New Leadership Needed

Letter From the Editor

Senior corporate managers must adjust their leadership styles as the ‘20s begin. After all, the companies they head are operating in a different universe than they were just five or six years ago. Business is more complicated, more cross-functional, flatter and more exposed, all while pursuing transformative strategies.

In this issue, we’ll show you how to turbocharge workforce engagement and performance, heighten self-awareness, break outmoded habits and cut through walls that must come down for your enterprise to grow. Our research examines the most effective CFOs, general counsel and everyone who’s reached the level of director and above — laying out the upsides of change, the importance of seeding the whole organization with specific new behaviors and the risks of neglecting to do so.

The articles inside will introduce you to:

• Super Connectors who focus on guided networking and boosting their staff’s performance by 26% — then build an infrastructure to scale this coaching and development approach through processes, platforms and tools.

• Executives, actively sought by the CEO and CIO, who can take on digital leadership responsibilities, such as operationalizing new ideas and incubating innovation. We’ll explain how you, too, can fire up ambition and acumen across the company.

• Standout CFOs who orient more to customers, build constructive tension with the CEO and board, get involved at the business unit level and allocate time with the same discipline that they use to allocate capital.

• Compliance executives who diplomatically nurture “tone at the top” with routine ethical checkups and teach top leaders to showcase how they personally follow principles of integrity.

In addition, you’ll learn how to burst out of the C-suite bubble and how to rethink the succession planning process.

Fi.r.st. stands for the intersection of finance, risk and strategy — how companies expand, how they can be both bold and principled and how they persuade employees and investors to join them for the ride. The journal addresses challenges that cut across the C-suite and executive teams.

These fresh tactics for building skills, commitment and trust will mobilize the workforce for the decade ahead.

— Judy Pasternak
The Cutting Edge: 1Q20
This quarterly collection of research snapshots includes:
• 10 tech predictions for the next five years
• 5 legal and compliance trends for this year
• 6 myths and realities about corporate culture
• 5 risks that could hit your company fast

Lead Like a Super Connector
A select group of functional leaders at the director level and above are in a unique position to lead their organizations into the future. They are Connectors, with the most effective coaching style, who also mobilize the company, scaling development infrastructure and setting a leadership example.

Tactics and Templates for Coaching Managers to Be Connectors
Managers of managers can give direct reports these tips, lists and documents to show them how to behave like Connectors — the management approach that achieves the highest employee performance, engagement and intent to stay.

Digital Leadership Requires Seeding Digital Dexterity Throughout the Workforce
Digital decision making and delivery are now part and parcel of every executive role. Functional leaders must flex their own digital muscles and show employees how to do the same. Among our suggestions: “silicon safaris,” digital business workshops and clear messaging.

Personally Effective CFOs Share 4 Traits
One in five CFOs delivers on short-term financial performance and promotes behaviors for long-term profitable growth. This elite group is more customer-oriented, builds constructive tension with the CEO and the board, is more involved with the business and allocates time like capital — with rigor.

Keep Ethical Leaders From Derailing, and Help Them Showcase Their Principles
High-profile scandals in the news and close public scrutiny of C-suite officers and their teams present an opportunity for compliance, HR and risk leaders to enhance tone at the top. These functional leaders should prompt senior managers to reflect on their own ethical health and publicize a commitment to integrity.
38 Succession Planning Needs a Reset
Functional leaders should start with a plan. In finance and legal, for instance, most don’t have one. And the process must be truly strategic to address four emerging risks: consideration of current but not future roles, a homogeneous pipeline, backfill delays and an unprepared candidate pool.

42 4 First-Time GCs Recount How They Made the Leap to Legal Chief
It’s hard to make it to the C-suite, especially on the legal team. As you advance to senior ranks, opportunities shrink while the talent gap widens. General counsel from PepsiCo, Pearson, AxiomSL and Canvas Worldwide share specifics about how they took risks and built business acumen on the way up.

46 Revamping ESG Strategy With Investor Input: An Interview With Travelers’ Yafit Cohn
With investors clamoring for more sustainability information, legal and IR at Travelers met with half the shareholder base to dig for details. Then, Travelers elevated the work by naming Cohn as its first chief sustainability officer. The CSO club is small, but it’s growing.

50 The Disconnect Between Executives and the Rest of the Workforce
It’s no shocker that executives tend to be more confident than employees, but certain disparities matter more than others. Tens of thousands of survey responses reveal big disconnects that can hurt companies. Among them: worker knowledge of customer needs and the ability to take risks and innovate.
The Cutting Edge: 1Q20

A First Look at New Research
Compiled by Oana Lupu

By the Year 2025 ...

How (and how fast) will technology keep changing the human condition and the business world over the next five years? Here are the top 10 predictions from Gartner analysts, based on their observations from working with clients.

**2021**

- Making digital innovations operational will take large traditional enterprises twice as long and cost twice as much as anticipated.

**2023**

- 30% of IT organizations will extend BYOD policies with “bring your own enhancement” (BYOE) to address augmented humans in the workforce.
- The number of people with disabilities who are employed will triple as AI and emerging technologies reduce barriers to access.
- One-third of the world’s population will live under a government-run social credit system.
- 40% of professional workers will orchestrate their business application experiences and capabilities like they do their music streaming experience.
- Up to 30% of world news and video content will be authenticated as real by blockchain countering deepfake technology.
- A self-regulating association for oversight of AI and machine learning designers will be established in at least four of the G-7 countries.

**2024**

- The World Health Organization will identify online shopping as an addictive disorder, as millions abuse digital commerce and encounter financial stress.
- AI identification of emotions will influence more than half the online advertisements you see.

**2025**

- 50% of people with a smart phone and without a bank account will use a mobile-accessible cryptocurrency account.

Source: Gartner
5 Legal and Compliance Trends to Watch Out for This Year

Use this framework to:
• Educate the audit committee or full board on the material implications for your business.
• Inform legal and compliance risk identification and assessment at your company.
• Update legal, compliance and privacy strategic plans.

Heightened Regulatory, Trade and Recession Uncertainties Complicate Risk Analysis
• Trade Barriers as a Policy Tool
• Patchwork Regulation in Key Areas
• Heightened Recession Chatter

New Tech Applications Prompt Clash of Efficiency and Ethics
• AI Implementation Without Clear Guidelines
• Employee Monitoring Reducing Trust
• Growing Consumer Demands for Data Privacy

External Change Escalates Complexity of Compliance
• Shifting Classifications for Gig Workers
• Increased Complexity of Nth-Party Ecosystem
• Unpredictable FCPA Enforcement Patterns

Advances in Data Processing Heighten Risk to Businesses and Consumers
• Increasing Use of Biometrics as Identifiers
• Rising Threat of De-anonymization
• Emergence of Data Lakes
• Expanding Definition of Personal Data

Rising Social Consciousness Leads to New Stakeholder Demands
• Rising Employee Activism at Work
• ESG as a Corporate Expectation

External Change Escalates Complexity of Compliance

Source: 2020 Gartner Legal and Compliance Hot Spots Report

6 Myths and Realities About Corporate Culture

Investors are increasingly paying attention to culture. If you’re looking to make changes to yours, start by making sure your plans won’t be derailed by these common misconceptions.

<table>
<thead>
<tr>
<th>Myth</th>
<th>Reality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture is <strong>resistant to change.</strong></td>
<td>Culture changes every day.</td>
</tr>
<tr>
<td>Culture change has to <strong>start at the top.</strong></td>
<td>Culture change can start at any level.</td>
</tr>
<tr>
<td><strong>New hires</strong> will help change our culture.</td>
<td>Current employees are the key to change.</td>
</tr>
<tr>
<td>We need to <strong>have a culture like</strong> [company perceived as “cool”].</td>
<td>You can’t; you can only have your own.</td>
</tr>
<tr>
<td><strong>They</strong> have to change first.</td>
<td>You have to change first.</td>
</tr>
<tr>
<td><strong>Executives know</strong> how their employees experience culture.</td>
<td>Not usually; you’ll need to test for accurate assessment.</td>
</tr>
</tbody>
</table>

Source: Gartner
5 Risks That Could Take Your Company by Surprise This Year

At the end of 2019, risk, audit and compliance executives identified these 2020 “meteors” to watch out for over the next 12 months — high-impact, high-velocity risks that can cripple your organization in a short amount of time.

Fast-Moving, High-Impact Risks
By Impact and Velocity Score

n = 105
Source: 4Q19 Gartner Emerging Risks Survey
Note: The size of the meteor represents its impact score. The distance between the organization and the meteor represents its velocity score.

A Demand-Side View of the Boom in Digital Efforts Outside of IT

Corporate functions and lines of business have been outpacing IT since 2015 in the quest for digital talent.

Impact of Each Approach on Business Outcomes
Percent Change in Business Outcomes as a Result of Moving From the 25th Percentile to the 75th in Information Navigator and Information Provider Indices

An outsize number of technologists are hired outside IT, accelerating the trend of distributed decision making.

Source: Gartner TalentNeuron
Note: Data is pulled from the top 12 countries, which are derived from the IMF 2019 ranking of countries by total GDP, excluding Italy, Spain and South Korea due to limited time-series data. We also excluded job postings from technology companies in our analysis.
The Long-Term Damage Caused by Business Disruptions

Unexpected shifts in cost pressures or consumer demand may hit revenue and profit temporarily — but they also leave a lasting impact. The losers in these “turns” get less competitive for talent, launch initiatives more slowly and have less money to invest in the business, eroding their ability to grow over the long haul.

Types of Disruption Over the Past Four Years
Percentage of Respondents; Multiple Responses Allowed

<table>
<thead>
<tr>
<th>Types of Disruption</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Disruption</td>
<td>47%</td>
</tr>
<tr>
<td>Severe Operating Cost Pressure</td>
<td>38%</td>
</tr>
<tr>
<td>Adverse Regulatory Intervention</td>
<td>34%</td>
</tr>
<tr>
<td>Funding Shortfall</td>
<td>31%</td>
</tr>
<tr>
<td>Shifting Consumer Demand</td>
<td>31%</td>
</tr>
<tr>
<td>IT Service Failure</td>
<td>30%</td>
</tr>
<tr>
<td>Labor Disruption</td>
<td>29%</td>
</tr>
<tr>
<td>External Disruption of Business Environment</td>
<td>28%</td>
</tr>
<tr>
<td>Cybersecurity Issue</td>
<td>25%</td>
</tr>
<tr>
<td>Product/Service Failure</td>
<td>20%</td>
</tr>
<tr>
<td>Other Disruptive Business Situation</td>
<td>3%</td>
</tr>
</tbody>
</table>

n = 1,070
Source: 2020 Gartner CIO Survey
Q: “Has your organization faced any of these situations in the past four years?”

Impact of Turns
Percentage of Respondents Behind Where They Would Have Been

<table>
<thead>
<tr>
<th>Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to Attract the Right Talent to Fill Our Needs</td>
<td>36%</td>
</tr>
<tr>
<td>Speed at Which New Business Initiatives Are Launched</td>
<td>35%</td>
</tr>
<tr>
<td>Ability to Fund New Business Initiatives</td>
<td>35%</td>
</tr>
<tr>
<td>Speed at Which Business Initiatives Are Successfully Completed</td>
<td>33%</td>
</tr>
<tr>
<td>IT Budget Growth</td>
<td>30%</td>
</tr>
<tr>
<td>Ability to Use Data to Achieve Intended Outcomes</td>
<td>29%</td>
</tr>
<tr>
<td>Overall Business Performance of the Enterprise</td>
<td>29%</td>
</tr>
<tr>
<td>Reputation as an Innovative Enterprise</td>
<td>28%</td>
</tr>
<tr>
<td>Ability to Get Value From New Business Initiatives</td>
<td>28%</td>
</tr>
<tr>
<td>Operating Cost Competitiveness</td>
<td>25%</td>
</tr>
<tr>
<td>Stability of the Leadership Team (CEO and Downward)</td>
<td>21%</td>
</tr>
<tr>
<td>Our Long-Term Viability</td>
<td>20%</td>
</tr>
</tbody>
</table>

n = 926-945 respondents whose organizations have experienced any disruption in the past four years
Source: 2020 Gartner CIO Survey
Q: “What was the effect of the disruption on your enterprise’s abilities?” Percentages include those who responded, “Far behind where we would have been had it not been for the disruption” and “Behind where we would have been had it not been for the disruption.”
Tomorrow’s Finance: Charting the Course to 2025

Gartner CFO & Finance Executive Conference 2020

Finance functions need to evolve significantly to meet the business needs of the future. Join 450+ CFOs and senior finance leaders at Gartner CFO & Finance Executive Conference 2020 to chart your course through all the changes to the organizational structure, talent, technology and process that are needed to reach the 2025 future finance vision.

