FEATURE ARTICLES

Reimagining Leadership Post COVID-19

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Defining Leadership

Leadership is the responsibility to inspire and guide the work and careers of a group of people, ensuring the performance and health of that group contributes positively to that of the organization. This definition applies to those who lead agile (temporary) teams as well as to those who lead businesses and organizations.

At McKinsey & Company, a global management consulting firm that works with organizations across industries and functions to shape strategies, mobilize for change, build capabilities, and drive successful execution, we work with and through leaders.

McKinsey's Organizational Health Index (OHI; McKinsey & Company, n.d.), which measures the practices that define the way an organization runs, puts leadership at the center. Leadership sets the tone for how an organization aligns on a common vision, executes against that vision, and renews itself in the face of competition and change.

Leadership has been front and center this past year, as individual leaders guide their organizations through fear, uncertainty, and now hope.
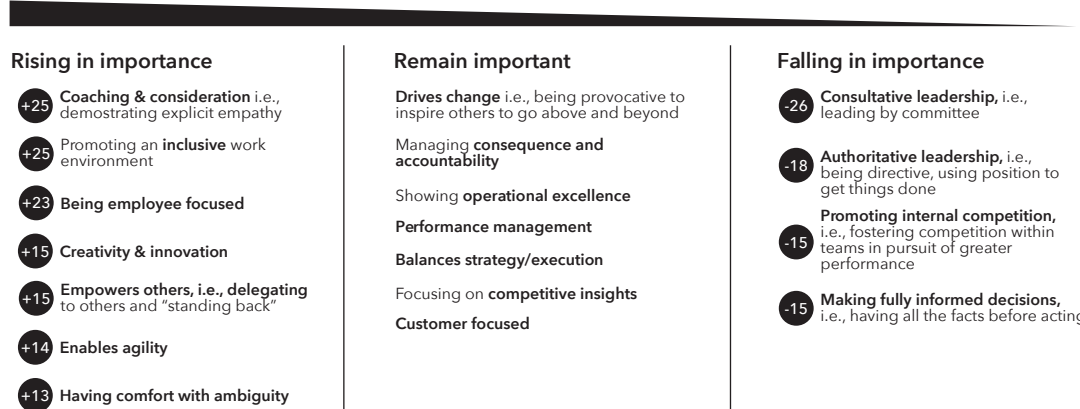

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Figure 1
Effective Leader Behaviors

Certain leadership behaviors have become more important since the COVID crisis

Percent point change

Leadership behaviors exhibited by the most effective leaders, change post vs. pre-COVID

Rising in importance

- **+25** **Coaching & consideration** i.e., demonstrating explicit empathy
- **+25** Promoting an **inclusive** work environment
- **+23** **Being employee focused**
- **+15** **Creativity & innovation**
- **+15** **Empowers others, i.e., delegating** to others and "standing back"
- **+14** **Enables agility**
- **+13** **Having comfort with ambiguity**

Remain important

- **Drives change** i.e., being provocative to inspire others to go above and beyond
- Managing **consequence and accountability**
- Showing **operational excellence**
- **Performance management**
- **Balances strategy/execution**
- Focusing on **competitive insights**
- **Customer focused**

Falling in importance

- **-26** **Consultative leadership,** i.e., leading by committee
- **-18** **Authoritative leadership,** i.e., being directive, using position to get things done
- **-15** **Promoting internal competition,** i.e., fostering competition within teams in pursuit of greater performance
- **-15** **Making fully informed decisions,** i.e., having all the facts before acting

Source: McKinsey Leadership survey, fielded June 2020, N = 80 — McKinsey & Company

Resetting the Bar for Leadership

For decades, the image conjured up by the word "leader" was a ruthless, hard-charging, command and control authority figure. Over time, we've seen a proliferation of different leadership styles and have tried to understand when and how different styles produce results — both on the operational performance of an organization and the health of the culture.

