



next level

LEADERSHIP

*Navigating the Dramatic Changes
Coming in the 2020s*



KEN EDMUNDSON | SHAD BERRY | JIM SAGAR

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Next Level Leadership: Navigating the Dramatic Changes Coming in the 2020s

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Dedicated to all the men and women who work tirelessly and sacrificially to make a difference in the lives of others through their leadership.

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Summary

THE PANDEMIC OF 2020 was not a black swan event that wreaked havoc on the United States; it was simply a huge spark that ignited conflict which has been building over the past 13 years.

Some are calling 2020 the start of our great awakening, where societal views, social, governmental, and business systems are all being challenged and re-engineered, perhaps never to return to what we once knew.

That includes leadership.

While leadership is a tired subject of discussion among many executive teams, these events have exposed some of the flaws of past leadership models which recognized and rewarded:

- workaholism
- chronic anxiety
- dysfunctional interpersonal relationships
- imbalanced notions of work-life balance
- other occupational hazards that threaten leaders, their health and their teams

What You'll Learn

If you study historical technology disruption cycles and their impact on society and peoples' lives, a pattern emerges that explains what is happening today and gives clues to what we can expect over the next decade.

In this book, we identify and explain the force multipliers contributing to the state of the world today, and share more about the dramatic changes coming our way. Most importantly, we explain how the previous roadmaps for leadership education and application have been exposed, and how mid-market company leaders will need to think and act to succeed in the 2020s and into the next decade.

In the book you will come to understand:

- the main drivers of our conflict today
- how technology and AI have accelerated this conflict
- the flaws of traditional leadership models
- a new relational style of leadership
- how to use it to unlock the greatest technology in your company – your people

Next Level Leadership is a 60-minute read wherein we provide a perspective of what is occurring in the marketplace now and what this means for you, your business, your team and your leadership style—today and for the next decade.

Who It's For

Next Level Leadership is not about achieving a position; it's a new method of leading that can happen at any level of the company, regardless of title or position. Therefore, this book is for any current or aspiring business leader.

Next Level Leadership is a new way of thinking and acting that creates higher career arcs, while also creating better companies for owners and stakeholders.

Introduction

THE CONCEPT OF LEADERSHIP has been drilled into the executive suite for the past 40 years. Every one of us has read a book, attended a seminar, or listened to a podcast on leadership at some point in our careers.

Though the subject has been seemingly exhausted, it's a perennial area of focus in business for a good reason. Strong leadership often translates into increased business value, individual rewards, and job satisfaction:

- Company owners want their CEOs to become better leaders to increase company value.
- Senior executives want to become better leaders to obtain a C-suite position.
- Middle managers want to become better leaders to become a senior executive.
- Early career workers want to become leaders to secure a management position.
- Everyone wants to enjoy and be fulfilled in their work.

But how often do these leadership books, podcasts, and short seminars create measurable and lasting improvements?

For most people in mid-market companies, not often. The excitement of a new leadership concept or program often fades within a few days, and people revert to their existing habits. There are various personal, professional, and cultural reasons for this, but the outcome—especially for the owners investing in these programs—is no less frustrating.

Anyone can declare themselves a leader, or take over as one, with little to no experience or training. But being able to lead effectively and apply modern approaches on a consistent basis requires specialized training and a lifelong commitment by those being trained. There are no shortcuts. For leadership training to be educational, applicable, and transformational, it needs to be delivered by trained professionals using validated tools, and leaders must commit to being trained for longer than a week.

Although many mid-market corporate leaders are skeptical of the idea of leadership training, and may view it as stale, the entire concept of leadership as a discipline, in 2020, it's actually needed more than ever. Why? Because this is a decade that will be defined by ongoing disruption, beginning with the massively disruptive events of 2020. The COVID-19 pandemic, the economic shutdown, and social justice outcries and activism have affected every company, executive team, person, and family in the United States.

In this book, we will highlight the macro and micro forces at work that are shaping the business climate of the coming decade and provide a vision for the type of leader that will be needed to successfully navigate it. Our aim is not to paint a grim and discouraging picture, or to take a particular position on current events. It is to help you identify some of the influences that are making leadership particularly challenging, and different, in our current environment while offering a path forward that will make navigating and even flourishing through it possible. What has been said is true—you are leading in unprecedented times. It is also true that you are not the only one ever to do so. Unfortunately, by definition, the unprecedented times of the past are not the same as those of the present, which means

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we don't have a lot of models to help us figure out how to proceed. Yet we believe there's a leadership path forward that provides clear guidance on how to recognize, relate, and respond with courage and conviction to the forces that impact your business. The forces which you sense are increasingly out of your control and unresponsive to the leadership methods and styles of the past.

There is a military adage that you cannot fight the next war using the technology and strategy of the last war. Yet leaders at mid-market companies commonly rest on their tried and true methods and approaches, taking comfort in reusing the techniques that brought them their initial success. That may be sufficient if the status quo in domestic and global forces remains the same. However, the world is a complex adaptive system in which every action is followed by a reaction, often not equal or opposite, but disruptive nonetheless.

For hundreds of years, cultures have reinvented themselves in coordination with succeeding generations roughly every 20 to 30 years. However today, culture is transforming at never-before-imagined speeds every eighteen months. Any leader waiting for things to "return to the way they were" will be waiting for a very long time. The decade ahead will undoubtedly be characterized by complex, adaptive, fast-paced change.

As of 2020, the leadership landscape has changed forever on multiple fronts, including but not limited to:

- the generational makeup of the American workforce
- the ongoing quest for social justice and racial equality in the marketplace and economic system
- the rapid advancement and normalization of Artificial Intelligence
- the increase in value driven by the expanse of internet bandwidth and global reach
- dramatic changes to the global value of the American dollar
- the long-term impact of doing business in a post-pandemic climate

The technological advances we have seen in the last three years alone would be enough to make leadership in today's ecosystem exponentially more challenging. When you add in the dynamics of leading through a pandemic, the rapid and necessary adoption of online meetings, a larger remote workforce, and the unique exponential growth and impact of the millennial generation, it's clear that the assumptions of leadership and what makes a good leader have changed. Many of the principles of effective leadership remain, but grasping the new, advanced tools and techniques along with the necessary emotional and relational intelligence of leading in the decade to come has never been more vital.

This book is written with the mid-market company and those leaders in mind. Although it applies to all companies and leaders to a certain degree, the audience we envisioned when writing this book was at the mid-market level.

We define mid-market companies as privately-held companies with under \$500 million in revenue and almost always under 1,000 employees, where the founder/owner/CEO is still in residence.

Leadership in this particular market segment is unique for a myriad of reasons which were developed in our other books, and which we will elaborate further in the following pages. It is at this mid-market level of leadership that we believe current conditions are ripe for a revolution in leadership development specific to this market segment. Mid-market companies have the potential to be more agile and adaptive, and therefore to respond more precisely to the needs and opportunities around them.

In short, effective and transformational leaders in the coming decade must be Aligned in the tools and techniques they deploy and Emotionally Intelligent and Relationally Integrated in the manner in which they deploy them.

By contrast, to be misaligned and disintegrated as a leader in an age of uncertainty and anxiety will create companies and cultures that are exhausted, burned out, disengaged, self-interested, self-

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protected, and distrusting. These companies will not be innovative, they will not capitalize on opportunities, they will not engage the new workforces that are being formed, and they will not adapt quickly or confidently enough to realize their highest potential.

This book is organized into two parts. In part one, we will attempt to outline these forces of change that are impacting every aspect of our leadership and the people we lead. In part two, we will provide an overview of the path forward and invite you to join us on the journey.

SECTION ONE

The Change You're Feeling



Effective and transformational leaders in the coming decade must be Aligned in the tools and techniques they deploy, and Emotionally Intelligent and Relationally Integrated in the manner in which they deploy them.

CHAPTER 1

The most significant change for leaders of mid-market companies in the coming decade is to come to grips with the fact that leaders who continue to be disproportionately focused on being strategically and operationally smart over being emotionally and relationally healthy will fail, and those who follow them will suffer the consequences as well.

Chapter 1

Leadership at the Mid-Market Level in the 2020s

BY THE YEAR 2021, the average workforce will comprise five generations of workers:

1. Baby Boomers (1946-1964)
2. Gen X (1965-1979)
3. Xennials (1975-1985)
4. Millennials (1980-1994)
5. iGen/Gen Z (1995-2012)

By 2025, Millennials will account for 75% of the workforce. With each generation comes differences in worldviews, work methods, communication styles, and technological experience and preference.

