In the 21st century, operating environments and models will become increasingly complex across new geographies and product/service lines with shorter half-lives than in the past. Navigating this complexity will require leaders to work together more seamlessly across boundaries within and — with greater frequency these days — outside (for example with partners and alliances) the organization. Collaboration is fast becoming a premium capability. In *Global Leadership Forecast 2018* we’ve identified what organizations with strong collective leadership have in common. Their leaders work together effectively, create value horizontally, form multidisciplinary teams, and constantly bring diverse perspectives together to work on their toughest issues. These organizations display strong — even turbocharged — confidence in their ability to conquer many of the challenges facing the business world today. Of course, collective leadership is not always appropriate; there are times when more directive leadership is required.
What is the impact of collective leadership?

Organizations with strong collective leadership (see figure at left) make better-informed decisions. They use data to guide their decision making, and they excel at bringing in multiple perspectives from across the organization. Collective leadership organizations are also more confident in responding to the competitive environment and acting on customer needs. The collaboration process enables them to bring a breadth of insight and experience, which, in turn, improves the rigor of debate.

Is collective leadership always the answer?

Collective leadership organizations have less of an advantage for acting decisively or effectively navigating complexity, chaos, or ambiguity. When the environment demands decisive action, companies need to shift from collective to directive leadership. This requires adaptive leaders who can read the situation and use authority when required.

Collective leadership organizations develop stronger, more engaged leaders

Finding the right leaders and building bench strength poses an increasingly daunting challenge in today’s business world. Asked what keeps them awake at night, CEOs frequently tell us: “Do I have the leaders I need to deliver our strategy?” We found high collective leadership to equate with:

- Five times higher likelihood of a strong leader bench
- Half the rate of leaders at high risk of leaving
- Twice the rate of “definitely engaged” leaders

The data shows that constant learning is in the DNA of collective leadership organizations. Leaders give more feedback to each other, and they seek it twice as often. There’s a culture of learning that cuts across boundaries as leaders work together toward a common cause: to develop each other as they go.

This translates to engagement and commitment. Leaders bring more energy and find a greater sense of purpose in their roles (twice the levels of other organizations). They’re part of a wider team, which raises their engagement and reduces their desire to leave by 10 percent versus organizations that don’t have collective leadership.

So, what underpins collective leadership?

Collective leadership cultures are safe. People feel safer to bring up tough issues—by more than twice the levels within the other organizations. Psychological safety is a main feature of people’s ability to work collectively and collaboratively. People are unafraid to admit a mistake, ask a question, or offer a new idea, confident that they won’t be embarrassed or punished.

Development becomes a team sport. Leaders in collective leadership organizations face challenging conversations and get more opportunities to provide feedback to senior leaders. They prioritize creating chances for development and advancement for all.

Experiential practices support collective leadership. Organizations that score high in collective leadership use experiential learning to develop leaders. They’re three times more likely to adopt coaching/mentoring for their leaders and five times more likely to use stretch assignments to build critical skills and to reinforce the culture.

How is culture different: high vs. low collective leadership progress

<table>
<thead>
<tr>
<th>Leader capability to meet business challenges in high versus low collective leadership organizations</th>
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</thead>
<tbody>
<tr>
<td><strong>High</strong></td>
</tr>
<tr>
<td>Capturing org. knowledge before it’s lost</td>
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<tr>
<td>Anticipating and reacting to the nature and speed of change</td>
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<tr>
<td>Responding to the competitive environment faced by the organization</td>
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<tr>
<td>Operating within a highly-digital business environment</td>
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<tr>
<td>Understanding and acting on changing customer needs and perspectives</td>
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<td>Using data to guide business decisions</td>
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<tr>
<td>Acting decisively without always having clear direction or certainty</td>
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<tr>
<td>Maintaining effectiveness despite constant surprises and a lack of predictability</td>
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<tr>
<td>Navigating through complexity, chaos, and confusion</td>
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</tbody>
</table>

Where to start

- Create leadership teams that cut across boundaries and become models of collective leadership. Give them real challenges to get the experience of working collectively.
- Build skills that enable leaders to work collectively. Work on game-changers like hyper-collaboration, inspiring others, and leading in a virtual world.
- Make your leaders aware of what it takes to establish a safe environment. Do they welcome divergent views? Do they understand that getting it wrong is an opportunity to learn?
- Accelerate team performance by helping members understand styles, leveraging differences to their advantage.

How to differentiate

- Map out the leadership capabilities required to manage the complexity that can undermine the benefits from collaborative leadership/culture.
- Build teaming capability at scale. Support the effective design and development of teams across the organization.
- Deepen empathy for the enterprise. Can all of your leaders “stand in the shoes” of their peers? Do they understand the importance of making decisions that go beyond the interest of their function? Give leaders skin in the collective game. Reinforce, recognize, and reward collective leadership behaviors through formal and informal incentives.
- Create a purpose-driven organization where all leaders and their teams drive towards common goals.

This article featured as part of the Global Leadership Forecast 2018 released by DDI, The Conference Board and EY.
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