



Why Industrial Companies Are Accelerating Change in Leadership Development and Succession

Leadership lessons from the pandemic

For industrial companies, as for nearly every kind of company, the pandemic forced a sudden shift in ways of working and leading business. Certain processes sped up; others altered drastically. In some cases, product lines even shifted. Nimble leadership has been critical to responding effectively to the crisis.

As the pandemic has spurred leaders to evaluate their processes, supply chains and markets, they also are looking closely at the lessons from the crisis for leadership. This includes the implications for the capabilities and traits leaders will need going forward and how to evolve the way they recognize, evaluate and develop future leaders from within.

We spoke with leaders from a diverse array of industrial companies around the world about how their organizations responded to the crisis and how they are defining leadership for the future — and what that means for leadership development and succession planning.



Things were already changing at speed before COVID-19, but COVID has been an accelerator of certain factors and has created some permanent changes.”

MARCO MAZZU
CHAIRMAN AND FORMER CEO OF HYVA

Lessons from the crisis

Most industrial companies were already somewhere along a journey of digital integration heading into 2020. As the saying goes, every company is a technology company now, and industrial companies are certainly no exception. With advances in the internet of things (IoT) and digitization across the value chain, starting years earlier, Spencer Stuart found that the most important skill a senior leader could wield to drive digital transformation was a customer-centric mindset.

The pandemic put new pressure on industrial companies to digitize the way people work and lead, interact with customers and manage supply chain operations. Overall, this created opportunities for positive growth for many companies. As Laura Jones, executive director, global talent at General Motors Corporation, puts it: “From an innovation standpoint, we haven’t missed a beat. We pivoted on a dime. We’ve seen a relentless commitment to our mission and goals among our people.”

Leaders saw their teams and employees throughout their organizations quickly adapt to working remotely, in many cases, more productively than anyone had foreseen. At Thermax, for example, working from home was a completely new experience for the engineering teams. Flexi-time and working from home had been considered previously to encourage more women to join, but some were skeptical about such a significant paradigm shift. The pandemic forced the company to jump in and try it. “Necessity is the mother of invention,” quipped Thermax Chairman Meher Pudumjee.

The pandemic also exposed the limits of traditional hierarchies, bureaucracies and siloed business structures that slow decision-making. Leaders at all levels had to get comfortable letting go of the inclination to control employees and instead give them the creative flexibility to adapt their work to brand new circumstances. More and more, organizations are pushing decision-making power to local leaders, who are closer to customers and can respond faster. When speed matters, not every decision can wait for the top.





A new paradigm of leadership is emerging

It was true even before the COVID-19 crisis that effective leadership is the best predictor of success and long-term organizational viability, but the pandemic and economic disruption it caused underscored both the changing demands on leaders and the consequences of great — or ineffective — leadership.

Most talent development practices haven't changed — “Talent and leadership development is a long-term, sustainable investment. Whether there's COVID or no COVID shouldn't really matter,” says Mahesh Puducheri, CHRO of Dril-Quip — but it goes without saying that leaders have had to step it up in response to the disruption. This has created some meaningful shifts in the kinds of leadership characteristics industrial organizations are prioritizing. Leaders with traits such as humility, empathy, adaptability and authenticity were better able to engage and support their teams in response to the challenges of the crisis. These leadership attributes will continue to be critical going forward, as the volatility, pace of change and other forces affecting business continue to accelerate in a post-COVID world.

Courage around change

The ability to embrace change and pivot quickly with agility, curiosity about new approaches and a willingness to take risks will be critical in a world where change is a constant. In fact, an ingrained dissatisfaction with the status quo can be an advantage for leaders in a volatile time.

For this reason, organizations are now evaluating potential leaders not just on how well they can lead the organization, but also on how well they lead change. “If you're not change-agile, you will really struggle. You will be fighting for what we've done in the past versus trying to leverage your strengths to navigate where we need to go,” says Kristin Trecker, CHRO at Visteon.

“What makes the difference — especially in senior leadership teams — is the ability to learn and learn fast,” says Olivier Rousseau, GM at Verallia. “That means being curious and always alert about what's happening in their environment in order to make sure they adjust and they adapt quickly.”