Studies have shown that there's a clear and growing technology gap between Baby Boomers and Millennials. Nearly half of Gen X workers feel that Baby Boomers aren't as technologically skilled. Boomers feel that Millennials are disloyal and entitled. Many Boomers resist the deployment of new technologies that might improve the business to the point of frustration for Millennials, who then look to company leadership to bridge the gap.

Though Millennials will comprise the majority of the workforce in 2025, most leaders will be two generations older and using a leadership model handed down to them from the past 50 years. This reality will create the greatest collision in thinking and workplace philosophies between leadership and the workforce in history. The technological revolution will further exacerbate the conflict. Leaders will also experience social conflict as ideologies permeate throughout the workplace. We're already seeing this in 2020, as some companies are moving quickly to deploy diversity policies in response to a growing demand for social equity and justice, while others wait to see how things shake out. And in the era of cancel culture, the economic impact of these social justice decisions can be far reaching.

Most mid-market company leaders understand the need to create a smarter organization, which continues to be vital in maintaining a competitive edge, increasing efficiency, lowering costs, and improving product and service delivery. This is becoming more challenging in the wake of so many rapid changes, so most leaders are searching for the hot tech or app to deploy to make their work and leadership easier. They're fearful of being left behind, but they're not always clear on what technology solutions are best for their unique businesses. And choosing these technologies creates more conflict between the different generations of the people the technologies are meant to serve.

The most significant challenge for leaders of mid-market companies in the coming decade is to come to grips with the fact that leaders who continue to be disproportionately focused on being strategically and operationally smart over being emotionally and relationally healthy will fail, and those who follow them will suffer the consequences as well.

Competence and intellect will not be sufficient to meet the rapidly changing social, technological, and economic conditions that have an immediate emotional and relational impact on employees and customers.

There's a simple overarching reality that can alleviate the fear of missing out on this all-consuming technological revolution. It is the fact that you have already deployed the greatest technology in your company, and it isn't Zoom, Slack, Xero, Airtable, AWS, Dropbox, or any other cloud application. That technology is your people. They should no longer be viewed in the historical perspective as mere assets. They can, and should, be considered much more specifically as vital, dynamic parts of the living, breathing culture that makes up your company. They are a marvelous technology with hearts, souls, emotions and minds. Leaders in the coming decade must be able to lead this human technology in a smarter way, relating to them with integrity and emotional intelligence.

Although the world is changing at an unprecedented speed, you do not have to keep up with everything in order to stay relevant and competitive. This is because your greatest advantage in the coming decade, your most powerful technology, remains your people. But they are changing, and as a result, developing and unleashing their potential must be your top priority. The most valuable skill you can contribute to your organization over the next ten years will be knowing who is on your team, what they value, how they are wired, and what they can contribute.

Let us say that a different way:

People are the greatest “technology” in your company. But it will take leaders who can create the smartest and the healthiest organizations to engage them. Just as technology has brought about significant and rapid change requiring you to pivot, the people you lead going forward are also changing. They require and expect a more holistic and fully developed leader to guide them—they will no longer blindly follow authority.

A business can operate with unclear strategy and outdated technology, but it cannot operate without people. The organizations that will thrive—or simply survive—over the next decade will have leaders who understand this. You must embrace the challenge that people

will no longer blindly follow a leader who is not equipped to create a smart and healthy organization.

People who work in mid-market companies are fundamentally different from those who work in enterprise and Fortune 500 companies.

Owners of mid-market companies often want a quick fix, a magic pill that will cure their most common leadership issues, such as:

- “Should we hire this person or another?”
- “Is this person able to take on larger responsibilities?”
- “Why is this person not consistently getting the results I want?”

A key challenge is deciding which people to develop. We've seen plenty of leadership energy wasted by choosing the wrong person to lead; one setback like this can be more detrimental and discouraging than a product failure, poor sales, or lack of capital.

Mid-market company leaders/owners often fire those they consider underperformers because they blame them for their company's lack of success. However, in most instances, the real reason for lack of success results comes from their need for control, not from their people.

That need for control can be expressed and experienced in a multitude of ways, including hiding or embellishing the real vision of the company for fear someone might not find it compelling enough to pursue, or talking about values instead of living them. Controlling leaders can prioritize managing cash over caring for people, or defining the value of the company as what their competitors will pay for it, all the while telling ourselves and others that “our people are our greatest asset.”

The path to developing your future executive team into aligned and integrated leaders is an ongoing journey, a lifetime commitment, and a continual investment. It cannot be achieved with a quick fix, a singular seminar, a great podcast, or a one-time assessment. The journey to leadership development in the coming decade will require one to follow a specific path; there is no pill available. It is a

path that will require the proper tools and techniques coupled with emotional and relational integration. Leadership requires daily work, and whoever takes on the mantle of leadership needs to understand this reality and be prepared to embrace it.

Malcolm Gladwell popularized the “10,000-hour rule” in his book *Outliers* (2013). While the details are debated, the core tenet of the rule holds true: deliberate practice is required to become elite at a task.

That includes leadership.

Fortune 500 companies invest heavily in their executives, cultivating the characteristics to build future leaders. These are coveted jobs that are very difficult to obtain, so the best performers are carefully trained, over many years, before they’re assigned top leadership roles.

Many of these enterprise-trained executives have either read or completed a study in *The Leadership Challenge*, authored and developed by James Kouzes and Barry Posner. *The Leadership Challenge* is considered the most effective, renowned, and validated leadership instruction of the past 35 years, and it remains current even today because Kouzes and Posner continue to update their data and validate its findings.

The Leadership Challenge research highlights the four characteristics most needed by a leader: honesty, ability to inspire, forward-looking perspective, and competence. Honesty is about core values; inspiring is about engaging people with a vision; forward-looking perspective is about creating a clear and desirable future; and competence is having the ability to grow people, not just profits.

Good leaders also:

- know themselves
- understand the power of their “leadership presence”
- are able to effectively communicate and connect with different personality types

- are empathetic and capable of expressing and embracing the emotions of others
- understand the key value drivers of their team, department, or company
- are life-long learners who value personal growth
- are passionate about the development of their peoples gifts, skills, and abilities
- understand and apply the most effective tools, techniques, and resources to support themselves and their team's growth
- are driven by hope and able to convey their hope to others who embrace that hope as their own

The research has been validated. Most Fortune 500 companies understand this, which is why they invest hundreds of thousands of dollars training their up-and-coming executives. Their leaders are drawn from certain educational backgrounds, and they are tested early and often in their climb to the top—typically this journey takes 10 to 20 years. They are asked to run challenging divisions, learn all aspects of the company's products and services, show a command of financial issues, and be competent in dealing with the markets—all while living in multiple locations and cultures around the world.

As these leaders begin to approach what they hope will be their ascent to the top echelon—typically five years out from selection—they are asked to relocate to the corporate headquarters, along with as many as three others who have been selected and trained over the years, where they compete until one is announced as the next CEO, COO or Executive VP. This rigorous training produces a well-prepared, proven, tested and properly equipped leader. Those who are not chosen typically leave the company and try again elsewhere.

For mid-market companies, the process couldn't look more different. Most mid-market companies invest very little in developing the leadership skills of their best people. It's akin to them running the most important functions of their company on the technology of the 1970s. It's like being trained to fly a single-engine plane, then attempting to fly the SpaceX Dragon.

Mid-market company leaders are typically appointed when somebody

- starts the company
- marries into the company
- is born into the company
- excels at sales, finance, or engineering and is promoted to the top (the best of the rest)
- receives a battlefield promotion resulting from a sudden and tragic occurrence
- wins a popularity contest

The path to becoming a competent and trusted surgeon, lawyer, or engineer requires 15 years of training and literally thousands of hours of practice, not to mention dollars. But the path to leading a leader of a mid-market company often happens quickly, with little preparation or training, especially in today's social and economic climate. So most mid-market companies end up guessing and relying on trial and error.

Ironically, large enterprise companies use a rigorous and lengthy leadership development process to select their leaders, who have an average tenure of five years. In contrast, mid-market companies invest very little in the selection and development of their executives, who stay, on average, 20+ years.

For the past decade, we have taught one of the four major concepts from our book *ShortTrack CEO: How Mid-Market CEOs Apply Four Critical Concepts to Achieve Their Personal Goals*:

You have the ability to take the guesswork out of leading your people.

This is not a new concept. But it's more important today than at any point in the past 30 years because of the increasing speed of change in society, markets, and business.