Tracks at a glance:

- The CFO Mandate: Translating Revenue Opportunity Into Realized Profit
- Reshaping Finance Talent and Teams for the Future
- (Re)building the New Finance Organization
- Digital and Continuous Change Implications on Finance Transformation

Learn more about Gartner CFO & Finance Executive Conference 2020, June 2 – 3, Phoenix, AZ.

Go to: gartner.com/us/cfo

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Lead Like a Super Connector

by Drew Kott

Senior leaders face a crisis of confidence: Only 50% of leaders at the director level and above say they feel well-equipped to lead their organizations into the future.¹

After all, in just the past few years, leaders have confronted more frequent organizational shifts, greater interdependence between teams, less predictable workflows and heightened employee expectations — all of which affect the demands of their roles. Many understand the need to change, but they aren’t sure how to. The good news is that becoming a “super Connector” is an effective way to mobilize your department — even the entire company — and help turn your organization into a powerful bastion of learning, development and engagement.

Connectors and Super Connectors

At every level of management, Connectors spend their precious coaching time developing a true understanding of their direct reports, helping their staff forge essential ties inside (and even outside) the organization. Then, Connectors make sure direct reports use interactions with their network (see Figure 1).

Connectors improve employee performance by up to 26% and triple the likelihood that their direct reports are high performers, compared to the three other manager types:²

• The Always On provider of continuous feedback
• The Cheerleader who encourages employees with positive reinforcement
• The Teacher who dispenses advice based on personal experience.

Though only one-quarter of managers naturally follow a Connector style, they are more likely to have shouldered increasing amounts of responsibility, collaborated across functions and business units and worked on high-impact, high-visibility projects throughout their careers.² But even if you’ve reached top management without becoming a Connector, you can still make the shift. Anyone can.

Super Connectors at senior levels successfully manage their own functions and business units while also using their influence to create more Connectors throughout their organizations.

To become a super Connector, work in four ways:

• Stay in the coaching game.
• Build the Connector infrastructure.
• Become a Connector magnet.
• Self-evaluate the example you set as a leader.

Figure 1: The Connector Manager

The Organization Connection
Ensure better, not just more, connections.

The Team Connection
Make development a team sport.

The Employee Connection
Really get to know your employees.

Source: Gartner
Stay in the Coaching Game

Coaching employees is an essential activity for leaders at every level of an organization — not just for frontline managers. Leaders realize this, with 82% agreeing that coaching and developing employees is highly important to their teams’ success. Their awareness doesn’t mean they excel, however; only 6% of HR executives agree the leaders at their organizations are effective in this area.

Despite the number of responsibilities senior leaders must balance, they should still coach employees when they feel their strengths can provide valuable assistance. It is important, though, to be prudent about how and when they do that. For instance, Alison Kaplow, principal director at Accenture, was charged with managing career coaching for more than 100 first-year analysts — without cutting back on her portfolio of consulting clients. Supporting every member of this large cohort posed a daunting challenge.

Even setting up the traditional half-hour one-on-one meeting with each analyst would take up more than one work week, and many of these employees had sky-high expectations and demands for their careers. “I had people complaining that they weren’t ‘digital analysts’ when they had no idea what a digital analyst was,” Kaplow said. So she tried a different tack. She started with establishing an open-door policy so the analysts could approach her whenever they needed help. Initially, though, she found that leaving coaching sessions too open-ended could let them derail into long, unproductive venting sessions.

What ultimately made the difference for Kaplow was asking the right questions. She developed context-specific questions that would provoke constructive conversations, helping her target employees’ individual needs while saving enough time to coach the entire group. Senior leaders hoping to make the most of their time with direct reports should refer to the 15 most powerful Connector questions as a guide (see Figure 2).

Create the Connector Infrastructure

Super Connectors don’t just help their own employees find the right coaches; they consider how they can scale this ability for the broader organization. IBM’s Patrick Brossard is an example of a super Connector who built Connector infrastructure: systems, processes and platforms that allow employees to find development connections within the organization.

In 2016, Brossard was leading a group that provides technological support to IBM’s sales

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**Figure 2: 15 Most Powerful Connector Questions**

<table>
<thead>
<tr>
<th>Building Trust</th>
<th>Developing Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• How can I support you?</td>
<td>• What could we have done differently?</td>
</tr>
<tr>
<td>• What other support do you need, and from whom?</td>
<td>• What do you think it would take for the situation to improve?</td>
</tr>
<tr>
<td>• How can I help you get your next role, job or project?</td>
<td>• How did you determine that was the best approach?</td>
</tr>
<tr>
<td>• What motivates and excites you inside and outside work?</td>
<td>• What other solutions should we consider?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Understanding the Employee Context</th>
<th>Understanding an Employee’s Readiness (Ask Yourself)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What if I really knew you [employee fills in]?</td>
<td>• To what degree has the employee mastered their role?</td>
</tr>
<tr>
<td>• What is holding you back?</td>
<td>• How quickly can the employee understand and put new concepts or skills into practice?</td>
</tr>
<tr>
<td>• What is helping you progress?</td>
<td>• Considering life factors both inside and outside work, what is the employee’s availability and appetite to take on more?</td>
</tr>
<tr>
<td>• What is your perception of [situation, problem], and how do you think that differs from others’ perceptions?</td>
<td></td>
</tr>
</tbody>
</table>

Source: 2020 Gartner CIO Survey
team for Europe, Africa and the Middle East (EMEA). After Brossard’s team deployed a suite of online support tools to the sales team, it became flooded with questions about the new tools. The questions came in during all hours of the day and night, and Brossard’s team was overwhelmed. But Brossard found a way for his team to take care of everyone who needed assistance. He created an app he called CoachMe, which allowed Brossard’s team to manage their coaching responsibilities in a sustainable way. Brossard’s team used the app to set up time slots when salespeople could sign up for coaching sessions. The app solved Brossard’s initial problem. And he recognized that CoachMe was also broadly applicable throughout IBM. The platform now serves over 70,000 employees, with nearly 10,000 coaches participating. All employees at IBM can seek support for nearly any skill they want to learn, or they can sign up to offer coaching themselves. In the process, many discover connections they might never have access to otherwise (see Figure 3).

**Become a Connector Magnet**

If you lead functions and business units that build Connector managers, you’ll shape the reputation of your part of the business and the broader organization as destinations for career development. Within the organization, super Connectors can offer coaching outside their own business units or departments. Carving out some time for this is worthwhile: You establish your team’s brand as a place where employees get the kind of development that will accelerate their career trajectories. And other leaders may return the favor by offering to coach your employees, too. Super Connectors can also be ambassadors to the outside world, playing a significant role in shaping perception of their functions, business units and broader organizations. For instance, Kat Cole, the COO of restaurant group Focus Brands, has been regularly featured in the media and made public appearances to discuss her approach to leadership. She personally responds to every tweet she receives and has cultivated more than 300,000 followers on LinkedIn through articles she writes and publishes on the platform. This type of exposure brings her recognition as an authority on business and leadership and as a public representative of her company.

**Self-Evaluate the Example You Set as a Leader**

Super Connectors recognize the importance of setting an example. Organizations have room to improve here; only 26% of employees agree that managers at their organizations embody the values they expect from their employees. At every United Airlines board meeting, participants begin by discussing where to find the fire exits and stairs and where they will...
meet in case of an emergency. Why would the board take the time to go over these items? Because United has built its organizational culture on safety, and its leaders know that to get the broader organization to prioritize safety, the people at the top must do the same. As board member and Red Hat CEO, Jim Whitehurst, shares, “How we behave as leaders drives the kind of culture we end up with.”

In the same vein, people are more likely to become Connectors if they’ve previously had a Connector manager. This means that just by behaving like one, you and your managers can take a big step toward helping your employees embrace these principles too.

To see how well you set a Connector example, assess the following five behaviors:

- **Curiosity about people and ideas** — Take a genuine interest in people around you, asking lots of questions to lay a foundation of understanding before making decisions.
  - Do you usually ask a lot of questions to uncover information, and does it often change your viewpoint?
  - Do you know what motivates your team members at work?

- **Openness to learning from different perspectives** — Seek input from multiple perspectives, and learn from anyone regardless of role or level in the organizational hierarchy.
  - Can you recall soliciting advice or coaching from a peer (rather than your manager or a formal mentor) that led to a successful outcome?
  - Can you trust your team members with projects instead of handling them yourself?

- **Courage in challenging situations** — Be willing to pursue unconventional ideas, make unpopular decisions and provide tough feedback when needed.
  - If a situation isn’t going according to plan, what’s your reaction? Does your heart race, or are you comfortable letting go of control?
  - Are you comfortable dealing with conflict among your team members? Do you think differences in opinion can be used to spark innovation or creativity?

- **Transparency and self-awareness** — Get to know your personal strengths and weaknesses, and be comfortable sharing openly with others about your own abilities and shortcomings.
  - Everyone fails sometimes. Are you comfortable sharing your failures with others so they can learn?
  - Are you comfortable describing your weaknesses to your team?

- **Judicious generosity** — Give your time, knowledge and recognition to help others, but don’t overcommit.
  - Would your teammates agree you go above and beyond your official role to help others at your organization?
  - When was the last time you publicly recognized team members for their contributions to the team’s successes?

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1. 1Q19 Gartner Global Labor Market Survey
2. 2017 Gartner Manager Effectiveness Survey
3. 2019 Gartner Leader Effectiveness Survey for Leaders
4. 2019 Gartner Leader Effectiveness Survey for Heads of L&D
How do your direct reports coach and develop their teams?

One style — the Connector manager — outperforms all others. Managers of managers can use these tools to teach behaviors that will boost the whole staff’s performance, engagement and intent to stay.

A 10-Minute Quiz to Diagnose Your Management Style

Templates for Understanding Employees’ Development Needs

Employee Player Cards to Help Everyone Help Others

An Exercise for Mapping Your Network
## Figure 1: Management Style Assessment

Answer 13 questions to learn whether you are a Connector manager or another manager type.

