

Leadership Excellence for Executive Teams and Boards



The scope of responsibilities for high-level leadership teams are at an all-time high. What's more, they are being scrutinized from within the organization and from the outside and are facing more stringent legislation. The complexity of challenges demands deep and broad market know-how, wider functional knowledge, and digital experience from those with the highest responsibility for control of the company. Disruptive industry dynamics, imminent geopolitical and macroeconomic changes, sustainability, and the quest for diversity and a representative board are stretching top executives and governing bodies to their limits.

With these complex issues in mind, top executives need to maintain clear leadership while also having the right interpersonal skills. Regular board audits and executive coaching have become good practice but frequently fail to excite leaders and equip them with the tools to tackle strategic issues head on.

A.T. Kearney believes these transformative times are an opportunity for those at the helm to change their modus operandi and find new ways to tackle the challenges they face. As with corporate transformations, the highest-level executives need to change themselves to deliver on growing expectations: to make better decisions faster, to work cohesively as a team in a more complex environment, and to trust in the various skills and expertise within the management team. An effective team is crucial to generating long-term value, representing shareholders, dealing with multiple stakeholders in a cohesive way, and in particular in the face of crisis or in the wake of activist investors, and providing oversight and strategic support for management.

Do these challenges sound familiar to you?

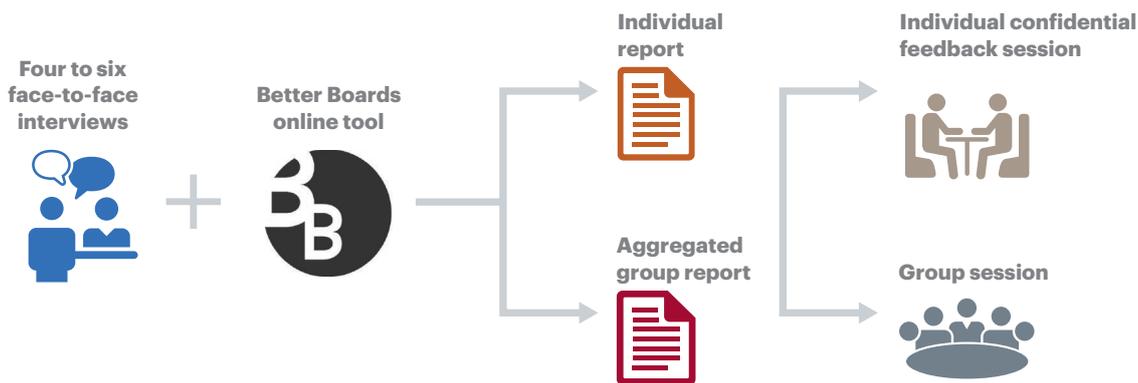
- **A focus on operational issues.** Too little time for strategic or complex business questions and overwhelmed with day-to-day and operational issues
- **Strategy disconnect and missing the big picture.** Changes in corporate strategy and sources of value in the wake of a transformation
- **Gaps in digital expertise.** Limited proficiency with technology and digital solutions
- **Shifting senior team dynamics.** Change in composition, a quest for diversity, outside placements, challenges bringing new members up to speed, tension and conflict between involved parties, and unresolved queries
- **Lack of accountability.** Increasing legislation and financial liability
- **Internal scrutiny and justification.** Intense internal and external pressure to improve board performance, media coverage about the widening gap between executive pay and company performance, and an inability to gain shareholders' trust

If these challenges resonate with you, we can help. A.T. Kearney's evidence-based approach develops individual and collective effectiveness at the highest levels of an organization.

What does a typical program look like?

A typical program starts with a deep dive into the company’s strategy, a series of interviews, and a self-assessment using our online tool. Observations and psychometric test results can provide additional inputs (see figure 1). Feedback is provided on an individual level and in an aggregated format at a group level. Action plans are reviewed regularly at both levels.

Figure 1
Leadership program takes a comprehensive approach



Note: Observations and psychometric tests can provide additional inputs
 Source: Better Boards Ltd.

What are the benefits?

We work on the individual executive’s contribution as well as on the overall group’s effectiveness and efficiency. The program brings an array of benefits (see figure 2).

Figure 2
Powerful benefits emerge from the leadership excellence program

Focus	Greater focus and stronger impact from individuals and the group around strategic issues and initiatives
Alignment	Stronger alignment and cohesion of the leadership team and faster integration of new members
Agility	Greater agility of the executive team or the board to respond to challenges and pressures
Speed	Improved effectiveness of individuals and the whole team to make decisions and deliver business priorities