As the greatest technology in your company, your people will determine your company's future. They have done so every economic cycle and technological revolution. The main takeaway of this short book isn't one of fear, and can be boiled down to these four statements:

1. People will continue to be the foundation for which every company must build, but they will need to be better trained, understood, trusted, and valued.
2. In the 2020s, you will be building your organizational culture around five distinct generations of people—although this confluence is complicated, it remains the one constant in every economic cycle.
3. Leaders who are Aligned and Integrated will build Smart and Healthy organizations that will survive and even thrive in the coming decade.
4. A leadership development revolution will be necessary to identify, develop, and install the right leaders.

The journey is continual, a work-in-progress that requires more than a book or seminar. It is a path, not a pill. People don't become good leaders by deploying a single tactic or trick. It's a journey because it requires a multifaceted skill set applied in a role that willingly takes on responsibility and initiative for the benefit of others in the face of great challenges, risks, vulnerabilities, obstacles, and an ever-changing climate. Leadership DNA includes several components—spiritual, educational, value, relational, and emotional—all forged by education and experience.

In the coming decade, the ideal leader will understand and embrace how to become fully Aligned and Integrated.

Alignment is what the leader does.

Integration is who the leader is.

Leadership Alignment refers to the tools and techniques deployed by a leader to organize their company and teams and execute their vision. These include but are not limited to operational efficiencies, communication, marketing strategies, financial literacy, culture, employee selection, and development. A leader who is aligned makes

certain that each component of their organization has what it needs to work together, in alignment with the others, and has the courage to make the necessary adjustments when they do not.

Leadership Integration refers to the emotional intelligence and relational integrity of the leader. If the mission of your company and the goods and services it provides can be performed and produced solely by robots, then your emotional intelligence and relational integration will be less vital to the success of your company. However, if your leadership role requires you to identify, hire, develop, manage, and lead others, your emotional intelligence and relational integrity will either be your secret weapon or your Achilles heel.

These components can't be fully developed and realized during a few hours or days.

Next Level Leadership is about commitment to becoming Aligned and Integrated, to lead, build, and grow a Smart and Healthy Organization.

CHAPTER 2

You will view the next decade through one of two lenses—either as Destruction—where the status quo is destroyed with nothing better to replace it; or Constructive Disruption—where the status quo is destroyed and something better replaces it.

Chapter 2

The Impact of Technology on Leadership During the 2020s

WE DON'T KNOW HOW the current disruptive events of 2020 will play out or what their long-term impact will be. It's possible that the virus could pass, and a vaccine be secured. We could see racial equality advance and the economy return to previous levels of strength. On the other hand, it is also possible that the virus will persist, social unrest will increase, and governments will continue to shut down businesses and pay people to stay home.

At the time of this writing (Fall 2020), the future is unclear. But even if the former scenario occurs, it won't alter the rapid changes of historic proportion that were already heading our way. 2020 was already poised to be a year of disruption before the pandemic and lockdown struck.

Technological advancements were already beginning to spiral faster and faster over the past 13 years, and society was beginning to feel the effects. Things were further exaggerated and complicated by the addition of the pandemic shutdown, with Zoom happy hours, constant virtual meetings, daily Amazon deliveries, and ever-present viral videos of violence and protest simply brightening the spotlight.

The force multiplier of all these current events has been in effect for some time. You might not have noticed, but the signals have been on the horizon since 2007. Thomas Friedman describes them in his 2016 book, *Thank You for Being Late: An Optimist's Guide to Thriving in the Age of Accelerations*, identifying 2007 as the year this dramatic and seemingly sudden change began. He writes, "Just as there are vintage years in wine, 2007 was definitely a vintage year for technology. Remember back to 2007? That's when Apple invented the smartphone and an entire ecosystem of companies emerged to reshape the way people and machines communicate, create, collaborate, and think."

In 2007, companies like Facebook, Twitter, and GitHub were barely a year old; Google bought YouTube and launched Android; and AT&T later announced that mobile data traffic on its national wireless network increased by more than 100,000 percent from January 2007 through December 2014.

If you look at the broader picture and study what was occurring prior to 2007, we can see how these technologies began to converge. From a research perspective, we can look to the Interoperability of Technology Laws to explain how we arrived at this disruptive time. Many of us have heard of Moore's Law, which states that computing power doubles every 18 months. The average smartphone today can perform instructions 120,000,000 times faster than the computers that guided the Apollo-era spacecraft to the moon.

While most of us can wrap our minds around the value of having a faster computer, it is more challenging to comprehend the impact of exponentially faster computing at your disposal. If your smartphone was four times faster, what would you want it to do differently?

However, Moore's Law is just one of seven interconnected technology laws that affect people's consumption of information, communication, and transactions. When you step back to think about the true power of having all of our devices connected to others around the world, the impact of continuous exponential improvements in all

areas of this network—from software to computing power to storage to data speeds to connectivity—you can start to see how these laws have influenced our behaviors over the past decade and will impact your leadership going forward.

Here are the seven laws affecting the change:

1. **Moore's Law** - computing power doubles every 18 months
2. **Gilder's Law** - proportionally, bandwidth expansion grows three times faster than computing power
3. **Butter's Law** - optical fiber capacity doubles every nine months
4. **Kryder's Law** - data transmission speeds improving by 3x
5. **Metcalfe's Law** - The value of a network is proportional to the square of the number of connected users
6. **Sarnoff's Law** - The value of a network is proportional to the number of viewers
7. **Reed's Law** - multiply the network effects because the networks have become so big and are interconnected

Steve Jobs understood these laws in 2007, which drove him to create the smartphone. He could envision how the computer chip, memory capacity, data speed, and network size would evolve, while other industry veterans were stuck in their perspectives of the existing state of technology and didn't expect the phone, computer, camera, video recorder, and PDA to converge.

Experts who study technological revolutions, like Carlota Perez, place us in the final phase of a 50+ year technological disruption cycle—the end of a major technology revolution. It started with the birth of personal computers, exploded in the 1990s with the birth of the internet, and is now entering a maturity stage where it affects the majority of people worldwide. Today is the Age of Information and Communication, what the World Economic Forum calls the Fourth Industrial Revolution.

We actually started experiencing these effects in 2007, but it was not until 2020 that we really felt the seemingly sudden and seismic shifts that are now washing over us in a tsunami-like fashion.

Communities throughout the country (and world) are still adjusting to the fluid situation. As the leader of your business, you must accept, recognize, and prepare to embrace some personal changes as well, or you risk being quickly and permanently left behind. History will view your response to these times as a leader from your choice to ignore or embrace the change from one of two mindsets:

- **Destruction** – where the status quo is destroyed with nothing better to replace it; or
- **Constructive Disruption** – where the status quo is destroyed and something better replaces it.

The events of 2020 have revealed the reality that the majority of present-day leadership was not prepared to lead in the face of such disruption and uncertainty. You could argue that it would have been impossible to prepare for such dramatic and unpredictable challenges; however, it is evident that some companies responded to these conditions more meaningfully and effectively than others. The inadequacy of past leadership development training and need for a revolution in how we identify and develop our leaders has been on full display. Some leaders are still in denial that anything is changing before their very eyes, content to bury their head in the sand in hopes it will go away and return in some manner they feel comfortable with within their usual control. Others have fumbled the leadership ball through indecisiveness, paralyzed by the thought of taking the wrong course of action. We have seen leaders alienate and further marginalize their team and workforce by minimizing the impact our social and economic conditions are having on them, basically demanding that they keep functioning as if nothing is happening. In particular, leaders were not prepared to face the emotional and relational demands of their role under the present circumstances.

Successful leaders of the 2020s will embrace the viewpoint of constructive disruption. The strongest companies will be led by lead-

ers who are trained to understand and adapt to these changing environments the quickest. To be an effective leader for tomorrow, you have to tear down some of the inherited wisdom of the old and build from the ground up with modern knowledge and technology. This constructive disruption opens up new pathways and methods of thinking. It is an opportunity to affirm that those you lead matter, that they belong, and to empower them to perform at the peak of their abilities. Leading in this manner will require that a leader have a strong sense of self, a clear vision for where they want to go, and a passion worth working toward.

CHAPTER 3

We need Aligned and Integrated leadership that will not be content to live in the territory of denial and avoidance. We will need leaders that are willing to consider the possible changes and realities that exist beyond their control. Changes that will impact their organizations and their people, personally and corporately.