<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
</tr>
</thead>
</table>
| 1. When you are coaching and developing your direct/indirect reports, which of the following approaches do you usually take? (If your preferred approach is not in the list, please select the best alternative.) | □ a. I use my own judgment to identify the development needs for my direct/indirect reports and teach them myself.  
□ b. I create detailed development plans for my direct/indirect reports and provide frequent coaching and feedback.  
□ c. I diagnose my direct/indirect reports’ unique development needs, connect them to the best development partners and ensure they are learning effectively from others.  
□ d. I empower my direct/indirect reports to identify their individual needs and encourage them to participate in relevant development opportunities. |
| 2. How do you ensure your direct/indirect reports get the best feedback about their work? | □ a. I use my own expertise in the specific work area and provide experience-based feedback.  
□ b. I personally provide frequent feedback on all of my direct/indirect reports’ work.  
□ c. I provide targeted feedback where I can; otherwise, I find the most appropriate person who should provide it.  
□ d. I provide feedback to my direct/indirect reports when they ask for it. |
| 3. How do you identify the areas where your direct/indirect reports need coaching and development? | □ a. I use my judgment to identify development needs for each direct/indirect report based on observed behaviors.  
□ b. I use a standardized development plan for all of my direct/indirect reports based on their roles.  
□ c. I diagnose unique skills needs and underlying causes through development dialogues with each direct/indirect report.  
□ d. I empower my direct/indirect reports to identify their own development needs. |
| 4. How do you help your direct/indirect reports develop key skills? | □ a. I coach my direct/indirect reports myself based on my personal experiences and skills.  
□ b. I inform my direct/indirect reports of all available resources and help them choose.  
□ c. I connect my direct/indirect reports with the appropriate coaches and resources for each skills need and ensure they are learning from those interactions.  
□ d. I encourage my direct/indirect reports to look for and participate in internal or external training. |
| 5. How is the ownership of coaching and development interactions with your direct/indirect reports divided between you and your direct/indirect reports? | □ a. Coaching and development are completely driven by me with no input from my direct/indirect reports.  
□ b. Coaching and development are mostly driven by me with some input from my direct/indirect reports.  
□ c. Coaching and development are somewhat driven by me with most input from my direct/indirect reports.  
□ d. Coaching and development are not at all driven by me with complete input from my direct/indirect reports. |
<table>
<thead>
<tr>
<th>Question</th>
<th>Option A</th>
<th>Option B</th>
<th>Option C</th>
<th>Option D</th>
</tr>
</thead>
<tbody>
<tr>
<td>6  What type of team environment do you create for your direct/indirect reports?</td>
<td>a. I try to set the stage where my direct/indirect reports always reach out to me before others.</td>
<td>b. I spend a lot of time personally interacting with my team in informal settings.</td>
<td>c. I try to create visibility by ensuring individuals share their learning goals with one another.</td>
<td>d. I allow my team members to freely interact among themselves formally and informally with minimal interference from me.</td>
</tr>
<tr>
<td>7  How do you ensure peer learning is happening on your team?</td>
<td>a. I teach the key skills my team needs to learn in a team meeting and leave time for questions.</td>
<td>b. I prefer to help my direct/indirect reports learn the skills they need in one-on-ones with me rather than from others on my team.</td>
<td>c. I provide opportunities in team meetings for peers to learn from one another on a range of topics.</td>
<td>d. I assume that peer learning is happening but don’t monitor it.</td>
</tr>
<tr>
<td>8  How do you help your direct/indirect reports get development on the job?</td>
<td>a. I provide on-the-job experiences similar to my own experiences.</td>
<td>b. I create stretch assignments for my direct/indirect reports and closely monitor their progress.</td>
<td>c. I connect my employees with others who can help them develop on the job and follow up to ensure they are learning.</td>
<td>d. I encourage my direct/indirect reports to independently look for and work on individual stretch assignments.</td>
</tr>
<tr>
<td>9  How do you create accountability for peer coaching in your team?</td>
<td>a. I assign a peer as a coach when I am sure the coach meets my coaching standards.</td>
<td>b. I don’t promote accountability for peer coaching but hold myself more accountable for coaching my direct/indirect reports than anyone else.</td>
<td>c. I enable my team to share their individual strengths and development areas and recognize team members who effectively coach their peers.</td>
<td>d. I encourage my direct/indirect reports to provide feedback to their peers as they see fit.</td>
</tr>
<tr>
<td>10 How do you help your direct/indirect reports develop a skill in an area where you are not proficient?</td>
<td>a. I use my existing knowledge in that skill to coach my direct/indirect reports.</td>
<td>b. I try to learn the skill myself and then teach it to my direct/indirect reports.</td>
<td>c. I work to find the right development partners for that skill and connect my direct/indirect reports to them.</td>
<td>d. I empower my direct/indirect reports to seek out the best resource or coach to develop that skill.</td>
</tr>
</tbody>
</table>
11 How do you help your direct/indirect reports initiate potential development connections throughout the organization?

- a. I believe my direct/indirect reports should receive all their coaching and development from me.
- b. I believe my direct/indirect reports should receive most of their coaching and development from me, but I will direct them to a chosen partner if needed.
- c. I help my direct/indirect reports connect to development partners based on their current and future skills needs.
- d. I encourage my direct/indirect reports to seek out and build connections with development partners as needed.

12 How do you ensure your direct/indirect reports are having effective coaching and development interactions with others?

- a. I set the agenda for coaching interactions between my direct/indirect reports and their development partners.
- b. I frequently connect with my direct/indirect reports to get updates and sit in on coaching interactions.
- c. I help my direct/indirect reports prepare for their coaching interactions, reflect on what they learn and apply those lessons to their work.
- d. I trust my direct/indirect reports and their development partners to have effective coaching and development interactions without my intervention.

13 How do you keep your direct/indirect reports informed about available development opportunities in your organization?

- a. I choose the most appropriate development opportunities based on organizational and team objectives.
- b. I keep my direct/indirect reports informed about all development opportunities.
- c. I pass along relevant development opportunities that align with my direct/indirect reports’ current and future needs and interests.
- d. I empower my direct/indirect reports to search for the most relevant development opportunities and fully support them to undergo those training sessions.

After answering all the questions, count up the number of times you selected each letter:

- **A**: If you selected mostly As, you are a Teacher manager. Teacher managers provide advice-oriented feedback, drive employee coaching and development, and teach based on their own expertise.
- **B**: If you selected mostly Bs, you are an Always On manager. Always On managers provide frequent feedback, direct employee coaching and development, and develop employees across a breadth of skills.
- **C**: If you selected mostly Cs, you are a Connector manager. Connector managers provide targeted feedback, connect employees to others for coaching and development, and create a positive team environment.
- **D**: If you selected mostly Ds, you are a Cheerleader manager. Cheerleader managers empower employees with positive feedback, encourage employee self-development and have a hands-off approach to development.

Source: Gartner
Figure 2: Root-Cause Analysis Tool
Complete a root-cause analysis to evaluate the underlying causes of employees’ performance issues.

<table>
<thead>
<tr>
<th>Motivation</th>
<th>Environment</th>
<th>Knowledge</th>
<th>Skill</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Does the employee want to complete the task?</td>
<td>- Is the job properly scoped and relevant to current business demands?</td>
<td>- Have you clearly explained the expectations to the employee?</td>
<td>- Does the employee understand how to complete the task?</td>
</tr>
<tr>
<td>- Does the employee feel their work is valued?</td>
<td>- Are internal processes clear and efficient?</td>
<td>- Does the employee understand the role and responsibilities?</td>
<td>- Has the employee received all necessary training?</td>
</tr>
<tr>
<td>- Is the employee fully engaged?</td>
<td>- Does the employee experience conflicting priorities?</td>
<td>- Does the employee have the necessary information?</td>
<td>- Has the employee completed a similar task in the past?</td>
</tr>
<tr>
<td>- Have you clearly explained how the employee’s responsibilities connect to the organization's strategy?</td>
<td>- Are there bureaucratic inhibitors?</td>
<td>- Do you and the employee have a mutual understanding of the employee's strengths and weaknesses?</td>
<td>- Can the employee complete the task to the expected performance level?</td>
</tr>
<tr>
<td>- Does the employee have the ambition to succeed?</td>
<td>- Are there clear reporting lines within the organization?</td>
<td>- Does the employee understand when to use available technology?</td>
<td>- Does the employee understand how to use the necessary technology?</td>
</tr>
<tr>
<td>- Does the employee feel challenged?</td>
<td>- Does the organization's infrastructure allow the employee to fulfill the responsibilities?</td>
<td>- Does the employee know what to prioritize?</td>
<td>- Does the employee have poor time management skills?</td>
</tr>
<tr>
<td>- Are there personal issues affecting the employee?</td>
<td>- Does the employee have access to the necessary resources?</td>
<td>- Do you regularly provide the employee with high-quality formal and informal feedback on a regular basis?</td>
<td>- Do the employee's competencies align with the job responsibilities?</td>
</tr>
<tr>
<td>- Does the employee clash with other team members’ personalities?</td>
<td>- Are senior leaders giving consistent messages throughout the organization?</td>
<td>- Does the employee receive adequate on-the-job development?</td>
<td>- Is the organization a good cultural fit for the employee?</td>
</tr>
</tbody>
</table>
Figure 3: Development Readiness Assessment

Fill out the development readiness assessment to check whether an employee is ready for a stretch assignment or rotation.

<table>
<thead>
<tr>
<th>Employee Name:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> (Disagree) <strong>2</strong> (Slightly Disagree) <strong>3</strong> (Neutral) <strong>4</strong> (Slightly Agree) <strong>5</strong> (Agree)</td>
</tr>
</tbody>
</table>

- My employee has a clear career goal or aspiration in mind.  
- My employee has expressed interest in developing specific skills.  
- My employee is proficient in the current role.  
- My employee applies new learning to daily work quickly.  
- My employee is in a good place to take on more.

Source: Gartner
### Figure 4: Employee Player Card Template

Develop “player cards” for employees to gain a mutual understanding of team abilities and facilitate peer skill sharing. Distribute copies of the templates, and ask employees to add their strengths, development areas and goals.

<table>
<thead>
<tr>
<th>Bio</th>
<th>Strengths</th>
<th>Development Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name:</td>
<td>Reflect on the strengths you bring to the team, and list them.</td>
<td>Reflect on your development areas, and list them.</td>
</tr>
<tr>
<td>Hometown:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience:</td>
<td>Write down your personal goals as a member of the team.</td>
<td>Reflect on the roles you normally play in group settings.</td>
</tr>
<tr>
<td>Interests:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Then, share all the player cards with everyone and lead a discussion on team abilities. Managers should encourage their direct reports to identify teammates they can go to for coaching support or to learn something new.

Source: Gartner
**Figure 5: Organization Connection Mapping Template**
Managers should fill out this organization connection mapping template and then audit their maps using the provided reflection questions to identify gaps they can fill.

Source: Gartner

**Figure 6: Connection Map Reflection Questions**
Managers can also share the tool and the questions with their direct reports to help them evaluate the strength of their individual and team networks.

Source: Gartner

1 2017 Gartner Manager Effectiveness Survey
Digital Leadership Requires Seeding Digital Dexterity Throughout the Workforce

by Peter Young and Jamie Heyes

Digital decision making and delivery are becoming crucial for every executive role. Gone are the days when functional leaders could simply identify an opportunity and work with IT to deliver it.

Non-IT leaders are now taking a hands-on approach that includes hiring their own technology talent, actively shaping digital strategy, testing ideas and managing digital P&Ls.

This change is evidenced by the continued emergence of distributed multidisciplinary groups working on digital initiatives. These “fusion teams” blend technology and other types of domain expertise to work on everything from process automation to integrating digital marketing channels (see Figure 1). Fusion teams are present in 84% of the companies we surveyed, and 43% of them report outside of corporate IT.

This development is a good thing, and here’s why: Distributed teams working with greater autonomy yield better results than centralized digital business initiatives. After all, employees in finance who understand the terrain will do a better job leading an RPA project for accounting processes than someone from central IT. When managed effectively, fusion teams can be 2.5 times faster at executing digital business transformation projects, and we expect their numbers to continue growing.

Digital Dexterity Is the New Leadership Imperative

These developments affect corporate leadership responsibilities and expectations. Luddites won’t drive their functions forward. Digital transformation is an all-hands-on-deck priority, and it’s critical for leaders to believe in the efficacy of technology and understand that digitalization is critical to company effectiveness.

Reality, then, dictates that corporate leaders possess a combination of beliefs, mindsets and behaviors that we call “digital dexterity” — the ambition and ability to build digital businesses and work digitally. Digital dexterity accelerates digital business transformation, and employees with high levels of it are more than three times as likely to deliver on digital business outcomes as those with moderate levels, according to our analysis of 3,500 employees.

Employees have high levels of digital dexterity if they are willing to take on new roles to support digitalization plans and can innovate and take risks to identify and pursue digital opportunities. It’s about being willing to adapt to unclear or changing requirements, to work iteratively to improve outcomes and to collaborate across seniority levels to set the company’s digital direction.

As technology leadership becomes a distributed responsibility, it’s time for all functional leaders to strengthen their own digital dexterity muscles while taking steps to encourage and support employees doing the same. For a company to grow,
its leaders must seed digital dexterity throughout their fusion teams and the workforce at large.

**Embrace and Build Your Own Digital Dexterity**

Only 16% of leaders possess high levels of digital dexterity. But you can take some solace in the fact that this figure is higher than the 9% of the workforce at large.2 Despite the currently low numbers, you risk being left behind if you and your staff aren’t open to technology’s potential.

