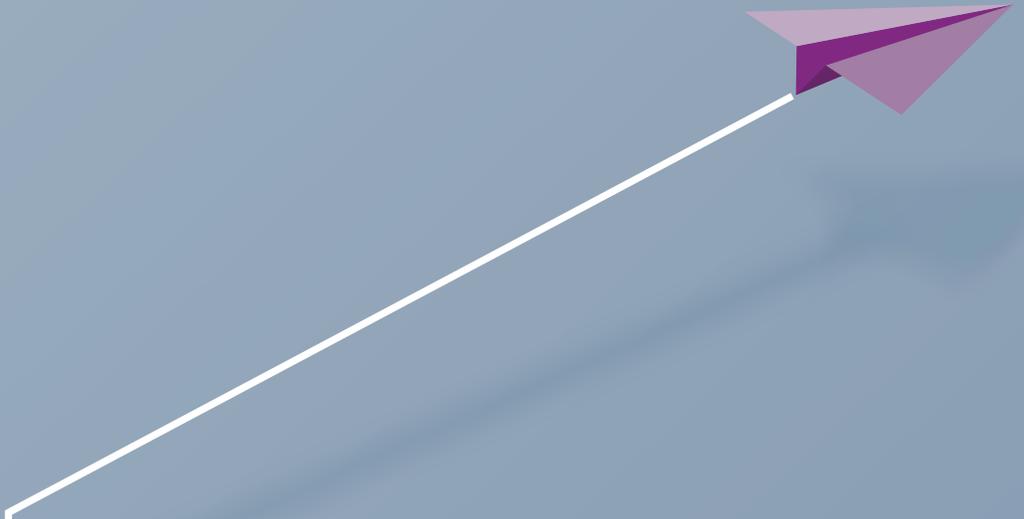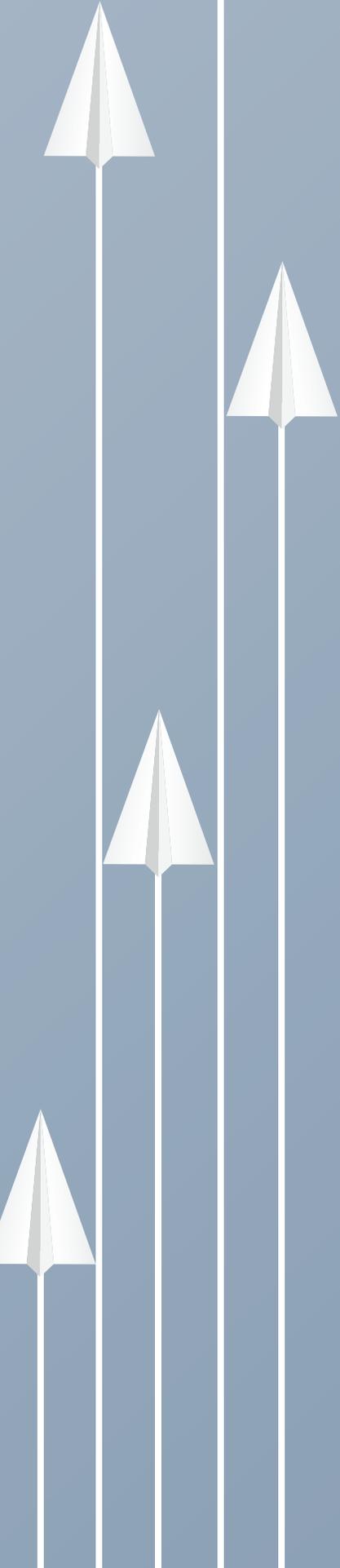# The End of Expertise?
Rethinking the C-suite

Under pressure

To survive and thrive organizations must be resilient; able to withstand a variety of external pressures: including new competitors, economic headwinds, supply chain disruption, labor shortages. The research on organizational resilience consistently points to one crucial ingredient: leadership.

Companies today are experiencing heightened pressure from two overarching dynamics in particular: digital disruption and the sustainability question.