Chapter 3

The Next Wave of Disruption

WHILE THE PANDEMIC was the most obvious disruption of 2020 thus far, it wasn't the only cause of the dramatic changes facing us. It only helped ignite the tinderbox and accelerate some of the changes.

One example of the dramatic changes heading our way became apparent during the 2019 Democratic primaries, when candidate Andrew Yang introduced the concept of UBI (Universal Basic Income). UBI is the idea that the government should pay its citizens in the future since artificial intelligence (“AI”) and automation will replace large quantities of jobs in the US—both blue collar and white collar.

Many thought the idea was a farce (and still do), and even technology leaders supporting it, like Elon Musk, Mark Zuckerberg, Sam Altman, and Stuart Butterfield, positioned it as a future concept. Mr. Yang dropped out of the race in February 2020, but the irony is, UBI arrived one month later under a Republican president, with 128 million stimulus checks amounting to \$218 billion dollars paid to Americans for not working.

The “experts” told us that UBI was five to ten years away. And it's here in 2020. Will it stay? Maybe or maybe not, but the pandemic

and governmental decisions have affected most of us in the US and in the rest of the world. Workers are being paid to stay home. The US government is backstopping companies and industries.

Some of the changes we're experiencing will probably survive the pandemic in some form or another. It is unlikely that we will return to "business as usual" in early 2021. This isn't a doomsday prediction; it is simply a reality that leaders will need to accept. That is not to say we don't think some of the changes will be for the better. Many of the changes forced upon us will stick, either by mandate or from the realization that they're better solutions. Perhaps 30% to even 50% of businesses will be fundamentally and permanently changed by the pandemic. Company leaders will have to determine how to navigate some of the following issues in the best interest of their company, employees, and communities:

- Social justice
- An anxious and unmotivated workforce
- Remote and distant workers
- Social distancing
- Generational turnover
- Racial conflict
- Political disunity
- A socially conscious labor force
- Artificial Intelligence replacing human work
- Internet of Value unlocking new markets and customers worldwide
- Digital marketing and sales replacing traditional methods
- Virtual work, communication, commerce, and learning

We're not predicting which issues will stick, but we're confident that some of them will. Although we aren't going too far out on a limb by predicting disruptive change in the next ten years, most people, and especially leaders, prefer to avoid change. However, the constant we expect to have in the 2020s is change—more rapid change than we've ever experienced in our lifetimes. We've felt the growing impact

since 2007. And the Interoperability of Technology Laws referenced in the previous chapter assure this continued acceleration.

We will need leadership that will not be content to live in the territory of denial and avoidance. We will need leaders who are willing to consider the possible changes and realities that exist beyond their control. Changes that will impact their organizations and their people, personally and corporately.

As the world around your business changes, you, your people, and your technology must be able to change along with it. Your business success may very well depend on it; your people must be able to adapt to a constantly changing environment. The successful mid-market companies of the 2020s will be led by people who can create an organization that is not only smart, but also healthy. Their leaders will embrace change and understand how to objectively evaluate the changes and prepare their people and company for them.

To help you understand the magnitude of the coming changes that will impact leadership, we've outlined some of the more significant stages of this technological revolution that are shaping the future.

Automation: Algorithms Replacing Humans

We've all heard about artificial intelligence ("AI"). While the concept of AI can be intimidating, it's much easier to understand when you realize that AI is just "smart" software that can make decisions. It can make those decisions because the algorithms have been trained by massive datasets. This is how it learns. People code it, train it, test it, tweak it, and then deploy it.

An untrained computer program can't discern the difference between a cat or a dog when viewing photos through a camera. But once the algorithm is trained to understand the data points that make up a cat and those that make up a dog, only then can it tell the difference.

With the explosion of “big data” in the mid-2010s, data scientists and engineers around the world have been able to build algorithms and train them to do things such as

- identify objects in a photograph
- predict fraud
- read language
- speak language
- respond to typed or spoken questions
- run probabilities
- identify anomalies
- drive a car or truck
- fly a plane

Every industry has a high demand for AI capabilities. For example:

- Healthcare AI applications can provide personalized medicine and X-ray readings. Personal healthcare assistants can act as coaches, reminding you to take your pills, exercise, or eat healthier.
- Retail AI provides virtual shopping capabilities that offer personalized recommendations and discuss purchase options with the consumer. Stock management and site layout technologies will also be improved with AI.
- Manufacturing AI can analyze factory “Internet of Things” data as it streams from connected equipment to forecast expected load and demand using recurrent networks, a specific type of deep learning network used with sequence data.
- Banking AI enhances the speed, precision, and effectiveness of human efforts. In financial institutions, AI techniques can be used to identify which transactions are likely to be fraudulent, adopt fast and accurate credit scoring, and automate manually intense data management tasks.
- Marketing and sales AI can predict and score customer lifetime value, interact with customers and prospects via chatbots, create key messages based on customer attributes, serve up contextual offers based on digital history and lookalike data, and identify signals of your best customers and feed them into your CRM.

As the 2020s evolve, most devices (machines, appliances, devices, cars, etc.) will be smart, connected to the digital network. We'll use voice commands to find information. Parking meters will identify open spots and connect to your phone via the cloud, and Siri will tell you where to park. Your refrigerator will monitor your food inventory and automatically place your order when your milk runs low. These were all dreams of the late 1990s in Web 1.0, and they're now a reality.

These devices, apps, and machines will learn from patterns of human behavior and provide information to you based on your own behaviors. They'll leverage predictive models, in both the home and your business, to make choices for you. This artificial intelligence can make tedious tasks a thing of the past. Regardless of what industry you're in, AI will have the ability to optimize your company's operation.

However, not every task can be replaced by AI or should be augmented by AI. And it's up to human beings to make the most important decisions about which AI to deploy and how to deploy it.

AI will affect all of us. It has already started. The key to being on the front end of the curve with AI lies within your people: how they learn about AI and are willing to evaluate the benefits and costs, both short and long term, will affect your ultimate success in using these transforming technologies.

Internet of Value: Digitization of Contracts, Information Exchange, and Assets

In the next decade, the banking systems of the past 50 years will be replaced by new digital systems using cryptography and interconnected networks to move value at the speed of information.

The Internet of Information (the first version of the Web) allowed you to obtain and send information anywhere in the world with a

click. But to send value—to pay for something with finality—you still have to use old systems that are connected to your devices and websites. When you purchase a book from your Amazon app, you're still paying using the archaic payment rails set up in the 1970s.

With the coming internet of value (“IoV”), our global marketplace will become more connected. Transactions will happen instantaneously without intermediaries, which is expected to transform banking, insurance, escrow, healthcare records, ticketing industries, and many governments.

For some, this doesn't seem like such a big change. But it will unlock new economic opportunities worldwide, presenting an opportunity to those who understand it and a risk for those who don't.

If the term “IoV” is new to you, you've probably heard of this technology labeled as blockchain, distributed ledgers, cryptocurrencies, bitcoin, or digital assets. At the high level, these technologies use cryptography to allow two parties to transact value, without requiring a trusted third-party intermediary. They eliminate the need for a middleman.

When you think about it, this function can cut tremendous cost and waste in many industries. Consider all of the industries that currently require a third party:

- Banking
- Brokerage / investing
- Real estate
- Ticketing
- Voting
- Payments
- Derivatives
- Governments

Programs can now be embedded in digital protocols to execute contracts when parties meet specific terms, including the exchange

of payments. Here are some examples of how blockchain technology will eliminate intermediaries and transform industries in the next decade and beyond.

REMITTANCES

The largest flow of funds from the developed world to the developing world is remittances, over \$600 billion per year. These are people emigrating from Mexico to work in the United States, from India to work in the Middle East, and from the Middle East to work in Europe. Since most are poor, they're sending small sums of their earnings back home, which takes four to seven days and incurs a fee of 10% to 15%. With current technologies, that \$100 can be sent directly from Maria in Denver to her family in Mexico City in three seconds for a third of a cent.

HEALTHCARE RECORDS

Record keeping in healthcare in the US is a mess. Having an immutable, secure chain of records for patients, doctors, medical researchers, and care providers can save trillions of dollars. It can also prevent medical errors, eliminate breaches in doctor/patient confidentiality, and help to manage current and future pandemics.

TITLE/OWNERSHIP

In the United States, up to 25% of title reports have some sort of defect. In developing countries, title to a property can be taken by someone from a corrupt government (or a group of guys with guns). The blockchain solves title questions, as an immutable public record that makes it possible for anyone to view the entire chain of a property's ownership records quickly and cheaply.