If you haven’t already, start by cultivating your personal digital dexterity. This will enable you to effectively identify initiatives with the greatest impact in your functional area as well as support the distributed fusion teams that will increasingly help your business achieve its goals.

If you’re not thinking about this yet, you can bet your CIO is. Without enough digitally dexterous leaders, the CIO is stuck in a traditional IT management role. As their numbers grow, IT heads will gain strategic importance. The CIO will be able to coordinate, influence and enhance distributed digital activity.

Cutting-edge CIOs will therefore reach out to help leadership teams develop the required outlook and behaviors. They might initiate a discussion of digital disruptors in your industry or invite you on a “silicon safari” to visit exciting startups (see Figure 2).

Don’t wait for the CIO to approach you first, though. Proactively offer some of these suggestions, or get them started yourself. Showing that you’re willing and excited to learn will help you stand out and advance your career.

---

**Figure 1: A Spotter’s Guide to Distributed Fusion Teams**

<table>
<thead>
<tr>
<th>Digital Product Teams</th>
<th>Digital Channel Teams</th>
<th>Digital Operations Teams</th>
<th>Data and Analytics Teams</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sharks</strong></td>
<td></td>
<td><strong>Pilotfish</strong></td>
<td><strong>Anchovies</strong></td>
</tr>
</tbody>
</table>

- Use speed and agility to innovate, iterate and disrupt the product portfolio.
- Swim in and across channels to reach new customers and chart new customer journeys.
- Work symbiotically with sharks to automate, cut operational waste and increase process visibility.
- Feed insights to other teams to fuel data-driven decision making.

**Examples**

- Digital product development
- Platform business models
- Precision marketing
- Customized experiences
- Supply chain redesign
- IoT-connected cities
- Labor market forecasting
- AI-driven decision making

---

n = 664 senior business and IT leaders
Source: 2019 Gartner Digital Business Teams Survey
CEOs and CIOs are actively looking for leaders in the C-suite who can take on digital leadership responsibilities, such as operationalizing new ideas and incubating innovation.

In other words, signing up for digital training or going to coding camp is nice but not enough. You must embrace experiential and peer-to-peer learning that will excite your staff and ignite their digital ambitions.

For example, DBS Bank partnered its employees with digitally savvy individuals from startups to work on a business problem together. This “hackathon” enabled the bank’s employees to observe how digital skills and mindsets applied to their own work while driving the adoption of new ways of working.

**Build a Digitally Dexterous Workforce**

In the same vein, lead by example to demonstrate the mindset you expect from employees. In fact, leadership advocacy for digital business transformation is the single greatest driver of employees’ digital dexterity.

Work with your CIO and other leaders to make sure you’re sending a consistent message about expectations. Lay the foundation with the right tone. We’ve identified four attributes of an effective digital business narrative:

- **Transformational** — Communicate a vision of how digital technologies will alter existing ways of working and doing business.

- **Customer-centric** — Your narrative must put the customer first to be convincing because strategies change based on client preferences.

- **Integrated into the broader corporate narrative** — Don’t give employees the impression that “digital” is its own separate goal.

- **Relevant to employees** — Translate the digital business narrative into specific actions and behaviors that employees can incorporate in their workflows.

Modeling is an important form of messaging, too. Employees are 2.6 times more likely to have high digital dexterity when their leaders exhibit it themselves. Actively encourage innovation and risk taking. Reduce the stigma associated with failure by sharing your own experiences and what you learned from them. You can also communicate the company’s appetite for risk to help employees find a balance between taking chances and guarding against harm.

And reinforce your messaging by designing workflows, incentives, budgets and policies that nurture rather than hamper digital dexterity.

For example, performance metrics are probably the best way to shape employee perceptions of what you want them to do. Emphasize measures that steer them toward your digital objectives, such as the percentage of revenue from new digital channels. You should also use performance objectives to reward behaviors such as cross-functional collaboration and innovation.

And you’ll need to rethink career trajectories and promote talent mobility. A more diverse set of experiences will help build employee competence at working on cross-cutting digital initiatives.

In addition, traditional project-based or business-case funding models often discourage the kind of fast-pace iteration needed in an era when requirements are often unclear or change rapidly. Our research shows that funding business capabilities or business-capability-aligned product lines, not projects, is a more effective way to distribute resources. CFOs should collaborate with CIOs to flex funding to support alternative funding models that allow for iterative risk taking and experimentation.

**Leader-Led Digital Dexterity Development at the Co-operators Group**

As part of its efforts to build a workforce that has the ambition and ability to capture value from digital technologies, the CIO at the Co-operators Group made a concerted effort to make digital dexterity a shared leadership responsibility by:

- **Embracing Digital Dexterity**

  In addition to a monthly senior leadership team meeting where 50% of the time is spent exploring digital business opportunities, the CIO took the CMO, CFO, chief customer officer and VPs of all insurance and business units to design-thinking workshops. During these sessions, executives learned how digitally dexterous behaviors (such as taking appropriate risks in the pursuit of digital opportunities and flexing one’s role) would help them better navigate digital business complexity.
Promoting Digitally Dexterous Behaviors

To spread learning throughout the organization, the insurance company set up several digital business teams led by a business unit VP who had attended a design-thinking workshop.

Embedding Through Performance Objectives and Funding Criteria

Performance objectives for the Co-operators Group’s digital business teams focus on speed, business impact and cross-functional collaboration. These goals emphasize the need for employees to work iteratively across hierarchies to identify the most feasible solutions to customer challenges.

Additionally, the CFO and CIO partnered to broaden evaluation metrics for prototypes and minimum viable products (MVPs).

---

**Figure 2: Tactics for Building Digital Dexterity**

<table>
<thead>
<tr>
<th>Tactics</th>
<th>Silicon Safaris</th>
<th>Digital Show and Tells</th>
<th>Digital Disruption Scanning</th>
<th>Peer-to-Peer Learning</th>
<th>Experimental Learning</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>How It Works</strong></td>
<td>Expose leaders to digital immersion bootcamps and high-tech companies.</td>
<td>Share internal examples or prototypes with leaders to illustrate the art of the possible.</td>
<td>Use examples from current and potential competitors to trigger action.</td>
<td>Use relationships with digitally dexterous leaders as social proof and inspiration.</td>
<td>Focus leadership development programs on addressing enterprise changes needed for digitalization.</td>
</tr>
<tr>
<td><strong>How It Affects Digital Dexterity</strong></td>
<td>The reputation of Silicon Valley and startups ignites interest in digital initiatives.</td>
<td>Real-world examples help leaders understand what digitalization can mean to the company.</td>
<td>Fear of inaction and potential threats are an effective wake-up call.</td>
<td>Recognizing how others overcome barriers builds confidence that digital business is within reach.</td>
<td>Experiential and collaborative learning is more effective than passive learning.</td>
</tr>
<tr>
<td><strong>When It Works Best</strong></td>
<td>When leaders are neophytes or show little interest in technology.</td>
<td>When leaders feel digital technology use cases are abstract or out of reach.</td>
<td>When leaders are complacent and focus only on known competitors.</td>
<td>When leaders struggle to prioritize or take their first steps.</td>
<td>When leaders struggle to apply lessons to their own contexts.</td>
</tr>
</tbody>
</table>

Source: Gartner
They keep KPIs for MVPs broad and open-ended to encourage testing and learning; KPIs only get more specific in later development stages (see Figure 3).

**The Result**

With digital dexterity thriving in all parts of the enterprise, the Co-operators Group significantly decreased the time required for new product launches to just six to eight weeks. The firm also saw a surge of young talent wanting to work for the company as it gained attention for innovative projects.

1. 2019 Gartner Digital Business Teams Survey
2. 2018 Gartner Digital Dexterity Survey; n = 3,481 employees

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**Figure 3: KPIs for Different MVP Phases**

- **Phase 1**
  - Does the product solve a customer challenge?
  - Does the product improve customer experience?

- **Phase 2**
  - Can the product be monetized in the future?

- **Phase 3**
  - How long will it take to get the product to market?

- **Phase 4**
  - What percentage of existing customers will use this product?

Source: Adapted From the Co-operators Group
Organizations with a strong culture see 9x fewer instances of misconduct

Maintaining a high level of ethical behavior across the organization is critical to minimizing compliance risk and reputational harm.

But less than a third of compliance executives are confident in their ability to improve their organization’s culture.

Use our RiskClarity: A Corporate Integrity Service™ survey to assess your organization’s culture and identify hidden risks to:

- Target specific areas of employee risk quickly
- Perform an enterprisewide cultural assessment
- Uncover root causes of employee misconduct and manage them proactively

Learn more about Gartner’s RiskClarity: A Corporate Integrity Service™ by visiting
Personally Effective CFOs Share 4 Traits

by Brian McGovern

At a time when finance chiefs and their organizations are all, to varying degrees, experiencing uncertainty, only 20% of CFOs from 61 large enterprises proved to be personally effective when analyzed against our CFO-informed model (see Figure 1).

The select few personally effective CFOs differentiated themselves in four ways:
• Orienting more to the customer
• Creating constructive tension with the CEO and the board
• Getting more involved in business-level issues
• Applying finance leadership practices to their personal time management

Cultivate a Strong Customer Orientation

These CFOs, who encourage risk taking for long-term growth and deliver on CEO expectations for financial performance, make understanding customer behaviors and preferences (and how they’re changing) a natural and recurring part of their workflow.

Figure 1: Gartner’s Model for CFO Personal Effectiveness

CFO Effectiveness = Encourage Behaviors for Profitable Growth + Deliver on CEO’s Financial Performance Expectations

Even if it might decrease current-year profits ...
• ... the C-suite is willing to take on risks for long-term growth.
• ... business leaders are willing to take on risks for long-term growth.
• ... finance encourages business leaders to take on risks.

• Revenue growth
• EBIT margin growth
• Return on invested capital
• Free cash flow
• Balance sheet health

Source: 2019 Gartner Model for CFO Effectiveness
They spend 40% more time with customers than the average CFO, and they personally prioritize activities and relationships that improve their insight into customers (see Figure 2):

- They own, rather than delegate, pricing strategy.
- They cultivate high-quality, not strained, relationships with their heads of sales.
- They own working capital and its impact on customer experience and the buying decision.

CFOs can rapidly improve their knowledge of customer needs by setting out to develop their own “theories of the customer.” To do so, they should review and synthesize their teams’ macroeconomic analyses, sales trends for different customer segments, buying patterns, customer research surveys and potential responses to shifting customer demographics and preferences. They can then test and refine their theories by shadowing sales calls, attending customer events and taking on executive sponsorship of key customers (see Figure 3).

Create Constructive Tension With the CEO and the Board

Three out of four CFOs have a strong relationship with the board and the CEO. But personally effective CFOs go beyond strong relationships to bring constructive tension to their dialogues with both (see Figure 4). Make tension constructive by using a different strategy when challenging stakeholders. The common method — directly challenging experienced executives’ beliefs with counterevidence — often doesn’t work.

In fact, this tactic can stiffen their refusal to change their minds. One CFO told us that the company’s CEO made it to the top by “trusting a certain set of beliefs” and would therefore “resist if I attack them head-on, even with data.” Instead, as that CFO did, target the assumptions underlying strongly held beliefs (see Figure 5).

This increases the likelihood that stakeholders will recognize on their own the need to shift without triggering a defensive stance. Personally effective CFOs do this more frequently to get stakeholders to rethink their positions.

Figure 2: Customer Orientation Attributes Driving CFO Personal Effectiveness
Percent Improvement in CFO Effectiveness Index Scores as a Result of Moving From the 10th Percentile to the 90th*

<table>
<thead>
<tr>
<th>Customer Orientation Attribute</th>
<th>Improvement in CFO Effectiveness Index Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personally Prioritize Pricing Strategy</td>
<td>45%</td>
</tr>
<tr>
<td>Quality of Relationship with Head of Sales</td>
<td>37%</td>
</tr>
<tr>
<td>Personally Prioritize Working Capital</td>
<td>36%</td>
</tr>
<tr>
<td>Ideal Time Spent With Customer</td>
<td>36%</td>
</tr>
<tr>
<td>Current Time Spent With Customer</td>
<td>28%</td>
</tr>
</tbody>
</table>

Effective CFOs spend at least 5% of their time with customers — and are increasing it to 10%.

n = 61 CFOs of large global enterprises
Source: 2019 Gartner CFO Personal Effectiveness Research Model

* Statistically significant at the 95% confidence level
Plug Into Business Performance

Personally effective CFOs keep business-level performance front and center to their work (see Figure 6).

