back, both internally and externally. It is also at the heart of fast-fail approaches. Without strong analytics, it's difficult to know when to kill a project and when to inject more resource. The synergy between executing at speed and informed decision-making is critical for any leader. However, if they are not also hyperaware, then both the data-based analysis and the direction of travel may be misguided.

Conclusion

The volatility of business environments driven by rapid, accelerating, digital technology and business model change requires a new management approach, which we call *Agile Leadership.* Our research suggests that *Agile Leaders* combine high levels of humility, adaptiveness, vision, and engagement with the specific business behaviors of hyperawareness, informed decision-making, and fast execution to navigate through disruptive operating environments.

It may not be too far-fetched to regard these turbulent times, where new ventures guided by management novices are the most valuable companies on the planet, as a "comet impact" moment for management theory. What responses are needed from the leaders of incumbent organizations?

In this report, we argue that traditional organizations can compete and win in this new digitally-disrupted world if their leaders are able to adapt to it. One only needs to look at leadership success stories of large incumbents such as GE, Axel Springer, and BBVA to know that all is not lost; indeed the prognosis for incumbents is excellent, provided they are managed and led in an agile manner.

The DBT Center and metaBeratung have identified the underlying personality characteristics and business behaviors of *Agile Leaders*. This knowledge will allow us to measure *Agile Leadership* and suggest developments necessary for leaders to become more effective in today's challenging business environment.

Methodology

This research utilized a mixed-method approach in order to quantify the effect of digital disruption, and assess the ability of leaders to respond.

The quantitative component of the research involved an online self-reported questionnaire completed by 1,042 respondents between October and December, 2016. The response rate was 7.5%. Respondents were mid to senior executives from 17 industries (or "other") in 78 countries. The items were developed by the DBT Center at IMD and metaBeratung.

The qualitative component of the research consisted of semi-structured telephone or video-conference interviews with nineteen leaders from ten countries. The questions were designed to gain further insight on the topics covered in the quantitative survey. The interview questions were developed and piloted with a subset of leaders who were chosen to represent a cross-section of incumbent organizations, small-scale disruptors, and those who had been disrupted. The interviews were conducted between November 2016 and January 2017.

Industries Represented in the Survey

GLOBAL CENTER FOR DIGITAL
BUSINESS TRANSFORMATION
An IMD and Cisco Initiative
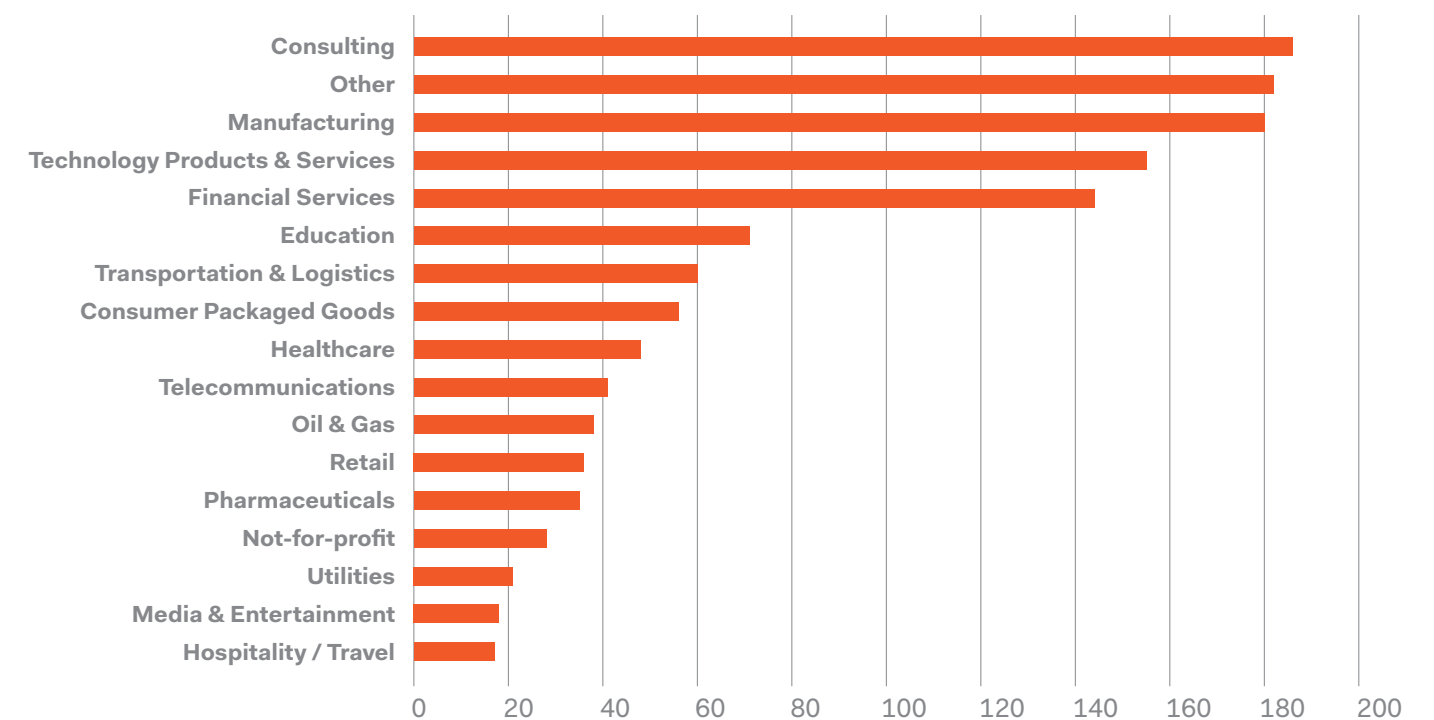
The Global Center for Digital Business Transformation provides world-leading research and analysis on digital business transformation. It prepares executives to lead their organizations into the digital era by re-imagining their businesses to take advantage of digital opportunities and manage disruptive threats. Full-time researchers draw from diverse backgrounds to drive the DBT Center's thought leadership strategy.

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