STREAMING PAYMENTS

Streaming video content has transformed the video and media industries. Streaming payments means that people can get paid, in real time, for delivering value. That means that workers can get paid after each day, hour, or minute of work, instead of waiting for two weeks. It means value can be exchanged in real-time increments,

without the need for third parties and delays, which increases the velocity of money and opens up new economic activity.

MICROPAYMENTS

Because our legacy payments networks deployed over the past decades and half-century are slow and expensive, it's difficult to exchange small amounts of value unless you're face to face. You can't tip someone \$.25 online for a valuable blog post or pay \$.02 to read a three-minute article. But with blockchain and digital assets, that's possible, also unlocking the ability for over 1 billion people who aren't currently served by the existing banking system to exchange value digitally. And just as the internet has destroyed journalism, forcing media outlets to focus on misleading titles, sensationalism, and fake news to get clicks and views, micropayments could save journalistic integrity, allowing media companies a third option (instead of advertising for subscription content) that would reward them for producing quality content. Just as iTunes unbundled the song from the album, micropayments can unbundle the article from the publication.

COUNTERFEITING & FRAUD

It's estimated that 80% of the world's counterfeit goods come from China, with a market "value" of over \$25 billion annually. By modernizing the supply chain using RFID and blockchain technology, companies and consumers can guarantee authenticity, hopefully eliminating the majority of this illegal activity, which benefits bad actors and punishes consumers.

IDENTITY

Imagine having your passport information, DMV records, citizen status, and voting registration all in one digital identity, secured by your unique digital signature. This is the goal of deploying blockchain technology to digitize people's identity. Done properly, this could reform voting in elections, immigration recording and tracking, police records, and DMV records.

FRACTIONAL OWNERSHIP

Imagine being able to purchase a fraction of an asset securely. Instead of having to purchase a whole house, with blockchain you could buy 10% of a house, 1% of an apartment building, or .01% of a piece of art. Combined with identity, title, and streaming payments, someone living in Atlanta making \$80,000 per year could purchase a portion of an apartment building in Singapore, completing the purchase on her phone, and receive her rent payments via the blockchain (in real time) in her digital wallet on the phone.

DIGITIZATION OF ALL ASSETS

Fractional ownership hints at the big picture for the entire space of the Internet of Value: Everything of value can be digitized. All of the money. All of the assets. All of the derivatives. All of the real estate. All of the stocks. All of the debt. The Visual Capitalist (www.visualcapitalist.com) estimates the high end of the derivatives market to be valued at one quadrillion in 2020. With the proper digital title, fractional ownership, and blockchain payments, the ownership of these derivatives can shift from paper records to secure digital records that can be exchanged with the click of a mouse, instead of taking three business days to weeks to exchange.

Replacing the US Dollar as the World's Reserve Currency

In addition to the coming disruption with AI, the United States is also at economic risk if the US dollar loses some of its power as the world's reserve currency. The USD has been the world's top reserve currency since the Bretton Woods agreement in 1944. However, history has shown that the average lifespan of a fiat reserve currency is about 100 years.

In 2019, China and Russia urged the IMF (International Monetary Fund) to reduce the reliance on the USD and create a multi-polar system. As of this writing, China is piloting its digital renminbi with a desire to make it more widely available to strengthen its economic

power. The USD has long used the power of the dollar, along with SWIFT and the correspondent banking system, to impose economic sanctions on countries around the world. As such, many countries have long desired to move away from the current system, and new payment networks have been built over the past five years to circumvent US authority. Those networks are close to being deployed, and if a “multi-polar” reserve system is implemented, the US could be faced with increases in borrowing costs and difficulty in repaying its debt and funding domestic programs.

The American economy and our citizens have enjoyed numerous benefits over the past 75 years from the power of the US dollar, and we're at risk of losing many of those economic benefits in the 2020s. If this occurs, leaders may have to deal with dramatic changes in wages and commodities, erosion of wealth in the middle class, and political instability.

It's exciting for some, perhaps not for others to think about all the possible changes. But the real question that technologists, AI researchers, and policymakers are dealing with now is how to determine the most efficient and effective way to deploy these technologies for the betterment of society and business (as opposed to the detriment). And they're clear that the deployment and application of these technologies can't be made by the technologies themselves; that must be done by humans.

We're not at risk of Skynet (from the movie *The Terminator*), the matrix, or robots taking over (at least for the next few decades, as algorithms now can perform single tasks well, but cannot think broadly like humans), but there is a real debate among elite thinkers about how to address the commercialization or use of AI technologies. China is taking a government-centric approach. The US is allowing corporations to handle much of this development—the Amazons, Googles, Facebooks, and Microsofts of the world.

We're decades away from knowing the ultimate endgame, but for today, for the mid-market company executive, the following is clear:

- Software tech is good enough to replace many repetitive functions and will over the coming years.
- This automation can bring tremendous value, lowering costs and improving results.
- This automation has a human effect since it will eliminate a tremendous number of both high-paying and low-paying jobs.
- This automation creates opportunities to reallocate and deploy employees in other value-added ways.
- Leaders will need to understand the effects on both the financial and emotional health of the business.

CHAPTER 4

Embracing the mantle of leadership should always be accompanied by some deep soul searching.

Chapter 4

The End of the Technology Deployment Cycle

WE'VE BEEN FEELING the technological changes since 2007, but we've also been experiencing a growing divide in the United States over the past 30 years. Globalization, along with economic and monetary policies, is shrinking the US middle class. The rich are getting richer, the middle class is getting poorer, and the majority of new immigrants are poor and filling low-wage jobs. Irrespective of political positions, the statistics are clear, and without a dramatic change, this will continue throughout the next decade.

And with large-scale economic inequality comes conflict and strife. We are seeing it in 2020 in cities across the United States.

In 2019, business leaders warned us that growing inequality could lead to social conflict and a possible revolution. Billionaire hedge fund founder Ray Dalio of Bridgewater Capital warned that growing inequality in the US could lead to “great conflict and some form of revolution” to our capitalistic way of life, and that the growing wealth gap in the US presented “existential threats” to American society. He writes,

Disparity in wealth, especially when accompanied by disparity in values, leads to increasing conflict and, in the

government, that manifests itself in the form of populism of the left and populism of the right and often in revolutions of one sort or another.

Jamie Dimon, CEO of JPMorgan Chase, used the 2019 annual shareholders' letter to lay out a 10-point manifesto to restore US fortunes. Starbucks founder Howard Schultz, Microsoft founder Bill Gates, and Berkshire Hathaway's Warren Buffet are just a few of the high-profile CEOs who have offered their opinions.

There are many reasons why the US middle class is shrinking, and automation will continue to accelerate it. Not only are factory workers at risk, but so are retail workers, middle managers, and specialists of repetitive tasks. Automation is obviously not the main driver of the growing gap, but one of many contributing factors.

Experts predict that the most significant challenge with AI is understanding how to deploy it. That's a human component. Algorithms and machines can't decide how they should be used; they can only perform the job they've been programmed to do. It's an art to decide how to deploy and manage AI and automation, one that's decided by people. Your people will have to know how to adapt to your changing business. They'll have to understand how to handle automating certain tasks—what are the right tasks to automate, and how does that affect the people the automation is replacing?

The deployment of algorithms and machines presents new challenges to every leader working to make their organization smarter. But they also directly affect the people, creating fear, uncertainty, and doubt, which can undermine the health of the organization.

In the following chapters, we will present the concepts leaders will need to understand and embody to successfully navigate the challenging road ahead. We've studied the dynamic forces at play that will impact every organization, because the first decision a leader has to make is whether they really want to take on this responsibility. Many who aspire to leadership still view it through a romanticized or idealized lens. Their vision for leadership involves more money,

more power, more prestige, more autonomy, more resources, more privilege, a bigger office, and the like. Embracing the mantle of leadership should always be accompanied by some deep soul searching. However, leadership in an age of disruption should be approached with careful discernment. You must ask yourself, “Do I have a vision for what I want to contribute to this organization and its people, and am I willing to risk discomfort, possibly suffering scrutiny, judgment, and loss as a result?”

In the time of social media and online reviews, a leader is far less insulated from seeing and hearing personally about the impact of their leadership and others’ opinions about it. This reality brings some much-needed accountability, while also increasing the need for a leader to be clear on their core convictions and values. They will also need to be emotionally and relationally grounded in order to resiliently pursue their vision for the organization.

SECTION TWO

The Leadership Journey of the Future



It's a path, not a pill.

CHAPTER 5

The Next Level is not about the ascent to power; it is not focused solely on winning in the traditional sense.