Driven by a rapid growth in the availability of data and increased analytic sophistication, we are seeing a dramatic shift in how products are conceived, produced and delivered. No industry is immune to the forces of digitalization. The disruption of the media and entertainment industry by companies like Netflix and Spotify is well known. Similarly, the telecommunications industry is being squeezed by apps like WhatsApp and WeChat. At the emerging end of the spectrum, investments by Google and the growth of services like CrowdMed promise to disrupt the healthcare industry, while Nest and OPower are beginning to shake up the energy utilities sector.

Against this backdrop of product and service disruption, consumers, investors, employees, and regulators are increasingly examining the impact that companies have on the environment and society. While certainly not without their critics, ESG criteria have become more and more central to investment decision making. According to the Global Sustainable Investment Alliance[1], the assets managed under ESG criteria increased from $22.9 trillion to $30.7 trillion between 2016 and early 2018, far outpacing inflation. Consumers are becoming more vocal and influential, in part because the internet has enabled an unprecedented level of transparency and choice. A recent survey of consumers by Futerra finds that 88 percent[2] want brands to help them be more ethical and sustainable.

Employee power is perhaps the ultimate symptom of the combined forces of digitalization and sustainability. Digitalization has altered the employer-employee relationship both because of the ongoing shift to knowledge intensive work creating tight labor markets, and because it has changed how work itself happens – technology is facilitating a more egalitarian and less hierarchical approach to work. With increased influence and changing workplace dynamics, employees are in a position to voice their concerns about the purpose and impact of their employers.

It was reported in the Economist[3] that Google employees forced the company to stop providing the Pentagon with AI technology for drones and to pull out of a procurement process for the Joint Enterprise Defense Infrastructure (JEDI), a $10 billion contract to provide cloud computing services to the US Department of Defense. While such instances likely remain far from the norm, employers are well advised to pay attention to the underlying theme of social purpose and impact if they wish to attract and retain talent. According to research by PwC[4], millennials are 5.3 times more likely to stay with an employer when they have a strong connection to their employer's purpose.

A proliferation of new roles

Organizations are increasingly attuned to these external pressures; in response they are moving fast to hire new executives into the C-suite that have the necessary expertise to deal with them.

Chief digital officers, chief data officers, and to a lesser extent chief artificial intelligence officers and chief privacy officers have emerged in response to digitalization. In most organizations, these new roles exist alongside a legacy chief information officer, leading to lack of clarity around responsibilities and decision making. The chief sustainability officer has arisen in response to an increased focus on ESG and is in some

[1] As cited in the Economist August 24th-30th 2019: "Briefing: Corporate Purpose: "I'm from a company and I'm here to help".

[2] https://www.forbes.com/sites/solitairetownsend/2018/11/21/consumers-want-you-to-help-them-make-a-difference/.

[3] Economist August 24th-30th 2019: "Briefing: Corporate Purpose: "I'm from a company and I'm here to help".

[4] Putting Purpose to Work: A Study of Purpose in the Workplace, PwC, June 2016, http://www.pwc.com/us/en/about-us/corporate-responsibility/assets/pwc-putting-purpose-to-work-purpose-survey-report.pdf .

ways a more evolved version than the corporate social responsibility roles that had their heyday pre-Great Recession. The CSO manages financial, social and environmental risks and helps the company identify strategic opportunity in the space.

Elsewhere in the organization, human resources has similarly seen a growth of new roles – chief culture officer, chief people officer, chief talent officer, chief diversity and inclusion officer – and the resurgence of the chief learning officer.

Moving beyond expertise

The increase in C-suite roles has helped to diversify the expertise and experience in the executive ranks, yet failed to solve a bigger problem: Emerging challenges do not touch just one function or business line at a time. Solving those problems requires the ability to see and work horizontally across the company, not vertically within a single segment.

The original incarnation of the C-suite was built around a set of "Generals" leading lines of business. As organizations became more complex, leaders recognized the need for more functional expertise in the C-suite. This led to the "age of expertise," which was built around a team of top-down functional leaders who could bring their specialist expertise to organizational decision making.