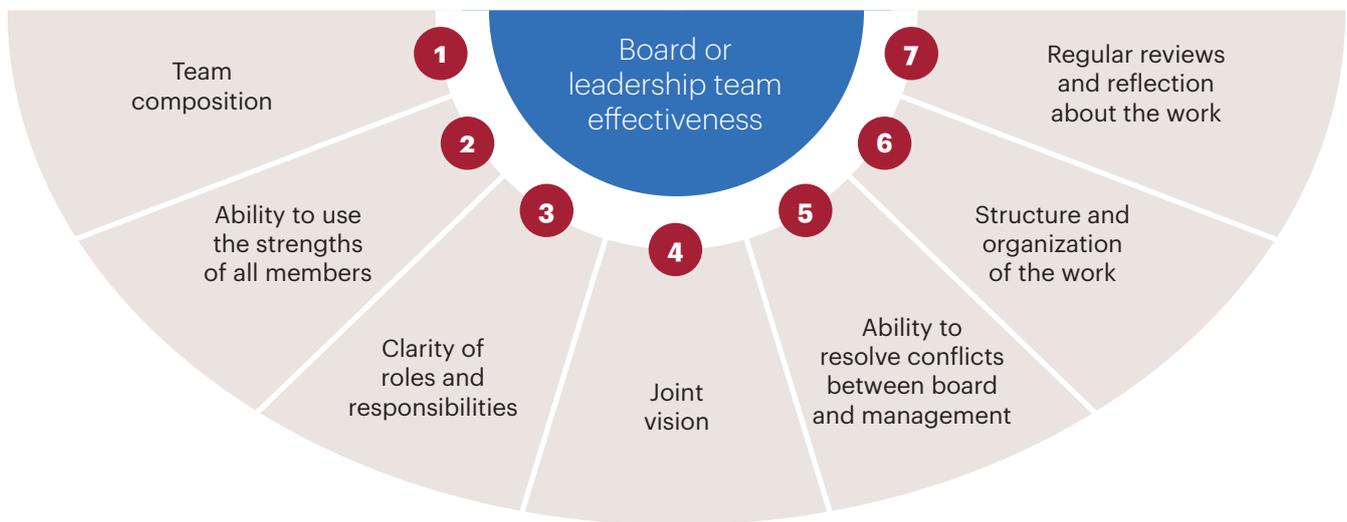
Source: A.T. Kearney analysis

How can A.T. Kearney help?

The program starts with the corporation's strategy and its short- and long-term sources of value. Our analytical work focuses on levers that are specific to board and executive team behaviors, processes, and structures rather than generic leadership models (see figure 3). Feedback is provided at an individual and group level. A.T. Kearney's approach is proven, practical, and evidence-based.

This is not a leadership development program or a fit assessment of individual executives. It is designed for the chairman, CEO, board, committee chair, and C-suite and aims to strengthen each member. In doing so, it bolsters the collective leadership team's performance and empowers top executives to be more of what they are. It's an integrated approach to value creation that is grounded in data, brings governance to life, enhances the story of fundraising, and differentiates a firm in the eyes of management.

Figure 3
Seven levers make leadership groups more effective



Source: Better Boards Ltd.

Are You at the Top of Your Game?

- The number of direct reports to the CEO doubled from five in 1986 to 10 in 2012.¹
- The C-suite has seen a marked increase in functional managers for areas such as finance, human resources, and marketing, which now outnumber general managers.¹
- Most boards have between nine and 11 directors. Germany has an average of 14.1, the United States has 10.8, and Finland has 8.2.²
- The average number of board positions one director holds is 2.1.³
- The average board tenure is 8.3 years.³
- Fifty-three percent of UK non-executive directors believe their boards lack the skills to tackle digital disruption.⁴
- In 2015, 637 companies were publicly subjected to activist demands, 41 percent of which were board-related.⁵
- In the first half of 2016, 30 board seats were gained by activists at US companies after proxy contests.⁵
- Among FTSE 150 companies, 43.3 percent have externally facilitated board evaluations, compared with 3 percent in the US and 22.4 percent in Germany.²

¹ [The Rise of the Functional Manager: Changes Afoot in the C-Suite](#), *European Business Review*, 20 May 2012

² UK Board Index 2016, Spencer Stuart

³ Spencer Stuart Board Index 2016 (S&P 500)

⁴ [UK Boards Lack Skills to Tackle Digital Disruption](#), Harvey Nash, 19 November 2015

⁵ Activist Insight, July 2016

Case Study: Coordinating Efforts to Digitize Operations

A global financial services organization's three business units each had an ambitious goal to answer the executive team's request to digitize operations. Each unit's investment plan had been signed off by its respective member of the board. The results were spiraling digital expenditures and an overload of initiatives across the organization. A.T. Kearney's Leadership Excellence program identified that the board had never aligned its responsibilities around the digital strategy.

Case Study: Navigating a Leadership Transition

A charismatic but overpowering CEO and board member was limiting the dynamics of leadership meetings. His suggestions were not challenged, and decisions were being made in his favor. When the chairman of the board engaged A.T. Kearney, we strengthened the contribution of each member of the leadership team. When a new CEO was identified midterm, we collaborated with the company during the transition.

Case Study: Setting the Stage for Growth

A French company was expanding rapidly from its home territory across Europe, the Middle East, and Africa to China. We helped the company establish a representative board in China, supported with member selection, and set up processes and structures for an effective corporate governance model.

Case Study: Building the Case for an IPO

A company's chairman had given the new CEO a free hand in selecting and assembling a "dream board." The CEO emphasized diversity and a mix of know-how, skills, expertise, and fit with his personal value system and established a board that worked harmoniously for more than two years. With an initial public offering (IPO) on the horizon, the CEO now questioned whether the team was too comfortable with one another and whether they were prepared to absorb the pressures of the IPO. We were brought in to work with the board and executive committee. After an in-depth analysis of each board member and the board's overall effectiveness, new board members were integrated smoothly, and new challenges led to healthier discussions and better outcomes, a more robust strategy, and ultimately a stronger case for the IPO.

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Related materials

[The Hallmarks of Effective Boards](#) by Sabine Dembkowski (October 2016)

[The Next Lever of Value Creation](#) by Sabine Dembkowski (December 2015)

[Raise the Bar](#) by Sabine Dembkowski (August 2015)

[Leadership: Developing Effective Executive Committees](#) by Sabine Dembkowski (January 2015)

["Home-Grown" CEO](#) by Fred Steingraber (April 2011)

[Leading Sustainability from the Board Room](#) by Eulalia Sanin-Gomez (September 2016)

[How PE Operations Teams Create Value](#) by Sieghart Scheiter, Robert Haas, Alberto Fumo, Roberto Pagani (2014)