Chapter 5

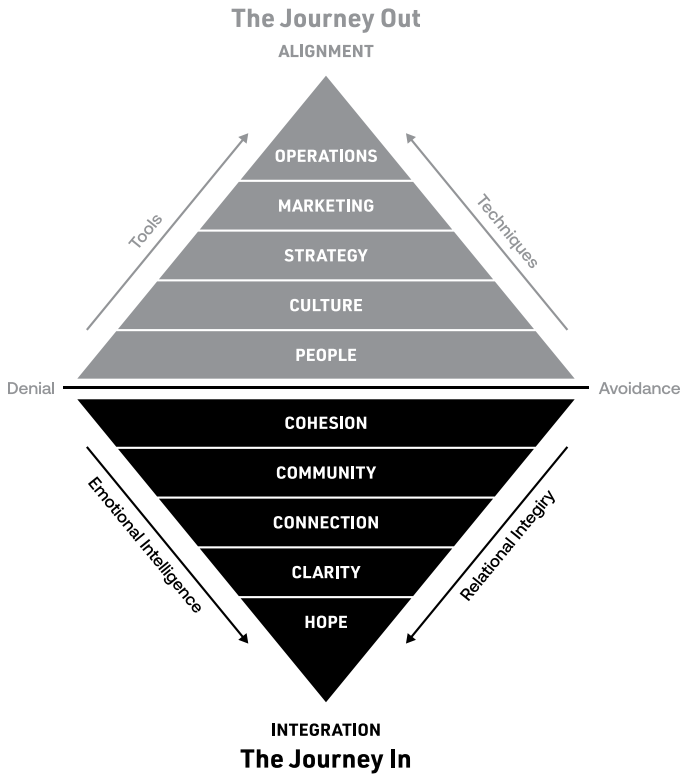
The Leader's Journey

IN THIS BOOK, we are not attempting to do what we have stated is impossible. We cannot provide transformational leadership coaching through a book alone. Instead, this is an invitation to join us on a journey to experience this leadership revolution.

The Next Level is not about the ascent to power. It is not focused solely on winning in the traditional sense. This leadership journey is at least two-directional, and it is certainly holistic in nature. The Journey leads Out as well as In.

This journey leads to becoming organizationally smart and organizationally healthy. This journey is in pursuit of alignment and integration.

We have diagrammed this journey in the following illustration.



The goal for any leader at any level of responsibility is to become Aligned in their Tools and Techniques, while also Integrated in their Emotional Intelligence and Relational Integrity.

The premise of a leader being aligned and integrated can best be understood as a construction metaphor. A building, when properly constructed, is integrated and aligned. Its internal and invisible structures are completely integrated and aligned with the visible and external ones. The foundation, the uprights, the crossbeams, and supports intersect and cooperate according to the design of the building. These structures have integrity, which means they can bear appropriate stress. They are resilient to outside forces such as wind, rain, and even earthquakes, to a degree. If the structure lacks integrity—if the components do not interconnect properly or function in harmony as one integrated structure, then its capacity for stress is

compromised. Any external force it was built to withstand, or even its own weight over time, could cause the structure to fracture and fail.

In the same regard, the functionality of the building must have integrity as well as alignment. If the flooring, plumbing, electrical, HVAC, elevator shafts, vents, and drainage systems are not aligned with the design and intention of the building, they will also falter, failing to deliver the desired experience, outcome, or results. This failure of alignment will also make maintenance on the building difficult. Misalignment will make routine maintenance issues challenging to diagnose and even harder to repair.

When the components of a structure are integrated and aligned, their capacity to perform and persevere is greatly enhanced. They will also likely grow in value due to the quality of their construction and their ability to be properly maintained, even enhanced. When integrated and aligned, the parts of the structure function as one. The building consists of multiple independent parts, but they function seamlessly whether it is a skyscraper or a single-story house.

Any structure must have alignment and integrity; otherwise, it will not have the capacity to bear any stress. Nor will it have any resiliency, so when there is adverse weather it will be limited in its ability to survive or thrive, to maintain its functionality during adversity and disruption.

Like a structure of any type, a leader needs to be integrated and aligned. They must be integrated on an emotional and relational level and aligned from a technical, strategic, and tactical standpoint.

If the leader's role and actions are misaligned, then the integrity of the entire organization is compromised and its capacity to persist, persevere, and prosper is immediately limited.

The Journey Out is defined by tools and techniques in which leaders need to be proficient when it comes to leading people, building culture, executing strategy, marketing goods and services, and financially and functionally operating a business.

In our experience, leaders come to us wanting to better understand the Journey Out. However, what they often fail to realize or lack the willingness to see is that it is the Journey In, toward their own heart and story, that will give them energy and potency on the Journey Out. Put another way, the Journey In is about excavation, whereas the Journey Out is about execution.

The Journey In is marked by a cohesive leadership team, a community of individuals with a shared purpose (common-unity), a diversity of individuals who share a human connection, clarity around their purpose within the mission, and an inexhaustible hope for what it is they are trying to accomplish. Each of which is a result of at least two other leadership dynamics at work.

We refer to the gap or barrier that blocks a leader from making the necessary Journey In or Out as denial and avoidance. Denial is the unwillingness to see, feel, tell, and take responsibility for the truth.

Emotional Intelligence + Relational Integrity = Organizational Health		
Awareness	Humility	Cohesion
Differentiation	Interdependence	Community (common unity)
Vulnerability	Trust	Connection
Responsibility	Commitment	Clarity
Gratitude	Faith	Hope

Denial has a first cousin and its name is avoidance. Avoidance deliberately disregards what is true, choosing instead to seek to maintain the status quo, keeping things comfortable. Avoidance minimizes and manages challenges as opposed to confronting them, all the while robbing leaders and their organizations of the necessary energy to pursue and achieve their mission.

All too often, we see leaders miss their potential and thus negatively impact the people and organizations they lead as the direct result of an unwillingness to see, feel, tell, and own. Denial is the great de-

stroyer of relationships, and since leadership is primarily relational, it is the great destroyer of leadership as well.

The Journey In and Out cannot be taken alone. Blind spots are called blind spots for a reason. You cannot see them on your own. You need feedback and direction from someone else who actually desires your good.

Through the Next Level program, we spend considerable time educating leaders in these areas vital to leadership while also helping to apply them in a transformational way. Within the confines of this book, we will attempt to clarify a vision forward for the head, heart, and hands of the Next Level Leader.

CHAPTER 6

If you are reading this, you are likely not leading a team of robots, which means, like Henry Ford aptly stated, ‘Why is it every time I ask for a pair of hands, they come with a brain and emotions attached?’

Chapter 6

The Leader's Journey In: Integration

IT'S BEEN SAID that the longest 18 inches on Earth is the distance between a person's head and heart.

While we have been discussing relevant external factors that are impacting the landscape of leadership in the coming decade and beyond, we haven't addressed some of the internal ones.

It is a great understatement to say that human beings are highly complex organisms. The figurative human heart—not the organ that pumps blood through the body, but the center of volition and emotion—is really the limbic part of the human brain. It is the part of the brain where human emotion lives and exists. It does not know time or measure consequences, and it doesn't have a voice. Yet it is fully developed at the time of birth and essential for survival and relationship.

The neocortex is considered to be the CEO of the brain. The neocortex is the part of the brain that controls voice, measures consequences, and solves problems. Unlike the limbic brain, the neocortex is not fully developed until much later in life, between the ages of 20 and 22 in women and 24 and 26 in men. (This sheds some light on your college decision making.)

The brain stem, or lizard brain, is the part of the brain directly connected to the central nervous system. It controls involuntary body functions like breathing, blinking, heart rate, and a million other activities that keep us alive often without our awareness.

All external stimuli are first processed through the brain stem. Our traditional fight, flight, or freeze responses are processed here instinctively, often without warning.

In real time, stimuli flow through your body's central nervous system, through your brain stem, through the limbic brain, and then to your neocortex. In simple terms, you are made to feel before you are made to think.

The realm of emotion, mental health, and relationship in leadership has been widely written about but largely neglected when it comes to leadership evaluation, development, and application. The call for a revolution in leadership development is not hyperbolic. The emotional, relational, and mental health of our nation's future leadership is largely, if not completely, ignored in most undergraduate and masters-level programs, while our nation's treatment centers and pharmacies are bursting at the seams with leaders who are suffering. This fact is particularly alarming when you consider the dysfunction, emotional instability, and relational fallout that often accompany leaders at virtually every level.

