In Part 1 and 2 of our Leadership Insights series, we dove deeper into understanding behaviors and personality traits of executives. DDI has spent the last decade observing how executives respond to complex decisions and sensitive interpersonal issues within a demanding and realistic day-in-the-life simulation. We discovered that the majority of executives are a driven, energetic, and operationally successful lot—but they are not perfect. Today’s executives are less capable of entrepreneurship and long-term strategy or people development. And while they are ambitious and willing to learn, they also tend to be impulsive and resistant to change.

But what we have not yet discussed is the context in which these executives operate. In other words, how do their strengths and development needs align with what the business needs them to do? Do their tendencies make them more likely to succeed or fail in their business context? After all, context matters—what utility is a group of entrepreneurial leaders in an organization where there is no latitude or aspiration for entrepreneurship? In Part 3 of this series, we share what DDI is learning about today’s executives in context.

Let’s start with understanding the business context: What does the business demand from executives in order to succeed in the future? The challenges that businesses face differ widely across organizations, industries, and location. This is driven by an organization’s strategic and cultural priorities, which dictate key imperatives for leaders (context). It is this unique business context that we merged with what we know about the behavioral and personal tendencies of today’s executives. What emerged was an acute and discerning lens into the readiness of today’s leaders to drive the business.

Based on work with hundreds of organizations around the world we uncovered approximately 30 distinct business drivers and created algorithms mapping both competencies and personality factors (that both
enable and derail success) to each driver. We refer to these leadership imperatives as “business drivers” because they are hurdles leaders will need to cross in order to drive the business forward.

To identify business drivers for a given organization, we use a systematic process to determine the critical challenges leaders will face given their organization’s business landscape, strategic direction, and cultural priorities. The mapped competencies, personality factors, AND business drivers are then assessed (through simulations, interviews, and testing) in order to provide the information necessary to determine whether leaders are ready to drive long-term business success. By wiring these variables in this way, we can put leadership into context with more precision and rigor. Ultimately, this process answers the question of readiness—how ready are today’s leaders for solving the collective organizational dilemmas/business challenges?

**CONTEXT: TODAY’S MOST COMMON BUSINESS DRIVERS**

For most organizations, the keys to success focus on differentiation and execution. Being able to execute on what differentiates their organization from the rest of the market is the key to their viability. The business environment is constantly changing (i.e., globalization, mergers and acquisitions, talent shortages) and all of this change is happening amidst heightened competition and thereby necessitating efficiency. So it was no surprise that from a list of over 30 business drivers, the following emerged as the most common leadership challenges (top 6 are numbered from most to least common):

**Todays Most Common Business Drivers**

1. Build a high-performance culture
2. Create alignment and accountability
3. Build strategic partnerships and relationships
4. Cultivate a customer-focused culture
5. Drive profitability
6. Enhance talent

The most common challenge leaders face today is the need to build a high-performance culture within their organization which inherently means ensuring that the talent within the organization is driving success. It goes without saying that this will also create the challenge of creating alignment and accountability and building partnerships. Furthermore, a successful organization in today’s competitive climate also has to have a culture that is focused on its customers. All of this, along with a focus on profitability, is the key to staying in the black.

It is important to note two key themes in these challenges leaders are facing. One is maintenance and preservation related (customer focus, alignment, and profitability) while the other is growth-related (building a high-performance culture, enhancing talent, building strategic relationships). Given these are the most common challenges executives are facing, how ready are they to tackle these challenges?
Unfortunately, as you can see from the business drivers that leaders were least ready to execute on (ordered from least to most ready), today’s leaders are ill-equipped for growth. If your business is one that is undergoing change (whose isn’t?), whether that is through domestic and/or global expansion/integration, or a strategy or cultural change, this will likely be a challenge. Today’s executives are not strong in business/global acumen or entrepreneurship, making it difficult for them to expand into new markets. And likely due to their experience and success at an operational level, they’re relatively lacking and inexperienced in their abilities to act in more strategic capacities.

The talent side is also a concern for executives as their ability to build organizational talent or even coach them is relatively low ensuring that they will struggle preparing and mobilizing people toward the (new) business needs. And their most common challenge, as we learned is building a high-performance culture, only 28% of executives are ready to execute on. Their passion for results and decision making don’t make up for their struggles with strategy and building talent. What this tells us is that the majority of executives are NOT READY to lead in growth contexts.

### Today’s Executives are NOTREADY to . . .

- Enter global markets
- Enter domestic markets
- Turn around unit performance or culture
- Shape organizational strategy
- Build organizational talent
- Build high-performance culture
- Integrate new organizational structures

(Note: Least ready listed first)

### Today’s Executives are READY to . . .

- Build strategic partnerships and relationships
- Cultivate a customer-focused culture
- Drive efficiency
- Increase revenue production
- Drive process innovation
- Drive profitability

(Note: Most ready listed first)
On a more positive note, over half of executives are ready to build partnerships and create a customer-focused culture, likely due to their strengths in communication and customer focus. The operational strengths of today’s executives also make them ready to strengthen the business through driving efficiency and revenue, and their passion and decision making make them ready to drive innovation (at least from a process perspective, but not necessarily from a product or cultural perspective). So from a maintenance perspective (e.g., efficiency, profitability, customer focus), we have more executives ready and willing to execute.

**CONCLUSION: EXECUTIVES ARE UNPREPARED FOR THE UNFAMILIAR**

Ultimately, what we have learned about the people making the most important decisions in organizations today is that while they have been arguably successful thus far, in a time of tumultuous change, they are, more often than not, unprepared for the unfamiliar. Today’s executives might be well-equipped to hold the ship steady and continue to do what has made them successful in the past, but they are less prepared to steer the ship into the unchartered waters of the future.

The data show that the burning need for most organizations is in building a high-performance culture, yet only about one in three executives are ready and capable of doing that. They also have room to grow in entering new markets (global and domestic), turning performance around, and shaping strategy, all of which are likely to be issues for the majority of organizations in today’s constantly changing environments. The good news is that building relationships and creating a customer-focused culture are top priorities for organizations as well as relative strengths for today’s executives (55-59% of them). Today’s executives are also relatively strong in driving profitability, efficiency, and process innovation, which bode well for organizations staying more the course and not reaching out into broader and unchartered territory.

But what about you and the leaders in your business? As you have been reading this, you may have been wondering: What is it that my business needs? Every organization is different—the key is identifying what direction your organization needs to take in order to differentiate itself and based on this, take stock of how well your leaders can rise to that challenge. You likely will want to consider training and development as a means to closing gaps. Each individual leader is different too and depending on your situation, you may need to build a “team mosaic” constituting different leaders with different strengths within a team.

Finally, you also may want to ask yourself: Are there other people in the organization that may not currently be in leadership positions but have the skill set needed to drive the business? Have you been rewarding leaders who drive your (operational) past but not necessarily your (strategic) future? Are you preparing leaders for a new world or one that has already passed you by? As HR and talent managers, it is critical for us to think long and hard about the answers to these questions and recognize the tectonic shift needed in most of today’s business leaders. Because after all, it is our fundamental responsibility to influence our organizations to both identify and increase the capacities needed to drive the business toward sustainability and, dare we say it, success.