What is needed now is for C-suite executives to deliver **much more** than functional expertise. They must be able to understand how external pressures manifest across functions and business lines, a much more complex undertaking than many leaders are capable of addressing.

To succeed, CEOs need to push the C-suite into an "age of contextual integration," leading a group of executives who adapt quickly to changing circumstances, are unafraid to wade into new terrain, and who manage horizontally with one another, not vertically alongside each other. This is as much about the CEO defining a new set of norms for how the group will operate as it is selecting a set of leaders with a different profile.

High-functioning top-teams are marked out by their level of unity – they are not a collection of highly qualified soloists, but rather a group that has a clear and common understanding of the organization's purpose and objectives and operates together to achieve them. Moreover, each individual leader's objectives tie into the broader purpose, and those objectives are not only visible to the rest of the team but are actively understood and underpinned by them. This cohesion does not mean that the team is homogenous in its thinking or unwilling to engage in vigorous debate and disagreement – effective top teams celebrate productive tensions. Competition and debate sit side-by-side with support and collaboration; and long-term enterprise level goals are actively managed against short-term divisional and functional goals.

The profile of the individual C-suite leader must undergo a shift in order to support this new way of working – and this is particularly true for functional leaders.

To adapt, functional leaders must supplement their domain expertise with a heightened understanding of the external customer and marketplace. They must be commercially minded, have high-digital acumen, and a sustainability mind-set. Moreover, they must adopt a scrappier start-up mentality in both their speed and approach to problems. The ability to work across silos to innovate, develop and execute solutions on the fly is essential. Leaders with less linear career paths that blend experiences across functions, types of organizations and/or regions will be particularly prized.

The most effective leaders tend to demonstrate a complex mix of abilities and traits – some of which feel like indispensable tensions. Take the "productive disruptor" for example – a leadership style that enables executives to pursue bold strategies, while also engaging people in the hard work of transformation. These leaders are more disruptive and innovative than other executives, but at the same time, are also more socially adept, pragmatic, and determined to translate ideas into tangible outputs. This paradoxical combination of traits – disruptive *and* pragmatic, connecting *and* galvanizing – are not at odds with each other, but need to coexist for leaders to be truly successful.

Core Leadership	SETTING STRATEGY	EXECUTING FOR RESULTS	LEADING TEAMS	RELATIONSHIPS AND INFLUENCE
C-Suite Differentiators	PRAGMATIC	RELUCTANT	VULNERABLE	CONNECTING
	DISRUPTIVE	RISK TAKING	HEROIC	GALVANIZING

In fact, our research on the differentiators of the most effective C-suite leaders shows that they are able to "span" four dualities:

1 **Being both disruptive and pragmatic:**
Organizations need leaders to disrupt the status quo with innovation, but they also must be pragmatic about focus, priorities, and the pace of innovation.

2 **Being both risk-taking and reluctant:**
A good leader takes calculated risks and is opportunistic, but we also want them to be somewhat reluctant and show some vigilance before steering the organization off a cliff.

3 **Being both heroic and vulnerable:**
A heroic leader needs to be a vulnerable as well, so their perseverance and grit don't turn into self-delusions. They need to take feedback and external data to heart and make continuous improvements to themselves and their organizations.

4 **Being both galvanizing and connecting:**
Leaders must galvanize support with energy and inspiration, but they also need to know when to take a step back and share credit, promote the success of others, and to connect the organization to become something stronger and greater than themselves and the cult of their own personality.

As CEOs consider how to effectively run their organizations, they should be mindful to not fall into the "expert trap." Instead they should:

☑ Embed acumen on critical subjects like digital or sustainability across the C-suite

☑ Assess and select leaders who can flex to multiple situations – those with a large span

☑ Create clear strategic alignment and shared purpose within the leadership team and demonstrate behaviors of working across silos to iterate on problems and opportunities quickly.

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Russell Reynolds Associates is a global leadership advisory and search firm. Our 470+ consultants in 46 offices work with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic and political trends that are reshaping the global business environment. From helping boards with their structure, culture and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led. **www.russellreynolds.com.**

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