Culturally, these pitfalls are either considered acceptable occupational hazards and even celebrated, or they remain overlooked as long as results are positive.

Venturing into the territory of the heart of a leader is the necessary "Journey In." For most, the Journey In feels like crossing the equator in the 15th century when experts of the day thought the world was flat. Those with the courage and willingness to cross this barrier will find the key to unlocking their full leadership potential without sacrificing their values, family, health, and integrity. They will also restore joy to their life and leadership.

Just as we have experienced great advancements in universal technology during the Fourth Industrial Revolution, we have also seen breakthroughs in brain science that change the way we understand behavior, relationship, emotion, and overall well-being.

For example, in 2019 a study found that nine explorers who spent over a year in the emptiness of Antarctica left with slightly smaller brains. A group of researchers compared brain scans of the explorers' brains that they took before they left for the brisk continent and after they returned to society. They found that parts of the brain, such as the hippocampus—a brain region involved in learning and memory—had less volume after the explorers returned. Humans are social and relational creatures. The explorers had decreased levels of a protein called the brain-derived neurotrophic factor (BDNF), which supports the growth and survival of new neurons and is necessary to create new connections in the brain.

Another study showed that sleep deprivation makes people crave higher-calorie foods. To find out how that process works, Thorsten Kahnt, a neurologist at Northwestern University's Feinberg School of Medicine in Chicago, Illinois, took inspiration from studies linking sleep deprivation in humans to an increase in certain molecules in the endocannabinoid system, a complex network of neurotransmitters and receptors that, among other things, is affected by marijuana. Studies have shown this system influences how the brain processes smells. And smell is a powerful driver of appetite—as illustrated by any airport or gas station cinnamon roll shop.

Brain scans have also revealed that in cases of social rejection, parts of the brain associated with physical pain activate in a similar manner as if the subject had been literally punched in the face when they experienced relational hurt.

Why is this relevant to leadership? You are not a body with a brain attached. Your intellect and emotion are not two different parts of you. Your feelings, emotions, and needs are not deficits to be overcome. They are not character flaws or weaknesses. They are what makes

you human and gives you the capacity to lead beyond the realm of material success and monetary reward. We aren't opposed to the material or the monetary. However, those indicators of leadership success have proven time and time again to be inadequate predictors as to the long-term sustainability and vitality of a leader and the organization. Overlooking short-term emotional, mental, and relational health of your leaders and your team will always have negative long-term consequences.

If you are reading this, you are likely not leading a team of robots, which means you are leading humans, or as Henry Ford aptly stated, "Why is it every time I ask for a pair of hands, they come with a brain and emotions attached?" Having a workforce that didn't have emotions, was completely loyal, didn't need sick leave, vacations, or time off, and had no interpersonal conflicts may sound like a wonderful leadership fantasy free from challenges. But if that were attainable, there would also be very little need for leadership.

It is no longer expedient or beneficial to avoid or deny human emotions and relational health when it comes to leadership. It is also inadequate to focus solely on others' psychology without first becoming acquainted with your own emotional and relational makeup.

To be integrated as a leader means you do not deny or ignore the emotional and relational dynamics of your design or those of others. You recognize that your intellectual, physical, emotional, spiritual, and relational well-being are interconnected. The health and wellness of each aspect of your being directly impact your overall health and wellness. It is even safe to say that chronic stress, loneliness, isolation, depression, anxiety, and subsequent relational breakdown are not only hurting companies; they are actually killing our leaders. This is not a theory—it is scientifically and experientially proven.

Modern research has even linked emotional awareness and expression to cancer-prone and -resistant personality types:

CANCER-PRONE PERSONALITY TYPE

- represses both positive and negative emotions
- shows anger, resentment, or hostility toward others
- takes on extra duties and responsibilities, even when they cause stress
- reacts adversely to and does not cope well with life changes
- is negative or pessimistic
- becomes easily depressed or has feelings of hopelessness
- worries often and excessively about others
- feels the need for others' approval

CANCER-RESISTANT PERSONALITY TYPE

- expresses emotions in a positive and constructive way
- controls anger and resolves anger issues positively
- knows when to say no
- copes well with stress and feels in control of situations
- is optimistic and hopeful
- does not become easily depressed
- seeks out and maintains social support networks
- does not worry excessively
- likes to please, but does not seek approval as an emotional crutch

The Journey In toward emotional and relational integration is not where most leaders like to focus their energy. Publishers and content creators around this subject are also aware of that fact, which is why the soft skills of leadership are often at the back of the most popular leadership development books and resources. In the introductory pages of *The Leadership Challenge* by Kouzes and Posner, they describe their program as a book about leaders who “seize these opportunities to lead us to greatness.” They introduce the subsequent pages as being “about how traditional systems of rewards and punishments, control and scrutiny give way to innovation, individual character, and the courage of convictions.” These are obviously wonderful things and highly appealing to any leader. However, the last line

of the book is “Leadership is not an affair of the head. Leadership is an affair of the heart.” This isn’t a criticism of the book at all. It is simply a recognition that most leaders prefer the front of the book to give concrete, actionable steps that will get results. Yet, as leaders focused on the leadership development of others, we know that for you to actually enjoy leading, you will have to eventually make your way to the back of the book and find the heart of your leadership. For some, the former resonates; for others, the latter resonates, which is why we make a distinction between front-of-the-book and back-of-the-book-leaders. Ultimately, leaders need to be both.

An integrated leader is consistently pursuing growth in the areas of Emotional Intelligence and Relational Integrity.

Emotional Intelligence, or **EQI**, includes three parts:

1. **Emotional Awareness** - The ability to identify and name one’s own emotions
2. **Integrity** - The ability to harness those emotions and apply them to tasks like thinking and problem solving
3. **Responsibility** - The ability to manage emotions, which includes both regulating one’s own emotions when necessary and helping others to do the same (empathy).

In other words, being emotionally intelligent means you have the ability to feel your feelings, tell the truth about them, and respond to them in a relationally responsible way. This is no small task, and it explains why the Journey In is a lifelong process that requires tremendous courage and social support. It also requires you as a leader to continually invest time, energy, and money in their ongoing growth and even healing, because your story matters. The loss, abuse, neglect, abandonment, betrayal, manipulation, and more that you have experienced have shaped your identity and how you view and present yourself to others. This reality cannot be overstated.

When applied, emotional intelligence will either lead to relational integration, strengthening trust and connection, or relational disintegration, creating anxiety and distrust.

Relational Integrity is a manner of relating to other human beings that honestly represents the truth of what you're experiencing emotionally and recognizes and affirms the truth of their experience as well. Relational integrity is how one moves toward relational connection based on what they know to be true of themselves emotionally.

This responsible and relationally considerate approach gives relationships the chance to grow and community a chance to thrive. Alternatively, an unwillingness to appropriately face what is true with the right people can only lead to manipulation, passive aggression, defensiveness, blame, judgment, and attacking with an oversized need for control. This causes relational disintegration, which undermines the authenticity of leadership, the fabric of the corporate community, and a culture defined by employees that are wholeheartedly engaged in their work. Sadly, this describes many if not most organizational cultures.

Relational integrity cannot exist apart from emotional intelligence. Organizational health cannot be achieved without them both.

The Journey In is invisible or at least far less tangible. It is an introspective and somewhat spiritual journey into a leader's relationship with themselves and how they interact with the world around them. In the technology analogy, this is the software.

During the events of 2020, many people have needed a software upgrade. The Gallup organization now reports that the majority of American workers are either disengaged or actively disengaged from their work. It is a means to an end. They are trading their time for money in order to go do what they really want to do when the workday is done. They are not inclined to do their best work for the company because they are not connected to the business or its leadership at an emotional and relational level. If business leaders are going to change this, it's not as simple as providing better pay, more accountability, strict policies, and swift discipline; the solution is learning how to build a relational connection between you, your

leadership team, and all your people. To do that you will also have to know and relate to yourself.

Dr. Chip Dodd is a Licensed Professional Counselor with a Ph.D. in counseling. He founded and led the Center for Professional Excellence, a treatment center for executives and professionals battling addiction and relational dysfunction. In his 30 years of experience, Dr. Dodd concluded that the two most important needs of human beings are to matter and belong. These needs are even more important than food, clothing, or shelter. Human beings are made to be seen and known, to believe that others see them as not just a set of hands, but an entire being that has dignity and worth.

