

Leaders Beware: Four Megatrends Shaping the Age of Agilityⁱ

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Darwin would immediately recognize the argument for leadership agility – that leaders can't afford to be rigid, but need to quickly adjust to the changing needs of their environment. It's actually 'survival of the fittest' in different words. People, and all other life forms, prosper if they are best suited to their circumstances and have the ability to rapidly follow shifting conditions. So, for example, mice and rats are very flexible when it comes to their dining repertoire, eating more or less anything they find, while panda bears are almost extinct, largely due to their dietary inflexibility. Mice and rats are also very adaptable, learning new behaviors to live side-by-side with humans, while polar bears have neither adjusted to humans nor to their dwindling Arctic habitat. In this sense, leaders are more like rats than like either type of bear – their agility allows them to swiftly adjust their behavior and effectively respond to the specific demands of the situation

While the need for agility is not limited to leaders, neither is it new. Leaders have always had to quickly adjust to circumstances to be effective. Leadership researchers initially thought that some personal traits would make certain people great leaders under all conditions, but very soon these 'trait theories of leadership' were displaced by 'situational leadership theories' that recognized the importance of alignment between leadership behaviors and the specific circumstances. Central to all these theories is the Darwinian idea of 'fit' – leaders must be aligned with their environment and must evolve along with it.

So, is there nothing new that justifies fresh attention to the topic of leadership agility? Why should we suddenly care more about leadership agility than before? It is because there is definitely something new going on, at a very fundamental level – we have entered the *age of agility*, in which Darwinian survival of the fittest has been shifted up a gear. Just as in the natural environment, where evolution has been turbocharged and millennia of changes now happen in decades, so too in the organizational environment has evolution gone into hyperdrive. The situational pressures on leaders have become exponentially more complex, as their environments have become faster changing, more diverse and more demanding. All this means that leaders must make a step change in their capacity to be agile, or accept living on an ever shrinking sheet of ice.

There are many factors shaping the age of agility, of which four megatrends stand out as crucial influences on the need for enhanced leadership agility. The first megatrend is the pressure towards more *organizational agility* – leaders need to be increasingly agile because their organizations also need to be. We all know about the fast pace of change in many markets, driven by factors such as digitalization, customer-centricity, the energy transition, urbanization, increased connectivity, the circular economy, demographic shifts and the like. It has been argued by many authors that disruption is sweeping many industries, while no sector is immune to constant innovation and improvement, requiring continual organizational adjustment. This in itself would already pose quite an organizational change challenge, especially as the pace of industry evolution seems to have picked up. Yet, what complicates the ongoing organizational adjustment is the unpredictability of which business model changes will be successful. The more unpredictable the market, the more unpredictable will be the success of an innovation or improvement, which means that companies must experiment more and can execute less. We call this the need for *strategic agility* – the capacity to quickly shift along with the market, not on the basis of long term forecasts and extensive business plans, but on the basis of rapid trial and error, and scaling up of what seems to work. Such strategic agility (as opposed to strategic planning) requires an organization that is agile, quickly and flexibly reacting to an unfolding new reality, while also learning new skills and developing new ways of working, depending on the business model that seems to be superior. For leaders this means that their organizations are constantly changing in unpredictable ways and that they need to change along with them, sometimes driving the change, sometimes adjusting to it.

The second megatrend driving the age of agility is *organizational diversity*. Organizations are becoming internally increasingly varied, making it more and more difficult for leaders to take a ‘one size fits all’ approach to leadership. This diversity is showing up in many ways. At the level of individuals, organizations are seeing growing variety in the type of people employed. More women are in the workforce and accepting jobs that were traditionally male-dominated. The cultural and ethnic background of employees is also broadening, as companies hire more people from minorities, recruit more people from abroad and often send employees out to foreign subsidiaries themselves. At the level of teams and units, organizations are also seeing growing variety, due to the differing environments in which each needs to operate. As globalization continues, organizations increasingly work across borders, but are also becoming more sensitive to differences in national environments, making units more distinct. At the same time, units are often moving at different evolutionary speeds and in different directions due to the required strategic agility mentioned above. All this means that leaders must deal with an increasing diversity of people and units, requiring them to nimbly adjust to each to achieve the best possible fit.

The third megatrend driving the age of agility is the rise of *employee empowerment*, or stated differently, the withering of hierarchy. We are at the start of a paradigm shift from thinking of organizations as hierarchies to seeing organizations as groups of cooperating people. Josephine Green has coined the phrase ‘from pyramids to pancakes’ as a catchy way of summarizing this fundamental transition. For decades organizational theorists have lamented the mechanistic view that organizations are places where people work (more aptly, where they are human resources). Yet in practice most people accepted that organizations were some sort of apparatus, with systems and processes, into which people could be slotted as cogs into a machine, much as Charlie Chaplin depicted workers in his famous movie *Modern Times*. As cogs don’t need to think, neither do human resources. They only need to be managed – told what to do and disciplined by those one step above them. Of course, these people in turn need to be managed, all on the basis of formal authority, leading to multiple layers of management and a pyramid-form hierarchy. In each position at each layer, the behavior of people was predictable and didn’t need to be adjusted to specific individuals. In the new people-centric view, organizations are groups of people working together towards a common goal, with some systems and processes to support this. The fundamental assumptions are that employees need to take ownership of their work, need to find ways to collaborate productively and can be facilitated in this process. In other words, in such flat organizations it is about empowering employees, not controlling them. This shift to more flatness has a huge impact on the need for leadership agility. As employees start seeing themselves less and less as human resources, but more as individuals, they also expect leaders to treat them as such, creating even more diversity to which leaders must adjust. At the same time, employee empowerment will not move at the same pace across individuals, units, organizations and countries, again creating more diversity for leaders to handle and a higher need to be agile in adjusting to different speeds and directions of change.

The fourth and last megatrend driving the age of agility is *career diversity*. There are still people who work their way up the corporate ladder within one function in one company, but they are becoming ever more rare. It is far more common for people to hop between companies multiple times during their careers, but also across functions, across sectors and across borders. Career paths are also becoming less predictable, with people taking sabbaticals or career breaks, but also leaving to set up their own company or being acquired by another firm. Many people don’t even have a fixed job, moving from ‘gig to gig’, always on a temporary basis. All this adds to the earlier mentioned organizational diversity, but for the people making the switches it means that they will likely have to make several huge adjustments as leaders throughout their working lives. The more agile they are, the bigger the chance of a successful transition to a new environment.

All four megatrends together are making it impossible for leaders to rigidly hold on to one set of leadership styles and be successful. Moreover, these trends are not one-off changes that leaders only have to adjust to once. Organizational agility, organizational diversity, employee engagement and career diversity all require leaders to become permanently more flexible, adaptive and responsive. That is why we boldly speak of the age of agility. And that is why we have written the book *Leadership Agility – to empower leaders to further develop their repertoire of leadership styles*.

ⁱ This is an excerpt from the preface of *Leadership Agility: Developing Your Repertoire of Leadership Styles*