The need for a new leadership baseline is acute. The nature of work is changing at an unprecedented pace through digitization, automation, shifts in generational expectations of work – Boomers working later in life and Millennials wanting to advance faster – and a gig economy that enables dissatisfied workers to bridge more easily to another role.

COVID-19 provided an important moment to study how expectations of leaders are changing in the face of heightened leader visibility and profound uncertainty.

We looked at companies running the OHI survey to ensure both an adequate baseline to show changes over time as well as a holistic approach that included interviews and focus groups[1].

As we analyzed the results, we saw an exciting trend – employees were not looking for the all-knowing authoritative leader, but rather one who promoted an inclusive environment, open to change, and driving accountability at all levels.

As we looked at the individual leadership practices, we were able to cluster those seen most frequently at healthy organizations into three categories: caring, curiosity, and courage. We recognized these as timeless descriptors of the most essential leadership qualities under which specific behavioral expectations linked to culture, context, and strategy naturally fall.

1 We examined 15 years of Organizational Health Index (OHI) data comprising over 2,000 organizations and 6 million data points.

Figure 2
Leadership Behaviors

The most important leadership behaviors cluster into three categories

Caring	Curiosity	Courage
Coaching & consideration i.e., demostrating explicit empathy	**Creativity & innovation**	Having **comfort with ambiguity**
Promoting an **inclusive** work environment	Focusing on **competitive insights**	Managing **consequences and accountability**
Being employee focused	**Customer focused**	**Drives change** i.e., being provacative to inspire others to go above and beyond
Creativity & innovation	**Enables agility**	
Empowers others, i.e., delegatingto others and "standing back"		

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Caring

Leaders must demonstrate care at three levels: commitment to the mission of the organization, investment in themselves, and development of their team.

People who are able to connect their personal sense of meaning to the mission or purpose of their organization are more productive than people who don't, because they authentically care about the success of the organization. This connection increases resilience and can be linked to retention (Dhingra et al., 2021).

Resilience also comes from self-care. Each of us must be healthy and happy to bring our best selves to our colleagues and our work. Conversations with the most successful leaders typically uncover well-being practices built into their daily rhythm – a focus on sleep, mindfulness, regular breaks for meals, and time allocated to family and friends. There is no one-size-fits-all recipe, but each leader must set real boundaries to prioritize self-care.

It is important that leaders are transparent about their self-care, so they role model this for their teams. This is a common miss among leaders who have mastered self-care. They forget to tell their teams why they have blocked specific times, resulting in a perception that they are unavailable or always working, which diminishes the benefit of this focus on self-care.

Once there is self-care and transparency about it, leaders must then focus on caring for their team. This is fundamentally about knowing each team member as a whole person.

The way we see this done best is through dedicated team learning sessions, where teams share their hopes, dreams, and development goals with each other. This can be done when a new team is formed, a new team member joins, and also at regular intervals throughout the year to create a shared understanding of how aspirations adapt as life and work context shifts.

While it is most effective to do this as a team, it is the leader's responsibility to internalize and follow up on the individual aspirations of the team in one-on-

one sessions linked to performance and development, to reinforce the relationship between what individuals share and the talent development the leader facilitates.

Team size is important here. We recommend between eight to 10 direct reports – small enough to easily share two pizzas, when teams can meet in person again.

Through the pandemic, we have seen an increase in organizations that recognize the importance of self-care and its link to performance at work. Many are now offering subscriptions to mindfulness apps as a benefit. At a consumer goods organization, teams have been encouraged to start with a mindfulness minute to ground themselves before the meeting begins. Then, team members share how they are feeling and if there are any interferences that would prevent them from being fully present so others can offer appropriate help.

Curiosity

Leaders must remain curious about how the world is changing and anticipate the implications on their own sphere of influence.