They prioritize and don’t delegate decisions on how to accelerate business performance and mitigate business performance risks. They engage general managers on these decisions with an eye toward building close ties. The quality of the GM relationship is the strongest driver of CFO personal effectiveness.

And personally effective CFOs structure their teams to give themselves a pulse on performance at the business level by taking on business-unit CFOs as direct reports.

Personally effective CFOs also use operating reviews differently than the average CFO.

They don’t explicitly pressure business units to improve performance because they recognize that doing so puts business leaders in a defensive posture and limits the amount of insight business leaders are willing to share. Instead, effective CFOs take the opportunity presented by these reviews to create an open dialogue that helps them better learn about and add value to business performance.

“The last thing you need to talk about is the financials because everyone in the room understands them already. And if the business leader won’t understand, I’ll meet with them before the meeting to prevent a ‘gotcha’ moment, which isn’t productive.”

CFO, Insurance

We’ve seen some personally effective CFOs take a simple yet powerful step for a more productive session. They concentrate operating review agendas on qualitative discussion of important issues rather than on reporting variance from

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**Figure 3: Customer Orientation Considerations and Tactics**

**CFO Goal:**
Develop your own theory of the customer.

<table>
<thead>
<tr>
<th>Considerations</th>
<th>Tactics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. How are other executives spending time with customers, and how can I complement their efforts?</td>
<td>1. Shadow sales calls.</td>
</tr>
<tr>
<td>2. Which customer segments will I get the most benefit from interacting with?</td>
<td>2. Attend customer events (with no formal speaking role).</td>
</tr>
<tr>
<td>3. How do I make sure I am involved with more than just the problem customers and get a balanced viewpoint?</td>
<td>3. Tell business leaders you are interested in customer exposure.</td>
</tr>
<tr>
<td>4. How can I communicate to other executives the underlying benefits of being close to customers?</td>
<td>4. Take on executive sponsorship of key customers.</td>
</tr>
<tr>
<td>5. How difficult is it for customers to do business with us?</td>
<td>5. Read customer surveys and voice-of-the-customer updates.</td>
</tr>
</tbody>
</table>

Source: Gartner
Financial plans. This emphasis better positions CFOs to address controllable performance, outdated assumptions and changes in customer preferences.

**Apply Capital Allocation Tactics to Personal Time Management**

Building a theory of the customer, creating constructive tension and plugging into business performance takes time that few CFOs can find. The complexity, dynamism and ambiguity of the CFO job makes it difficult to allocate time well. In fact, every week the average CFO loses almost eight hours — roughly one business day — to the wrong activities (see Figure 7).

While no CFO can completely overcome “calendar remorse,” the most effective CFOs have cut the difference between where they want to spend time and where they do spend time by almost half. They simply decide to treat their personal time with the same rigor they ask their companies to apply when allocating capital.

**Time Tactic 1: Announce Personal Priorities Publicly**

Effective CFOs explicitly announce their personal priorities — not just their companies’ priorities or their functions’ priorities — to their stakeholders, their peers and their teams. They can keep their time aligned with what’s important by:

- Signaling to direct reports that they should take ownership of activities that aren’t the CFO’s personal priorities

**“Sharing my personal priorities with my team and my stakeholders creates clarity for everyone about where I will and will not focus my time. And I expect — and encourage — my team to do the same.”**

Fredrik Hedlund, SVP and CFO of Global Connect, Nielsen
My colleagues multitask. I have productive days when I multitask. Multitasking is a hiring criterion.

Drivers of the Strongly Held Belief

- Increasing information that supports an alternative reduces the belief strength.
- Addressing drivers that underpin the belief reduces belief strength by 18%.
- Reasoning from the perspective of another person reduces belief strength by 24%.

Figure 5: What Science Says About the Effect of Targeting Assumptions That Underlie Strongly Held Beliefs


Time Tactic 2: Zero-Base Your Calendar

When companies need to more closely manage capital, they zero-base their budgets. So when personally effective CFOs need to more closely manage their time, they zero-base their calendars.

The principles are the same. Zero-based budgets remove preexisting resource allocations and then bring them back based on their alignment with the company’s strategy. Similarly, zero-based calendars remove all preexisting meetings and then bring them back based on their alignment with the CFO’s priorities. As they add activities back into their calendars, personally effective CFOs are careful to allocate time not only for the right meetings but also for activities necessary for success, such as reflection and sleep.

Time Tactic 3: Carve Out Concentrated Blocks of Time

All CFOs, including the personally effective ones, rely mostly on iterative interventions and use recurring, short check-ins to manage their responsibilities.

However, personally effective CFOs use concentrated interventions more frequently than average CFOs. Concentrated interventions are like agile “sprints” — long periods of continuous time devoted to a single challenge.

Certain problems are not only CFO-worthy but also come with especially ambiguous or incomplete information, complex dynamics and uncertain outcomes. Personally effective CFOs tell us they can’t wrap their minds around these
problems without dedicated time and energy. Their responsibilities are too broad to do this regularly, but personally effective CFOs carve out time for this concentration when the problem warrants it.

Time Tactic 4: Compare Planned and Actual Time Allocation

Personally effective CFOs learn from history, creating a learning loop to continuously improve their time allocation. They use calendar postaudits, usually relying on an executive assistant, to answer the following questions:

- Where did I spend more time than I expected? Was that additional time worth it?
- What priorities should I have spent more time on?
- What responsibilities can I delegate next time?

1 We measure CFOs’ personal effectiveness by assessing their ability to encourage company behaviors that we’ve found will sustain top- and bottom-line growth while also outperforming CEO expectations for the CFO’s contribution to short-term financial outcomes.
Keep Ethical Leaders From Derailing, and Help Them Showcase Their Principles

by Dian Zhang

CEO turnover set a sad record in 2018: Misconduct and ethical lapses (such as fraud, bribery, insider trading and sexual misconduct) topped poor financial performance for the first time that year as the leading cause of departure at the world’s 2,500 largest public companies. Among the 89 ousted chief executives that year, 34 left in the wake of ethical concerns — up from 18 in 2016 when the #MeToo movement had not yet gained steam. Ethics-related scandals continued to drive high-profile chief executive exits in 2019, such as McDonald’s Steve Easterbrook and Warner Bros.’ Kevin Tsujihara. Others in the C-suite are not immune.

Of course, corporate leaders must be held accountable for their ethical missteps. But when they are, the consequences spread beyond their individual jobs and bonuses. Scandals involving top management send a bad message internally, affecting employees’ view of culture, productivity and intent to stay. Companies with a poor culture of integrity see much lower 10-year total shareholder returns (3.57%) than their high-integrity peers (10.61%). Upset investors and alienated customers can send down stock prices, revenue and reputations.

For heads of compliance, HR, risk and other departments involved in corporate culture, close public scrutiny of their own organizations and in the headlines can present an opportunity to instill ethical leadership throughout the organization. In addition to the training and communication that everybody receives, legal and compliance teams should give executives processes and tools to help them reflect on their own ethical health and publicize their commitment to integrity.

Self-evaluations can uncover inconsistency in leaders’ actions, and making these checkups routine helps minimize the sensitivities involved, which, in turn, maximizes the chances for behavioral change. When your company is fortunate enough to have ethical leaders, positioning top management as true role models will spur more employees to follow suit.

Take inspiration from these tactics sourced from chemical, technology, energy, financial, and food and beverage companies.

“Leadership skills start with self-awareness.”

Bill George, senior fellow at Harvard Business School and former CEO of Medtronic

Yara’s Two-Step Compliance Culture Assessment

Three years ago, ethics and compliance at Oslo-based Yara International ASA was grappling with a challenge that has long plagued the business world: The department wanted to
confirm a stronger tone at the top and needed a diplomatic way to get this message across. No one wants to tell — or even suggest to — senior leaders that they are not meeting the ethical bar. The chemical company’s chief compliance officer at the time, Ezekiel Ward, came up with a way to tactfully raise this subject with over 100 global leaders from high-risk business areas who wield significant influence over employees.

A Self-Assessment Tool to Defuse the Tension

Taking inspiration from its global cultural survey, conducted every few years, Yara’s compliance team designed a separate questionnaire for the company’s top management (see Figure 1).

**Figure 1: Yara’s Ethical Leadership Self-Assessment**

Sample Questions

1. I discuss practical examples of compliance dilemmas, based on local risks and historical events, with my team:
   - 1: Never
   - 2: Sometimes
   - 3: Always

9. How would you rate your understanding of the policies and procedures regarding conflicts of interest?
   - 1: Not Familiar
   - 2: Somewhat Familiar
   - 3: Very Familiar

16. How can the ethics and compliance department support your ambitions for your area of the business?

18. Do you have feedback (good or bad) or suggestions for the development of the compliance program?

The survey contained 18 questions in three categories. Each grouping served a specific purpose in prompting leaders’ thinking:

- **Category 1** — Assess leaders’ leadership behaviors (for example, whether they regularly include ethics and compliance topics in meetings).
  - Self-rating on a scale of 1 (never) to 5 (always)
  - Seven questions

- **Category 2** — Check leaders’ knowledge of compliance principles (for example, the company’s policy on conflicts of interest).
  - Self-evaluation on a scale of 1 (not familiar) to 5 (very familiar)
  - Seven questions

- **Category 3** — Gather qualitative feedback on how compliance can better assist leaders.
  - Open-ended prompts
  - Four questions

The ethics and compliance department kept the questionnaire short to make it easy for leaders to take. The survey helped compliance employees, too; they spent only three weeks deploying the survey and analyzing the results.

A Leadership Benchmark to Surface Where Changes Are Needed

Getting leaders to self-reflect was just Step 1 for Yara. To help leaders feel the need to change, Ward then held one-on-one meetings to discuss assessment responses. Using aggregated results to guide the conversations, Ward showed participants how their scores compared to scores from the rest of the leadership, asked follow-up questions to check the fairness of the ratings and offered personalized advice. He also took the opportunity to solicit stakeholders’ feedback for improving future compliance initiatives such as risk assessments.
These private conversations took about 100 hours in total. Ward prioritized leaders who were outliers or had common challenges in these meetings. Question sets varied depending on each person’s results.

Sample questions for leaders scoring below the average:

• Were your scores low because you were simply being modest?
• What could we do differently to better support you?

Sample questions for leaders reporting average scores:

• What behaviors do you demonstrate that support the score you provided?
• What could we change to help leaders improve in this risk area?

Sample questions for leaders scoring above the average:

• What innovative solutions or approaches to risks would you like to share with others?
• You have an open door policy. How often do employees come to you?

“Treading lightly was critical to success, Ward told us. “When I have these conversations, I am conscious to not make the tone judgmental in any way,” he said. “I’m simply asking, ‘Let’s take a step back. Where are we?’ When it’s necessary to push them on their responses, I make sure to do that respectfully.”

The two-step exercise allowed compliance to gauge local culture, solicit feedback from each business unit and encourage many leaders to commit on their own to change.

Continuing the Momentum

The influence of Yara’s ethical leadership tactics continued after Ward left the company at the end of 2018. More leaders have regularly featured ethics in town hall presentations, Sarah Rudder-Chulhan, Ethics and Compliance Communications and Training Manager at Yara, told us in an interview.

Under the current chief compliance officer, Cira Holm, the department conducted a new global ethics survey in late 2018. The results informed a training module aimed specifically at midlevel managers, which is called “Ethical Leadership Training: High Performance With High Integrity.” First rolled out in 2019, it is a two-hour, in-person training featuring common ethical dilemmas managers face.

In addition, Yara is continuing the focus on helping leaders further refine their town hall messages on ethics and compliance.

Help Ethical Executives Showcase Their Integrity

Settings like town halls, in fact, are a great place to showcase a company’s ethical executives. Sharing positive role examples is a must, especially given all the negative examples in the news. Employees tend to have a better perception of their immediate managers than of top-level executives.