Listening

Leaders need to be alert to external developments and new ideas emerging from within the organization. Effective leaders listen to employees and create a culture of continuous feedback. “We are living in moments of quick changes,” says Paola Mazzoleni, CHRO at Tenaris Global Services, “where we need to stay much closer to team members to clarify goal-setting. It takes frequent feedback and continuous conversation.”

The ability to gather and weigh employee input is critical in leadership today. Leaders who are exceptional at leading through crises ask questions and learn from what they hear, and build alignment with their teams through discussion.

Effective communication — both in-person and virtual

Along the same lines, while in the past, leaders might fly halfway around the world to meet with people and talk about business conditions, now, they're having to make major decisions over a phone call or Zoom. The fact of the matter is that most communication simply does not happen in person anymore, so these leaders leverage technology to communicate regularly and authentically and understand how to build connections and trust through transparency.

At Visteon, for example, virtual “fireside chats” were implemented during the pandemic, allowing the CEO to provide frequent updates to employees and answer their questions on a real-time basis. Pudumjee confirms the importance of this tactic at Thermax as well: “Asking hard questions and getting direct answers has been critical from a transparency and from a trust perspective.”

Collaboration and camaraderie

Having to make big decisions with limited information and huge implications for the business, many top leadership teams changed how they operated during the pandemic — meeting more often, sharing more information and collaborating in ways they hadn't in the past. Many saw that closer communication helped drive alignment and enabled them to eliminate some of the processes and bureaucracy that impede fast decision-making.

Having achieved a deep feeling of solidarity and a sense that “we're all in this together” during the pandemic — both within teams and even between competing companies that cooperated to share PPE, for instance — leaders want to preserve the cross-functional mindset and collaboration approach that emerged.

Visteon's Trecker shares this general sentiment: “We've seen many different leaders step up and be creative as we navigated during the pandemic. We improved how we share these success stories across the globe, so that we can learn from each other.”

Redefining succession planning for the challenges ahead

As they look ahead, the challenge for industrial companies will be to inject the learnings from leading during the pandemic into leadership development and succession planning programs. For many, a shorter-term focus makes sense in a market susceptible to disruption and rapid transformation. “Our business is transforming and so too is the way we develop leaders — we must remain agile in our approach,” says Janice Uhlig, vice president of global compensation and benefits for General Motors Corporation.



Identifying high-potential leaders for the future and putting in the work to develop them must happen at every level, not just the top. Management is keen to discover talent earlier and grow people faster, which often means giving more opportunities to less experienced people. Rousseau gives insight into how Verallia handles this: “We hire so people are overskilled in order to fast-track them, knowing that we’ll have gaps in the talent pipeline going forward, so we can develop fast.”

Moving beyond the traditional functional skill set, general leadership skill sets, a cross-functional orientation and collaboration are key to moving quickly and solving problems today. “There’s a driving need for talent to be transferable. We have engineers who now sit in the sales service and marketing function, for example,” says GM’s Laura Jones. Employee self-assessments that allow individuals to express interest in other functions and geographic mobility as part of an individual development plan is one way to build greater cross-functional knowledge and collaboration.

Mentorship is another key aspect of succession strategy for many industrial companies. At Hyva, for instance, a comprehensive mentorship program assigns a mentor to high-potential talent. For their “top 100” employees, that mentor always sits in upper management. For mentorship to directly affect succession strategy, mentors have to take their roles seriously and really pay attention to the development of their mentees — what Hyva Chairman Marco Mazzu calls “following” and considers one of the most important aspects of leadership: “The person knows that the company follows his or her development. When you do that, you are ready to intervene in the critical moments of a person’s career.”

And of course, as developing leaders evolve, best practice is to involve them in strategic initiatives that allow upper management to see them in action, while the individuals learn more about the company and are tested in key roles.

Forging the right industrial leaders with good planning

A willingness to try new things. Honed listening and collaboration skills. Empathy, caring and a collaborative spirit. These are leadership traits that became even more important during the pandemic. Traditional performance management and talent development programs haven’t always prioritized these characteristics — but going forward, the most effective talent programs will. After all, leadership is the best predictor of success and long-term organizational viability for industrial companies. The leaders of today and tomorrow have to conduct themselves with authenticity, boldness and humanity while being confident, quick decision-makers — increasingly, under unprecedented pressure.

Developing leaders who can bring teams through uncertainty and volatile times while engaging and inspiring employees is the goal of industrial companies now.



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