Two themes in business today have curiosity at their heart – growth mindset and learning culture. In Carol Dweck's book *Mindset*, she introduced us to the concept of a growth mindset – the belief that talent and skill can be developed over time through effort and persistence (2008). We heard this reinforced in Angela Duckworth's *Grit* (2016), which adds passion into the mix. The formula of desire plus effort equals reward helps simplify the concept. Reward can mean many things – and should, as it is highly individual and often guided by a personal sense of purpose.

Within an organization, we see these concepts reframed at the level of culture, specifically a learning culture. Creating a culture that rewards and recognizes learning typically leans toward a more agile operating model, with experimentation as the mantra. To promote a culture of curiosity and experimentation, leaders must guide their teams with an inspiring north star – the collective purpose – and empower their teams to act without fear of failure. This takes systems work, too. To best promote curiosity, individual leaders must operate in an organizational construct guided by rapid cycles of prioritization, execution, measurement, transparent communication, and learning.

In a survey we conducted during the pandemic, we saw a staggering statistic – 98% of the leaders participated in a formal learning program since the pandemic began[2]. This role modeling of curiosity is an essential ingredient in creating a learning culture.

Demand for capability building is high and the virtual format has made it easier for leaders to join. At a medical devices company, they started an executive leadership development series for their top 300 global leaders linked to key strategic and cultural shifts, starting with growth mindset. This series became a monthly routine, a time for leaders to step back and focus on their own learning, with optional electives on topics individual leaders were curious about learning more deeply. These leaders were then asked to help cascade key concepts and tools to their teams, role modeling the importance of self-development and openness to new ideas and ways of working.

Courage

To be caring and demonstrate or promote curiosity, a leader must have the courage to act. This means making hard choices, surfacing risks that others are not seeing, or even staying the course when others are swerving toward a new fad.

For individual leaders, this starts with sticking to the commitments of self- and team-care by choosing

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2   The survey was the McKinsey Accelerate Survey conducted in August 2020 consisting of 868 respondents.

to carve out and preserve the time for these important activities in the face of competing priorities. Having an internal value system helps filter decisions and make important trade-offs.

What comes next is courageous conversations. Courageous conversations start by making yourself vulnerable as a leader, which we know from Amy Edmondson's work is a pre-condition for creating psychological safety in a team (Edmondson, 1999). With a foundation of psychological safety, a leader must have the courage to share honest feedback with team members and peers – and even leaders more senior in the hierarchy – about individual, team, and organizational performance.

Preparation is the key to helping leaders build the confidence to do this. This starts by taking time to ask for and understand the facts pertaining to a decision. The next step is to formulate a perspective – or at least a set of questions – on the topic at hand. Entering into dialogue with a spirit of curiosity – an assumption of positive intent – can help regulate the tension that might be present.

Organizations can build courage into the culture by cultivating space for these conversations at regular intervals, from daily stand-ups to quarterly business reviews, and by rewarding leaders and employees who demonstrate courage.

At consumer goods company, the top team instituted challenge sessions during the pandemic. The team meets weekly to review progress on their transformation. Underperforming initiative teams are invited to present their case, while the rest of the top team asks questions and provides guidance. The expectation is that every leader will ask a question and offer a perspective, demonstrating both genuine curiosity for the context and courage in sharing an idea for a solution.

Building Caring, Curiosity, and Courage

Creating a population of caring, curious, and courageous leaders is the job of everyone in an organization, as the collective behaviors of each individual create the culture that either welcomes or shuts down these essential attributes.

We are in the *Talent Wins* era of business performance (Charan et al., 2018). It is now more widely understood than ever that an organization will not succeed if it does not have the right people – and that the behaviors of those people matter significantly.

Because leaders are very visible role models, it is essential to attract, develop, and retain the right leaders to role model a culture of caring, curiosity, and courage.

This work must be owned collectively by the top team in an organization, so there is a holistic view of the leadership needs that balances the fundamental attributes of caring, curiosity, and courage with strategic priorities, mission execution, and financial stewardship. In the private sector, we talk about the G3 – Chief Executive Office (CEO), Chief Financial Officer (CFO), and Chief Human Resources Officers (CHRO)– who must be at the center of the processes that connect talent to value, through leadership.