The key to turning that view around is helping them communicate what they do and how they live their principles — not just in all-hands meetings but also in newsletters, at
companywide events hosted by compliance and amid corporate changes.

Demonstrating to leaders what a good personal account looks like will help. If you keep a repository of employees’ ethical behaviors, inspire leaders with the best ones.

However, ensure leaders understand they should be talking about their own experiences — and in vivid, personal terms. For example, they can:

- **Discuss an initiative they support and act on to uphold an important value.** Example: Salesforce CEO Marc Benioff expressed commitment to closing the company’s gender pay gap by allocating $6 million between 2015 and 2017.\(^7\)

- **Explain the reasoning behind a critical company decision.** Example: In October 2018, Google walked away from the competition for a $10 billion cloud computing contract with the Pentagon. It cited concerns about a conflict with its corporate values (which were released after employee protests about military work) as its reason.\(^13\)

- **Share stories about doing the right thing.** Example: National Grid’s former New York president, Ken Daly, described growing up in a blue-collar family and how it led to “a strong personal conviction to do the right thing.”

**Video or Live Appearances at Culture-Themed Events**

Activities such as an annual compliance week, the launch of a new training, or a kick-off for global surveys all present a chance for executives to reinforce a positive image.

One way is to invite leaders to film a video explaining their interpretations of corporate values and their expectations of employees. For example, when Starbucks decided to close over 8,000 stores for racial bias training, its CEO, Kevin Johnson, and founder Howard Schultz — through a statement and a video, respectively — both reiterated the company’s commitment to establishing a welcoming environment.\(^14\)

If executives want to be more involved, ask them to show up on-site to deliver quick opening remarks, hand out awards or join a panel. One insurance company, for instance, hosted a “CEO code roadshow” in which the chief executive introduced the company’s revised code of conduct in a 20- to 30-minute presentation at each business unit.

**Casting Organizational Changes in Ethical Terms**

High-pressure times such as a change in top management, a merger or acquisition deal, and organizational restructuring offer opportunities to affirm ethical commitments.

Netflix CEO Reed Hastings, for instance, explained to employees his decision to fire Jonathan Friedland, the chief communications officer at the time. Friedland was accused of repeatedly using a racial epithet in the workplace.\(^6\) After describing the allegations in a company memo, Hastings wrote that he should “have done more to use it as a learning moment for everyone at Netflix.” He also emphasized his determination to help employees understand the “many difficult ways that race, nationality, gender identity and privilege play out in society and our organization.”

The same structure — reflecting on the past issue, taking ownership and laying out improvement plans — can help other executives craft their own messages, too.

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\(^1\) In 2018, 17.5% of the 2,500 largest global public companies had a change at the top.

\(^2\) “More CEOs Were Forced Out for Ethical Lapses in 2018 Than Poor Financial Performance,” The Washington Post

\(^3\) “Are CEOs Less Ethical Than in the Past?” strategy + business

\(^4\) “McDonald’s C.E.O. Fired Over a Relationship That’s Becoming Taboo,” The New York Times


\(^6\) “Netflix Fires Chief Communications Officer Over Use of Racial Slur,” The New York Times

\(^7\) “Google CEO Admits Company Had a Sexual Harassment Problem — Says It Has Fired 48 Employees for Sexual Misconduct,” CNBC

\(^8\) “Roy Price Quits Amazon Studios After Sexual Harassment Claim,” The New York Times

\(^9\) 2009-2016 Gartner RiskClarity Benchmark

\(^10\) “Leadership Skills Start With Self-Awareness,” StarTribune

\(^11\) Only 69.9% of employees believe their senior leaders are honest and ethical, compared to the 775% who say the same thing about their managers (2017-2018 Gartner RiskClarity; n = 481,737 global employees).

\(^12\) “The CEO of Salesforce Found Out His Female Employees Were Paid Less Than Men. His Response Is a Priceless Leadership Lesson,” Inc.

\(^13\) “Google Drops Out of Pentagon’s $10 Billion Cloud Competition,” Bloomberg

\(^14\) “The Philadelphia Incident Was Terrible. Starbucks’ Response Was Admirable,” Forbes
Succession Planning Needs a Reset

by Caitlin Duffy and Drew Kott

It’s time to rethink the succession planning process. Most companies are ill-equipped to respond to the departure of a top leader — and that’s unfortunate because it’s happening more often. The average CEO tenure, for instance, dropped by half in the past decade, from 10 years to five.¹

Nearly eight in 10 (77%) of 900 C-suite executives reported in a 2019 Korn Ferry survey that no internal candidate would be ready to take their own roles today.² Indeed, four in 10 C-suite leaders (42%) said their organizations do not have a comprehensive succession plan for vacancies at their level. Only 38% of CFOs had a plan and, according to a Thomson Reuters report, only 26% of corporate legal departments have one.³

Emerging issues add to the pressure: Public demand for transparency and diversity adds scrutiny to every decision, industry shifts require leaders who can harness digital opportunities and new generations are entering or leaving the workforce. That means you and your partners in HR must consider not only the fit for your department but also, as corporate leaders, the context of the whole organization.

To gain a quality leadership bench in a changing world, you should develop a truly strategic plan. That means you must address four fundamental planning risks:

• **Static planning risk** — Static, shortsighted succession planning based on existing roles can result in candidates whose skills don’t align with future business needs.

• **Conformity risk** — Bias in the succession process can create a homogeneous pipeline, damaging company culture and performance.

• **Vacancy risk** — A delay in filling open positions can mean time-critical leadership responsibilities are neglected.

• **Underdevelopment risk** — An ill-prepared successor can jeopardize business objectives.

**Static Planning Risk**

Corporate strategies are not as definite or steady as they once were, and as many as 31% of senior leaders end up in newly created positions.⁴ Planning for future leadership roles has almost twice the impact on leadership bench strength as planning for existing leadership roles; unfortunately, only 15% of executives rate their HR teams as effective in doing so.⁴ One reason is that it’s hard — and getting harder — as markets become more complex, technologies advance rapidly and competition for talent intensifies. Furthermore, competency models to define future leadership needs are often too vague to effectively identify and prepare successors.

**MTS India’s Solution**

Strategists and HR at MTS India told us a few years ago how they worked together to translate broad organizational priorities into concrete succession plans. The two teams identified business trends and clarified strategic priorities, and then they prototyped future role requirements.
HR took the lead in drafting job descriptions and then validated and refined those descriptions with strategy and business unit leaders. They considered strategy and revenue impacts as well as the difficulty of hiring externally, and they kept updating the profiles and the order of importance.

The company felt more confident about its leadership bench after implementing this tactic.

**Conformity Risk**

Women held only about 27% of senior management roles in S&P 500 companies in 2019 despite constituting close to half the overall workforce, and only 79 women move up to management for every 100 promoted men.\(^5\)\(^6\) Furthermore, racially and ethnically diverse employees account for only 13% of all senior leadership positions.\(^7\)

Why? The vast majority (88%) of D&I leaders identified promotions and/or succession as one of the talent processes most susceptible to bias.\(^8\) Senior leaders tend to choose successors who have a similar profile to their own rather than focusing on objective requirements for the role, and they are rarely held accountable for considering talent from underrepresented groups.

A homogeneous bench poses significant risks to the bottom line. A recent study showed that companies with diverse management teams have 19% higher revenue due to innovation.\(^9\) The science of social cognition shows that an array of different perspectives prompts more careful information analysis, cognitive processing, information exchange and, ultimately, higher-quality outcomes.\(^10\)

Accordingly, over half of D&I heads identified influencing succession planning efforts as a top 2019 priority, and 44% of HR leaders selected lacking diversity in the leadership bench as one of their key challenges.\(^11\)\(^12\) Yet they are wasting money and time; 65% of D&I leaders report that they primarly focus on people even though 67% believe processes are more effective.\(^8\)

**Vacancy Risk**

When a successor comes from within, that person’s role becomes vacant, and so on down the chain of command. This domino effect can produce critical skills gaps that prevent teams from meeting urgent business needs. The pressure to fix this problem intensifies with time, and that sense of urgency can lead organizations astray; the cost of filling a position with the wrong person can quickly surpass the cost of leaving it empty longer.

But internal and external candidates are unlikely to have all the right skills at the time a given role needs filling; leaders actually tend to have “spiky” profiles with more expertise in some areas than others. In fact, only 31% of HR executives think leaders at their organizations are proficient in a wide range of skills, and it may not be possible to fully develop new capabilities among existing succession candidates in time.\(^13\)

Progressive companies recognize that no candidate will be a 100% match; instead, they focus on appointing a best-fit leader who demonstrates the “non-negotiables” of the position — the fundamental skills required. The next step is to support the selected leader through an intentional partnership with one or many leader colleagues based on complementary skill sets.

Novo Nordisk’s Solution

When Novo Nordisk realized its senior leadership bench did not reflect the diversity of the organization, it took three steps to correct the issue (see Figure 1). First, it primed participants in succession planning conversations to complete some prework. Assignments included fact-based research, training on common types of unconscious bias and a challenge to apply what they learned.

Next, during succession planning discussions, HR considered role qualifications first and the candidate second.

Finally, those conversations included three people with specific responsibilities:

- The facilitator, who reminded everyone about inclusion goals
- The note taker, who documented strength and development opportunities for all candidates
- The “inclusion interrupter,” who acknowledged bias and encouraged participants to focus on facts rather than personal observations
Airservices Australia’s Solution

Airservices Australia, a government-owned air navigation services provider, selected formal leaders internally who filled many of the requirements for their roles, then designated additional informal leaders a level or two below the new leaders to provide assistance. These informal leaders were selected based on their proficiency in the needed technical skills as well as their connectedness within the organization and their ability to transfer skills effectively to others. Together, the formal and informal leaders provided the ideal leader profile and skill set for a role.

Underdevelopment Risk

Broader trends toward shorter tenures at an organization, the rise of the gig economy and generational shifts in the workforce make it less certain that candidates will have the experiences they need to prepare for a new leadership role.14

Informing candidates of their potential next roles can facilitate targeted development efforts, increase candidates’ readiness to take on those roles and, ultimately, drive business results. Yet many organizations are reluctant to embrace transparency in succession planning. If successor status is subject to change or the timeline for promotion is ambiguous, communicating them can actually disengage top talent or spark unhealthy competitiveness. Furthermore, knowing someone other than themselves has been tapped for succession can disengage other employees and erode their trust in the organization.

Philips’ Solution

Philips found that the elite nature of its formal HIPO program did not mesh well with its egalitarian culture; most employees who were not in the HIPO pool felt demotivated. And most true top candidates did not even need organizational support; they maintained

Figure 1: Novo Nordisk’s 3-Step Succession Planning

Common Succession Pitfalls

- Presence of Unconscious Bias
- Preference for Similar Successors
- Lack of Ownership Over Inclusion

Novo Nordisk’s Succession Strategy

1. Prime Leaders on Unconscious Bias
2. Decouple the Successor and the Role
3. Use Accountability to Increase Inclusion

Source: Adapted From Novo Nordisk
their own networks and sought out their own development and coaching opportunities. So the company moved away from a nominated HIPO cohort and instead adopted a fluid, ongoing talent development approach for all employees (see Figure 2).

Now, Philips employees’ career development dialogues take place continuously, allowing for reevaluation based on shifting aspirations and organizational needs. In addition, managers share succession candidacy openly to align ambitions and focus development so employees feel ownership of and commitment to their own growth. As a result, talent is more engaged and better-aligned for future leadership.

1 “Succeeding the Long-Serving Legend in the Corner Office,” strategy + business
2 “C-Suite Succession: A Coming Crisis?” Human Resource Executive
3 “The Generational Shift in Legal Departments,” Thomson Reuters
4 2013 Gartner Succession Management Survey
5 “Best Buy’s New Female CEO Will Join a Growing — But Still Minuscule — Club,” CNN Business
7 “This Staggering Chart Shows How Few Minority Women Hold Executive Positions,” The Washington Post
8 2019 Gartner Diversity and Inclusion Benchmarking Survey
9 “A Study Finds That Diverse Companies Produce 19% More Revenue,” Forbes
10 “The Role of Culture in Search and Succession,” SpencerStuart
11 2019 Gartner D&I Agenda Poll
12 2019 Gartner Future of HR Survey
13 2019 Gartner Leadership Effectiveness Survey for Leaders
14 “Global Talent Trends 2019,” Mercer

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**Figure 2: Components of Philips’ Fluid Talent Management Approach**

**Goal:** Employees focus on development opportunities and growth based on their experience, aspirations and manager coaching, not just the next position.

