

VIEWPOINT: TIMES HAVE CHANGED. BUSINESS LEADERSHIP NEEDS TO CATCH UP.

Despite the dramatic changes for the business world these past few years, there has been little talk about the fact that the very definition of effective leadership looks quite different now than in the recent past.

The seeds of these changes were sown over the past 5 to 10 years. With the need to navigate increased complexity, make decisions quickly and innovate across business functions, companies have felt a rapidly increasing need to collaborate across the business to get things done. And yet, frustration has grown dramatically with silos, politics and bogged down decision making.

Then the pandemic hit, and boom. These challenges grew exponentially for all sorts of reasons – including fewer interpersonal interactions and amped up uncertainty. Now layer in the recent wave of layoffs in tech, and the need to work more efficiently with fewer resources has become all the more critical.

We hear over and over from our clients that getting things done at a cross-business level is incredibly hard. One consumer company we work with is undergoing a huge transformation effort to bring together some of its product-based business units. The CEO recently told the team, “I want you to meet and figure out how you can create more cross-product innovations in order for us to grow.” Leaders from each unit met several times, and when the CEO asked them to report back, they said, “We’ve met, we’ve tried to figure out how to work together, but we’re stuck. We’ve walked away from each meeting not knowing how to break out of our silos.”

Sadly, this happens all too often – and companies can’t afford for this to be the status quo.

We are now at an interesting crossroads. Our firm did recent research on what effective leadership looks like today and how it’s different than in the past. The big “ah-hah” we had? Leaders are now spend-



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ing as much time “leading across” as they are managing their own teams. In essence, leading with their cross-business peers is every bit as important now as more traditional “vertical” leadership. This is a huge shift, and yet we’ve not yet addressed how we prepare or support leaders for this reality.

We know that mastering this will have a huge impact on results. One CEO we interviewed said, “If we can increase collaboration in a company by 10%, you can expect to see 50% better results.” Another said, “A lack of cross-functional collaboration is the death knell for a business.”

The good news? Many leaders recognize the need to lead across. The bad news? They feel an utter lack of confidence in how to do it. In our research, leaders rated themselves far less effective at working “laterally” than with their own teams. One recently promoted director we spoke with said, “When I was promoted, I felt like I was shot into a jet stream of cross business communications where

my peers were trying to solve problems, make companywide decisions and communicate key information. This was a brand new world for me, and I was not ready for it.”

There is a growing urgency for leaders to learn these capabilities to avoid the cross-functional roadblocks that many encounter. We need to shift leadership development efforts to focus as keenly on “lateral agility,” giving them practical tools to work well with others across the business, as they do on leading their own teams. One skill we’ve found effective in exercising “lateral agility” is the use of paradoxical questions. For example, a question like, “How do we create a solution that meets your objectives and constraints, while also enabling me to achieve success for what I’m trying to do?” forces “and” rather than “or” creation of ideas. We also need to address outdated organizational structures and incentives that encourage individual or team success rather than enterprise-wide success. Many companies still have

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incentives that reward individuals or business units with little to no emphasis on overall corporate objectives. If we want leaders to focus on what’s good for the company, we need to reward those that excel at this level.

The need to execute cross functionally is not going away – it’s only getting more pronounced. It’s high time business executives help their teams navigate these growing challenges by supporting their leaders in working more fluidly across their functions and geographies. Leaders who are successful today look quite different than those of yesterday – let’s ensure we prepare our managers for that reality.

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