At the healthiest organizations, we see the G3 driving an integrated process that links business strategy and talent strategy, ensuring the right investments are made in both. They do this by playing a role throughout the hire-to-retire process – and by ensuring quarterly business reviews track progress and impact holistically.

Acquiring and Promoting

Choosing the right leaders to hire or promote is foundational and deserves significant attention from the top team. It should be based on the delicate balance between data and leadership dialogues that validate what the data say and put them in context of the mission and mandate for the role.

We see the most successful organizations use multiple sources to screen holistically. These include a suite of assessments linked to personality, acumen, and culture; problem-solving interviews that put leaders into real world scenarios; and 360-degree interviews to give peers and potential reports input into the decision to assess the type of environment the leader creates.

At a logistics start-up, interviewers shared a real-world business challenge and asked the candidates to share what they would do. By asking the same question, the interview remained fair, the leadership team heard multiple interesting ideas, and they were able to see how a candidate's experience and approach translated into the needs of their organization.

Onboarding

Leadership onboarding is often neglected and this omission is a key source of turnover in the first year, which is extremely expensive for an organization, both in terms actual cost as well as impact to the culture and team dynamic. An onboarding program that sets the right expectations and builds the associated capabilities is a strategic investment that often outweighs the cost of executive search and other interventions linked to year one turnover.

Key elements of successful leadership onboarding include clarity of expectations in terms of performance, culture, and personal behaviors; time for personal reflection on individual strengths, opportunities, and how they will contribute to the achievement of the leader's mandate; one-on-one time with each team member; one-on-one time with key internal and external stakeholders to co-create a shared vision of success; and work on a leadership story that helps the leader articulate her or his vision and the collaborative plan to achieve it.

At a healthcare company, leaders are onboarded in cross-functional cohorts, to establish belonging from the start. Each cohort is introduced to the organization's purpose, hearing from actual members to understand the impact of the work they do. They are then introduced the company's leadership model, where they are invited to self-assess against the elements, design a leadership plan, and receive peer coaching on the plan. These groups stay connected monthly throughout their first year to provide accountability and a mini-board of peer advisors on questions of strategy, execution, or integration into the culture.

In some cases, additional capability building is required to ensure the leader is set up for success. This is especially true for first time leaders, leaders new to an organization, and those taking a step up in sphere of accountability and influence. In these cases, leaders will likely need a tailored combination of formal leadership development, coaching, reverse mentorship, special projects to develop skills and/or relationships, and linkages to external peer or industry networks.

Assessing Impact

Fairness is the essential ingredient to performance management. To demonstrate fairness, expectations must be explicit before the role is taken, revisited on a regular cadence, and associated with the appropriate reward and consequences.

Leader assessments should balance performance results and behavioral impact, specifically assessing the level of caring, curiosity, and courage demonstrated throughout the review period.

The assessment of a leader's performance must be holistic, derived from a collection of indicators that reinforce the culture. Perceptions of unfairness by the leader or the leader's peers and direct reports, can significantly inhibit the achievement of organizational strategy and culture.

For this reason, leaders should be assessed regularly. For those with a greater sphere of influence, such as the top team, an evaluator outside the chain of command

should conduct a review to collect unbiased facts and synthesized observations.

At a financial services company, employees are asked to own their assessment, documenting the goals they commit to and their impact throughout the year. These self-assessments are the foundation for ongoing dialogues with supervisors, who act as catalysts and coaches to their team members to help them reach their full potential. This living document is then the foundation for the end of year review that the supervisor completes in dialogue with stakeholders and the employee.

Ongoing Development

Leaders must continue to develop in and across leadership roles. The interest and willingness to take on a new challenge, learn a new topic, or work with new team members demonstrates curiosity and courage. It should not be acceptable for leaders to stay in role without some clear demonstration that they want to grow and stretch themselves to deliver even more impact to the organization.