**Goal:** Future fit is aligned with the individual’s shifting aspirations and the organization’s shifting needs.

**Goal:** Employees understand their role in sharing their ambitions and driving their careers, and managers share succession candidacy to align ambitions and focus development.

Source: Adapted From Philips
4 First-Time GCs Recount How They Made the Leap to Legal Chief

by Cindy Zhang

The general counsel (GC) club is small and exclusive. Openings are few and far between: more than half (54%) of GCs at S&P 500 companies have spent over 10 years in the role.1 Additionally, if the top slot does become vacant, competition may well emerge from outside the department: 28% of Fortune 500 GCs served as GC at another company first.2 It’s no wonder that lack of career opportunity is legal’s largest disengagement driver, especially at more senior levels like deputy GC. And yet some do make the leap.

Four first-time GCs told us about their routes to legal leadership at PepsiCo, Pearson, AxiomSL and Canvas Worldwide. Their backgrounds vary; they rose from the in-house ranks, from other companies and from law firms. But some distinct patterns emerge that are of interest to corporate counsel who have set their sights on the C-suite and to GCs who want to help direct reports manage their professional trajectories.

They Were Willing to Take Risks — on Themselves and on the Business

Each of these first-time GCs cited his willingness to take career risks and his comfort with managing legal risks as instrumental to their progress.

Bjarne Tellmann, GC and chief legal officer at Pearson, said he jumped out of his comfort zone to move around the world when starting his corporate counsel career. He left his law firm job in Frankfurt, Germany, to move to London and work as in-house counsel at Kimberly-Clark’s EMEA office. Later, he went to Vienna and then Athens, Greece, as deputy GC for Coca-Cola Hellenic Bottling Company.

Tellmann next went to Japan as GC for Japan at The Coca-Cola Company and then as the company’s GC for APAC. Then, Tellman was sent to work as associate GC at The Coca-Cola Company’s headquarters in Atlanta.

Risk is a consistent part of a GC’s workload. Fifty-six percent of GCs report being consulted on establishing corporate risk appetite. And risk taking makes a GC candidate stand out from the pack. Only 13% of lawyers say they are confident taking risks.3

Dave Yawman, EVP of government affairs, GC and corporate secretary at PepsiCo, describes needing “a certain level of courage and confidence to speak up, even when what you’re saying isn’t going to be popular.” He calls it a “critical skill” that’s more art than science.
They Got Smart and Enthusiastic About Business and Management

The modern GC must play several roles, including that of a corporate executive. When asked to describe their goals as GC, a little more than half (52%) of GCs state that their primary objective is to enable execution of the company’s strategy (see Figure 1).

What’s more, an analysis of 100 postings for GC roles at U.S. companies between 2017 and 2018 found that two of the three most commonly requested skills — business, compliance and management — are not directly tied to legal work.

Enthusiasm for how legal work relates to the business isn’t just a bonus; it’s a requirement. Josh Geller, chief legal officer at AxiomSL, describes his job as “providing the sounding board” for the executive team, the board and business clients. “If you want to be a GC,” Geller said, “those are the things you’re going to be doing. That’s what has to interest you.”

As a case in point, Yawman had to learn on the job about his company’s growth strategy, operating environment and financial statements, even as the business regularly changed its structure and leadership.

Figure 1: GCs’ Top Goals

Q: “Which statement best describes your goal as general counsel?”

<table>
<thead>
<tr>
<th>Goal Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enable Execution of the Company’s Strategy</td>
<td>51.5%</td>
</tr>
<tr>
<td>Manage the Company’s Legal and Compliance Risk</td>
<td>30.9%</td>
</tr>
<tr>
<td>Provide the Best Possible Legal Advice</td>
<td>12.4%</td>
</tr>
<tr>
<td>Satisfy the Needs of the CEO and/or Board</td>
<td>5.2%</td>
</tr>
<tr>
<td>Reduce the Costs of the Company’s Legal and Compliance Support</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

n = 97

Source: 2019 Gartner GC Personal Effectiveness Survey

Josh Geller
Chief Legal Officer
at AxiomSL
You likely won’t hear much about these topics in law school or hone these skills as a lawyer, even in the corporate world.

To absorb this information on your own, Adam L. Masser, SVP of business and legal affairs at Canvas Worldwide, recommends reading case studies and business journals.

They Expanded Their Legal Horizons
While it’s impossible to be an expert in every area of law, GCs need to learn and — more importantly — be prepared to handle the unknown.

In a 2017 survey of the top agenda issues for GCs, 61.5% listed data security, 30.4% listed risk management and 43.7% listed creating business value. These percentages were higher than those reported in the 2015 survey, with the percentage of GCs worrying about data security having doubled over those two years.

Geller credits Curtis, Mallet-Prevost, at which he was previously a partner, with training him to be a “generalist” lawyer. He also said exposure to a variety of legal issues at a law firm helped him get the chief legal officer job at AxiomSL. “You need to handle whatever comes across your desk, and you’re going to have 15 to 20 different topics on a given day and ... triage and close those issues,” Geller told us.

Tellmann noted, “If I were young and coming out of law school, I think what I would be aiming for is disrupting the law. I’d be going to Silicon Valley. I’d be checking out what opportunities there are to really deliver legal services in new ways and think about AI and technology and how that can support the law and provide better access to the law.”

They Found That a Single Transaction Could Be a Launchpad
Success in the corporate world involves networking, and the legal function is no exception. M&A is the top specialization among S&P 500 GCs, with 59% of GCs citing it. And three of the four GCs who talked with us identified a single transaction as their launchpad. They worked closely as outside counsel with senior-level clients who wanted to continue the relationship.

Tellmann was a law firm attorney when he came to know The Coca-Cola Company’s Jan Gustavsson during a transaction in Sweden. “I worked partly on the deal but also started doing a lot of odds and ends for [Gustavsson],” Tellmann recalled. “I did a lot of transactional support but also just general legal support for him while he was doing a lot of the restructuring work.” Gustavsson went on to become GC of Coca-Cola HBC and invited Tellmann to be his deputy. And the rest was history.

For Masser and Geller, the path was shorter and straighter. Each represented his respective current company in transactions that gave him exposure to C-suite executives and the board, which led to a job offer. Masser’s main contact was the chief operating officer; she was the one who asked him to join Canvas Worldwide. Geller had been outside counsel for AxiomSL for several years when he represented the company in an investment by a private equity firm. At that point, AxiomSL asked him to come on board as CLO.

They Built a Professional Brand Identity
A recruiter on LinkedIn discovered Masser, and then a joint venture partner of Canvas Worldwide hired him to help with the launch of the business. He believes he stood out on the networking platform because of his series of videos on legal issues for startup companies and articles he had published on sites catering to the New York startup community.

“You have to establish yourself as having ... thought leadership within a field,” Masser says, “so that people see you as being a leader.”

An internal brand matters, too, and most GCs at top companies are promoted from within. Sixty-six percent of S&P 500 GCs won their role while already working at the organization. In a 2018 report on the landscape of Fortune 500 GCs, the Association of Corporate Counsel reported, “For many GCs, a clear path to the top has involved working their way up within the company.” This “allows internal candidates
to build up business skills and accumulate industry knowledge internally.”

Yawman is one example. The critical moment in his career at PepsiCo came six years after being hired as a staff attorney. The corporation’s largest bottler, The Pepsi Bottling Group (at the time, a publicly traded Fortune 200 company) needed an assistant GC. Yawman continued to move across the company’s legal teams, raising his profile within the walls of the PepsiCo family of companies. Yawman candidly admits he would have never gotten certain jobs if he had applied for them outside of PepsiCo.

One of the most important factors in his becoming GC, Yawman believes, was his professional brand identity — one of “hard work and curiosity and a healthy dose of humility and collaboration.” He had been building that brand identity since he started at PepsiCo. In Yawman’s words, “They allowed me, just because they knew me, to learn on the job in a few roles.”

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1 S&P Global Market Intelligence Database (2019)
2 “The 2019 General Counsel Landscape,” LawGeex and the Association of Corporate Counsel
3 2019 Gartner Risk-Aligned Legal Guidance Model for In-House Lawyers Survey; n = 201 in-house lawyers
4 “The General Counsel Excellence Report,” The Global Legal Post
5 To see Masser’s video series, visit https://www.youtube.com/channel/UCkQjP-BaM0zmIHG2nvh7w.
Revamping ESG Strategy With Investor Input: An Interview With Travelers’ Yafit Cohn

by Laura Cohn

With investors clamoring for corporations to provide more information about their sustainability efforts, the legal and investor relations (IR) departments at Travelers decided to uncover what, precisely, shareholders want companies to report on when it comes to sustainability. So, over a series of meetings in early 2018, the two teams met with half the organization’s shareholder base.

Leading the charge was Yafit Cohn, who had joined Travelers the year before as associate group general counsel after spending more than a decade at law firms advising public companies on corporate governance and securities law and litigation.

In August 2019, Travelers elevated and formalized the initial efforts, creating the role of chief sustainability officer (CSO) and naming Cohn to the post. As CSO, she articulates the company’s comprehensive value creation strategy and the integration of environmental, social and governance (ESG) issues into that strategy, guiding the company through this evolving arena. She also contributes to the ongoing public discourse. Cohn reports to the general counsel and sits on the company’s ESG and disclosure committees.

Travelers has joined a small but growing number of organizations with a CSO or similar role. In 2018, 44 publicly traded U.S. companies...
How did you pick your ESG frameworks? Your sustainability website shows references to the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-Related Financial Disclosures (TCFD), the Global Reporting Initiative (GRI) and the International Integrated Reporting Council (IIRC).

When we started this process, we had to figure out which standards or frameworks we may want to align our disclosures with. Our first step was to determine who our primary audience was and which standards or frameworks would be most effective for communicating with them.

We identified several stakeholder groups that were interested in how our company manages ESG-related topics, but we decided to primarily focus on our investors to ensure they had what they wanted — especially as an increasing number of investors are signatories to the U.N.’s Principles for Responsible Investment, pursuant to which signatories voluntarily incorporate ESG issues into their investment practices.

To get a better understanding of what would be most helpful, we engaged with our large institutional investors, reaching approximately half of our investor base in shares outstanding.

**What did you ask them?**

We asked a number of questions about which standards or frameworks for disclosure they find to be most helpful and which they’d like to see us reporting to. From those conversations, we found there to be investor momentum behind the SASB standards and the TCFD framework; accordingly, we decided to address both in stand-alone PDF reports.

At the same time, we realized that there are additional aspects of our long-term value creation strategy not covered by the SASB standards or TCFD framework, so we decided to publish a comprehensive website that communicates our strategy in a more holistic sense. We were guided, in part, by the GRI framework and by the IIRC’s disclosure framework.

Integrated reporting aligns closely to our core belief that business strategy and performance are inextricably linked to fulfilling our commitments to customers, communities and employees.
Why did you decide to focus on what investors want?
We had been receiving a number of questions from investors related to our environmental and social initiatives. Our sustainability site was a way for us to disclose the information they seemed to be seeking in one place while proactively informing them about our holistic long-term value creation strategy.

In addition, there are many rating firms grading companies on ESG disclosure and/or performance, and we were receiving numerous survey and data verification requests from such firms each year. Our investor-focused sustainability site enables these data providers to gather accurate data about our company for use in reports.

Why do investors like the SASB standards?
First, the SASB standards are designed for communication with an investor audience. At their core, they are intended to provide disclosure about risks and opportunities that could impact the company’s business. Additionally, the SASB standards are industry-specific.

I think many investors appreciate that SASB did significant market research and collected information from investors, issuers and other market participants to determine which ESG factors and metrics they believe may be most relevant to each industry.