Development can happen through a variety of experiences and should be increasingly individualized as leaders advance. Leaders themselves must own this development and keep it centered on the aspirations they set and revisit on a regular basis.
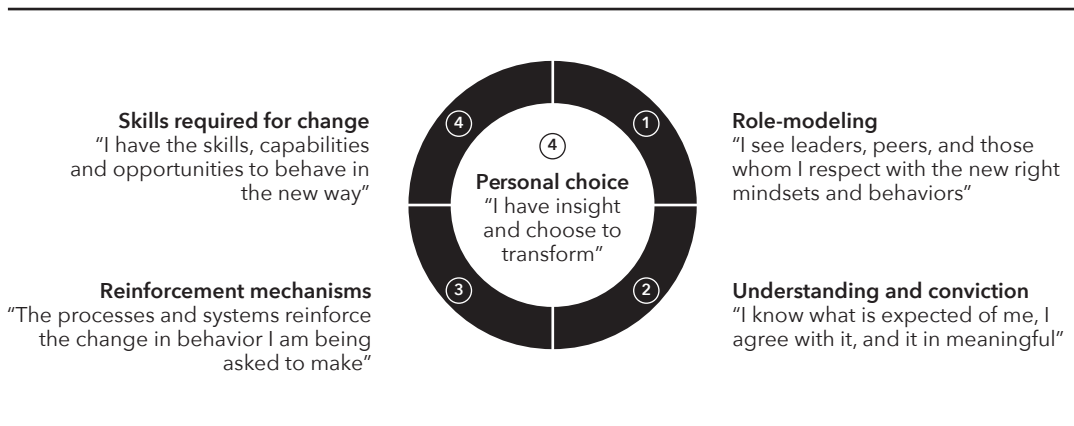
It is the role of the talent organization to understand the full range of options, acting as curators of content and experience, knowing the best sources and matching those to the needs of each leader cohort.

The ability to do this stems from the curiosity of members of the talent team themselves as they seek out the latest research and trends and talk to peers about what has worked in building organizational and individual capability.

McKinsey's Consortium for Learning Innovation is one such body that convenes leading thinkers and doers in the field of adult learning – from neuroscientists to education technology providers – with the intent of exponentially advancing the collective ability to create meaningful learning experiences and careers (McKinsey & Company, n.d.). Members are invited to

Figure 3
McKinsey Influence Model

Influence model

Skills required for change
"I have the skills, capabilities and opportunities to behave in the new way"

Personal choice
"I have insight and choose to transform"

Role-modeling
"I see leaders, peers, and those whom I respect with the new right mindsets and behaviors"

Reinforcement mechanisms
"The processes and systems reinforce the change in behavior I am being asked to make"

Understanding and conviction
"I know what is expected of me, I agree with it, and it in meaningful"

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pose questions or showcase research and receive input from this multi-disciplinary peer group.

In all cases, the approach to ongoing development should be a blended journey through a collection of experiences that stretch the leader to think, act, and lead differently, and increase their impact on the organization. Elements of this journey can include a formal development plan, annual learning budget for each leader, and annual cross-organizational capability building programs linked to critical shifts in strategy or culture.

Executing on this Responsibility

Building a caring, curious, and courageous organization takes a consistent approach to change management. At McKinsey we employ the Influence Model to ensure there is a holistic plan to communicate, embed, develop, and reward the desired change.

We want leaders to make the choice to be caring, curious, and courageous. To help them get there, we start with examples of other leaders and influencers behaving in the desired manner. Then comes storytelling to demonstrate the why, what, and how in a compelling what that enables leaders to connect to the expectations at an emotional level, not just through logic. From there, organizations must ensure that systems and processes consistently incentivize the desired change. Finally, time and attention must be given to continually upskilling leaders to give them the tools and time to practice them.

The goals is that today's leaders inspire the next generation to care, be curious, and act courageously in service of organizational and personal performance and health.

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