And TCFD?
The TCFD framework focuses on climate — an area that investors are increasingly interested in. The framework has been embraced by many in the investor community as a helpful resource for understanding a company’s approach to the climate-related risks and opportunities that could impact its business.

Walk me through your approach to the SASB framework.
We started by taking SASB’s standards for the insurance industry and conducting a gap analysis. We compared each SASB standard with our then-current disclosures to determine where we already had full disclosure, partial disclosure or no disclosure on the topic.

With regard to the standards for which we did not already provide complete public disclosure, we identified subject matter experts across the company who could assist in collecting relevant information and provide input on the related disclosures to the extent we believed additional disclosure could be helpful. The effort required many individuals throughout various departments.

Once our SASB report was drafted with the assistance of our subject matter experts, our multidisciplinary ESG committee, our disclosure committee and our legal and finance departments each reviewed the report.

How did you decide where to report your ESG efforts? Some executives aren’t sure whether to do it in a sustainability report, an SEC filing or the annual report.
Some of the information you see in our SASB report, in our TCFD report and on our sustainability website was already included in our 10-K or our proxy statement. Our sustainability site, however, incorporates additional information that we thought could be of interest to our investors and other stakeholders but was not deemed material from a legal perspective.

We’ve put that additional information outside of our SEC filings because we believe such filings should not be saddled with information that is not material.
“Many of our investors have applauded the comprehensive approach and integrated nature of our reporting, its focus on an investor audience and our use of the SASB standards and TCFD framework.”

What’s been the feedback from your investors?
We are in the process of engaging with our large investors and are encouraged by the overwhelmingly positive feedback we have received so far. Many of our investors have applauded the comprehensive approach and integrated nature of our reporting, its focus on an investor audience and our use of the SASB standards and TCFD framework.

Why do you think the response has been positive?
Beyond the fact that our investors appreciate our detailed reporting, having one reader-friendly site that discusses the different aspects of our value creation strategy enables us to engage more deeply with our investors. Our investors are able to get a thorough understanding of our practices before speaking with us and, in turn, ask questions that are one level deeper than they would have asked before this information was available to them.

In terms of the governance of this issue, can you explain why Travelers decided to name its first CSO? And why is it under the legal department?
Because there are legal issues with respect to disclosure, we thought it made sense for it to go under legal. It’s the latest frontier in governance.

1 Yafit Cohn is no relation to the author.
2 “Weinreb Group Presents Its CSO Findings for 2018,” Weinreb Group
3 “About Our Sustainability Reporting,” Travelers
The Disconnect Between Executives and the Rest of the Workforce

by Oana Lupu and Steve Shapiro

As a leader, it’s important to periodically look back to see if the rest of your company is following along; your corporate strategy depends on it. You’re likely overestimating, for example, how well employees understand the vision you’ve laid out, how equipped they are to manage risks or how comfortable they feel flagging problems to higher ups. Those at the top often underestimate the challenges more junior employees face in driving innovation and building successful careers internally.

The gulf between leaders’ and employees’ perspectives is deep and wide, according to our sentiment surveys of tens of thousands of workers from a variety of geographies, industries and seniority levels. Executives consistently showed more confidence and optimism about their companies’ prospects, treatment of the workforce and overall work environments than those on lower rungs of the corporate ladder.

Though it’s probably not a shock that the view is different from the top than from the base, certain disconnects matter more than others. Left unidentified and unchecked, gaps in perception threaten business objectives by making it difficult to:

• Retain critical talent.
• Build new-to-world capabilities.
• Drive innovation.
• Adapt to changes in the competitive market.
• Maximize compliance.

Knowing which disparities exist is the first step to building better trust and engagement among your workforce. A systematic effort will build confidence that you are aware of the differences in outlook at various levels of the enterprise.

A good starting point is the list of hot spots we’ve identified from global responses to nearly 100 workforce perception questions. We’ve also included tips and best practices for monitoring and shifting employee perceptions in the areas that are most important for your company.

A Brief Overview of Aggregate Sentiment Results

Overall, each step lower on the corporate ladder means a drop in favorable perceptions. We saw clear decreases moving from senior leadership to mid-level managers, and to direct supervisors and individual contributors (see Figure 1).

Concerns about career success, social responsibility and respect have low overall favorability scores as well as a large gap between executive and employee perspectives (see Figure 2). Some positive trends emerge, too; for instance, executives and employees agree that commitment to ethics and pride in work are evident.
**Figure 1: Average Favorable Response Rate by Seniority Level**

- **Senior Management**: 54% with a gap of -7 pp.
- **Midlevel Management (Managers of Other Managers)**: 47% with a gap of -6 pp.
- **First-Level Management/Supervisors**: 41% with a gap of -6 pp.
- **Midlevel Nonmanagement/Individual Contributors**: 35% with a gap of -2 pp.
- **Entry-Level Nonmanagement/Individual Contributors**: 33%

n = 29,994 employees
Source: 3Q19 Gartner Global Labor Market Survey

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**Figure 2: Perception Gaps and Overall Favorability for Different Workforce Issues**

- **Career Success**: 20 pp
- **Respect**: 10 pp
- **Social Responsibility**: 0 pp
- **Competitiveness**: 0 pp
- **Productivity**: 0 pp
- **Ethics**: 0 pp
- **Pride in Work**: 0 pp
- **Business Confidence**: 0 pp
- **Intent to Stay**: 0 pp

n = 29,994 employees (Global Labor Market Survey); 92,919 employees (Risk Clarity Survey)
Source: 3Q19 Gartner Global Labor Market Survey, 2017-2018 Gartner Risk Clarity Surveys
A Deeper Dive: Specific Issues That May Affect Your Business

We found a few specific issues in the aggregate data that could get in the way of achieving business objectives. These red-flag areas (shown in the upper-left quadrant of Figure 3), such as knowledge of customer needs or the ability to take risks and innovate, have low workforce favorability and a large perception gap.

It’s risky for leaders to be unaware of the extent of problems in these areas; the failure to respond to market shifts and innovation mismanagement are the leading causes of post-recession growth stalls.

These results signal that executives might be missing or not understanding the severity of certain problems at their organizations. To avoid this problem yourself, make sure you understand how your workforce sees the issues that are most important for performance and long-term success at your organization and the reasons behind their sentiments. Then, you can start trying to change hearts and minds.

Figure 3: Selected Workforce Metrics by Overall Favorability and Perception Gap

- **Companywide Problems + Perception Disconnect**
  - Trust in senior leaders
  - Knowledge of customer needs
  - Ability to flag problems
  - Ability to take risks and innovate
  - Fairness of rewards and recognition
  - Opportunities for internal mobility
  - Commitment to social responsibility

- **High Favorables That Could Go Higher**
  - Accountability
  - Enjoyment of working for the company

- **Companywide Problems**
  - Acceptance of different views
  - Enjoyment of working with managers

- **“Golden Zone”**
  - Ability to balance compliance with pursuing business goals
  - Trust in managers
  - Managers’ respect for employees

- **Overall Favorability Ratings**
  - High
  - Low

Source: 3Q19 Gartner Global Labor Market Survey, 2017-2018 Gartner Risk Clarity Surveys
Note: Quadrants are divided by a 6-percentage-point gap between executives’ and employees’ perceptions and by an 80% favorability rating.
How to Start Bridging Important Gaps at Your Company

Shifting perceptions takes time and requires ongoing attention, so start with small activities that build momentum for long-term change. But first, learn what everyone's views are.

1. Design a Formal Process for Uncovering Employee Perceptions

Conduct a targeted listening exercise. First, consider which employee perceptions could enable your strategy and which might create barriers to your company’s success. For example, if you’re looking to boost innovation, pay attention to how employees’ views about risk taking and failure may differ from your own. If you need to quickly reskill your workforce, look at how employees view development opportunities and the urgency of your need.

Once you’ve identified important perceptions to focus on, start investigating. A survey provides a useful foundation—it’s anonymous and easy to analyze and can give a high-level view of companywide perceptions. However, a survey will only give you answers to the questions you ask, so you may need to complement your questionnaire with a more open-ended method to capture nuances and context.

One company designated “employee journalists” in different offices. The journalists designed their own data collection methods based on what they thought would work best in their locations. In one case, this included taking videos on a mobile phone when employees agreed to it. The journalists served as a buffer between employees and leadership to encourage honest feedback, and their efforts yielded rich data.

To avoid misinterpreting the information you collect, involve employees in analyzing and communicating the findings. For example, at the company above, the employee journalists met as a group and turned their findings into a story they then presented to leadership.

2. Create a Personal Process for Surfacing Different Perspectives

Show employees that you’re interested in understanding their points of view. Make sure that, in addition to communicating important information downward, you’re receiving important communication from below. It can be as simple as:

- Asking “What did I miss?” at the end of your emails
- Having direct reports bring a list of their reports’ top concerns to meetings
- Setting up mentor-mentee relationships between participants from different seniority levels
- Having a monthly lunch with more junior colleagues

These initiatives will show that you’re serious about hearing from the grassroots, not just the brass, and will generate some energy around your longer-term efforts.

3. Enlist Managers’ Help to Monitor and Shape Employee Perceptions

Managers are uniquely positioned to track the perceptions that are most important to your corporate strategy and to help shape those impressions over time. Ask supervisors what support they need from you to make that happen.

For example, the HR function at one organization gave managers a simple menu of do’s and don’ts to help them discuss the behaviors they would like to see in others. For one team, the corporate value “showing respect” became a list of behaviors that included:

- **Do** give feedback with empathy, and receive it with humility.
- **Don’t** expect colleagues to be available 24/7.

This context can help leaders identify certain behaviors that affect employee sentiment. In the example above, managers and leaders might have homed in on other factors to improve employees’ perceptions about the level of respect at the organization—for instance, the tone of emails. But in fact, what this group of employees cares most about is not being expected to respond to emails outside of working hours.

One payoff for your efforts to shape employee perceptions might be to close the gap we found in the perception of top management. Six out of 10 executives agree their companies have high-quality senior leaders, but only three out of 10 lower-level employees feel the same way.
More Details on Executive and Employee Sentiments

Figure 4 offers details of specific survey responses.

<table>
<thead>
<tr>
<th>Work Attribute</th>
<th>Executives’ Average Favorability</th>
<th>Employees’ Average Favorability</th>
<th>Gap (in Percentage Points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I’m satisfied with the quality of the organization’s senior leadership.</td>
<td>60%</td>
<td>34%</td>
<td>26 pp</td>
</tr>
<tr>
<td>I feel welcome to express my true feelings at work.</td>
<td>57%</td>
<td>32%</td>
<td>25 pp</td>
</tr>
<tr>
<td>The communication we receive from the organization is honest and open.</td>
<td>55%</td>
<td>31%</td>
<td>24 pp</td>
</tr>
<tr>
<td>Senior management encourages views that are different from their own.</td>
<td>63%</td>
<td>40%</td>
<td>23 pp</td>
</tr>
<tr>
<td>People are encouraged to take appropriate risks to improve business results.</td>
<td>62%</td>
<td>40%</td>
<td>22 pp</td>
</tr>
<tr>
<td>I’m satisfied with the amount of recognition provided to employees by the organization.</td>
<td>56%</td>
<td>35%</td>
<td>21 pp</td>
</tr>
<tr>
<td>Employees at my organization respect and value one another’s opinions.</td>
<td>56%</td>
<td>35%</td>
<td>21 pp</td>
</tr>
<tr>
<td>People at my organization care about me.</td>
<td>52%</td>
<td>31%</td>
<td>21 pp</td>
</tr>
<tr>
<td>I’m satisfied with the degree of respect the organization shows its employees.</td>
<td>64%</td>
<td>43%</td>
<td>21 pp</td>
</tr>
<tr>
<td>I’m satisfied with the opportunity provided by my job to work on innovative, leading-edge projects.</td>
<td>52%</td>
<td>31%</td>
<td>21 pp</td>
</tr>
</tbody>
</table>

n = 2,875 executives and 27,119 employees (Global Labor Market Survey); 23,333 executives and 323,487 employees (Risk Clarity Benchmark)

Source: 3Q19 Gartner Global Labor Market Survey; 2017-2018 Gartner Risk Clarity Surveys
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