As 2020 kicked off, loneliness and anxiety among the American population was a pandemic before COVID-19, lockdowns, business closures, and outcries for social justice struck. Leaders who struggle or resist taking the “Journey In” will struggle in changing times, wondering why their once effective techniques aren’t as relevant or useful as they used to be.

Marcia Hughes at Collaborative Growth says it well:

Successful leaders of the future must exhibit skills that may look natural and easy yet are truly the result of paying close attention and being responsive to the whole environment. To do so, they learn to be emotionally literate and employ a complex set of skills in ways that may seem innate though in fact are the result of a willingness to work, learn, and improve. Leaders often believe that their cognitive intelligence is the threshold for their success, and they do need solid IQ smarts and a good education to get in the door and to keep up with technical and professional developments. To move beyond that threshold they need to be adept at relationships, influencing and leading their people—the path for exhibiting this excellence is based on emotional intelligence, defined as a set of emotional and social skills that influence the way we perceive and express ourselves, develop and maintain social relationships, cope with challenges, and use emotional information in an effective and meaningful way.

In other words, it helps to be smart, but if you are not emotionally healthy you will be like the skilled doctor with no bedside manner, or the engineer who argues with everyone who disagrees with his code—both examples of leaders failing to manage the four most critical emotional skills: empathy, assertiveness, impulse control, and optimism.

Strong leaders are skilled and willing to take both the Journey In and the Journey Out. And it is not a one-and-done journey, which is why there has been more than one leadership book written and thousands of podcasts recorded on the subject. It truly is a journey, or better still a quest, with no final destination or ascent. The science behind the Journey In is new to many executives, who may have in the past avoided addressing important building blocks such as examining their relationship with themselves and sharing vulnerably. But the data confirms the value. In a recent study of elite athletes (NCAA student-athletes to Olympic Champions) led by Researcher Dr. Ben Houlberg, empirical data showed that the athletes whose relationship with their coach was dependent on their performance increased their anxiety, which decreased their ability to remain emotionally present during their respective events. This is what Houlberg calls a Performance-Based Identity. Athletes who had relational and social support that extended beyond their performance had less fear of failure, a higher sense of purpose, and higher global self-worth, which enabled them to perform at optimal levels. When people know that they matter and belong, they are free to perform out of an identity rooted in purpose, not perfection. Anxiety reduces presence. A lack of presence hinders performance. Integrated and aligned leaders create communities where employees matter and belong beyond the work they accomplish or failure they avoid. Integrated and Aligned leaders support a Purpose-Based Identity, which allows their people to perform at peak levels.

Building the right tools and techniques that properly support relationships allows leaders to become Aligned and Integrated, building a Smart and Healthy Organization.

CHAPTER 7

The Journey Out is a pursuit of what's better, what's next and what's missing. The fully Aligned leader is one who constantly pursues and evaluates the newest, most efficient and effective tools and considers how they impact their organization, and then engages in the necessary changes when the information leads them down that path.

Chapter 7

The Leader's Journey Out: Alignment

MID-MARKET LEADERS tend to operate in “Knowing Mode.” They generally rely heavily on what they know, what their past experience and education have taught them. New ideas, tools, techniques, and continued learning are not always given the highest priority. And why not? What they “know” got them where they are today. But in the coming decade, this will be a failed strategy.

The Journey Out is about leaders embracing constant learning and change, being willing to embrace new tools and learn new techniques to leverage their team’s existing experience and education.

The Journey Out is more visible than the Journey In. And it can actually feel more comfortable for leaders to engage in the Journey Out as opposed to the Journey In because it tends to go toward actions with which they are familiar. Most leaders prefer this, because it gives them a sense of control. The Journey Out focuses more on doing something rather than feeling something, as is required for the leader’s Journey In. The Journey Out is more externally focused, and the Journey In is internally focused. Next Level Leaders will take both journeys. Taking only the Journey Out without the Journey In will create a leader who attempts to win by being smarter than the

competition, but lacks the emotional intelligence and relational integrity to motivate their people to follow.

Leaders in the coming decade must become skilled at constantly seeking out, evaluating, and leveraging the most effective, efficient, and validated tools for their team. They must then align those tools with techniques that are guided by their team's varied experience and education to complement and support the tactics, vision, and mission of the organization. In the technology analogy, the Journey Out is the hardware.

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The two guiding rails for the Journey Out to alignment are:

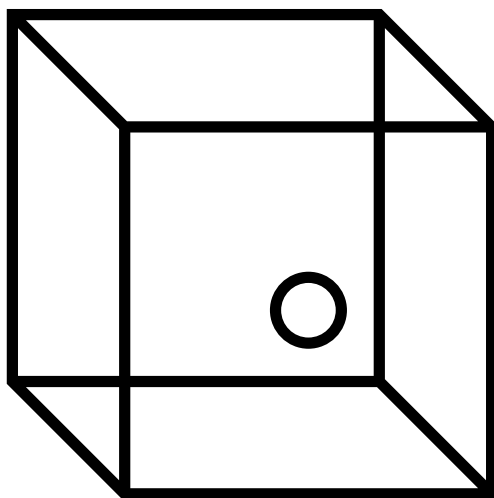
1. Learning
2. Changing

Learning

An Aligned leader embraces continuous learning. A learner by definition is one who has a sense of adventure, imagination, and curiosity.

However, research studies reveal that in an average group of 1,000 men and women who have positions of leadership influence, 15% have extremely low energy for learning, they desire infrequent pursuits of new learning, rather preferring to maintain absolute status quo. Another 14% show what is called "fade" energy, or sporadic interest in continuous learning—it comes and goes but generally occurs only when the pain of remaining the same is greater than the pain of learning and changing. And still another 24% will be energized to learn only if they see immediate benefit to their current role.

Look at the image below. Do you see the circle in the box? Look closely, pause, and focus on the circle. Where do you see the circle in the box? Is it on the back of the box, the top of the box, or the side? It's possible to “see” the circle in as many as eight different locations.



Those who have the ability to actually see the circle in numerous locations in the box are performing a mental function that Daniel Gilbert, in his book *Stumbling on Happiness*, calls Cognitive Restructuring. The clinical definition for cognitive restructuring is the psychotherapeutic process of learning to identify and dispute irrational or maladaptive thoughts known as cognitive distortions, such as all-or-nothing thinking, magical thinking, overgeneralization, and emotional reasoning. In leadership language, those who have a higher degree of cognitive restructuring are better able to see opportunities and evaluate new ideas, tools, and techniques in multiple and complex ways. They have a greater ability to distinguish what does and doesn't work—or from an emotional intelligence standpoint, a more developed skill of Reality Testing and Problem Solving.

Motivation to learn is an important trait in human beings. The experts at the PeopleBest Assessment Organization identified learning as

one of 29 behavioral traits they can measure through their highly validated assessments. Traits are largely born with us, factory installed if you will, but can be modified with effort and repetition. They are similar to a chef's ingredients. When a chef wants to make a chocolate cake, they mix certain ingredients together, and if an ingredient is missing or spoiled it changes the outcome. Similarly, put in certain combinations, traits create what we call competencies (cakes), which are also commonly known as job functions. If you desire a leader who has natural energy for a job competency such as team building, one we see frequently listed in a leader's job description, psychologists have identified the specific combination of traits that is necessary to make up this competency. And when assessed properly, one can determine to what degree an individual will move more energetically toward that competency or to what degree they will attempt to avoid that specific job requirement because of the energy drain it places on them.

As a trait, the degree to which an individual has energy for real learning can be measured by using highly validated personal assessments administered by those professionally trained to read, understand, and interpret them. Leaders who have a high degree of energy for learning routinely

- like to read about new, often unrelated subjects
- dedicate time to learning new things
- explore new concepts in a variety of fields
- keep up with developments in their field of expertise
- adapt new ideas from others to their own current challenges

You've heard the saying "leaders are readers"? Aligned leaders read constantly, in a wide range of interest areas. Learning to read and retain vast amounts of information can be grinding for some and exhilarating for others.

According to numerous online sources there are roughly 130 million books in print with another six hundred thousand to one million a year being newly published, yet only 31% of leaders read at least one

book a year. One in five people can't read, and recently, the three most read books were the *Bible*, *Quotations of Chairman Mao Tse-Tung*, and the *Harry Potter* series. Uninterrupted, most people read at the same speed they talk, which is about 150 words per minute with gusts of up to 175 or 200. Do the math: even a slow reader can read a 40,000-word book in 17 days by reading just 15 minutes a day.

Don't be discouraged if you sense or have been told that you don't have high energy for learning. This only means that for you to do it well, you will need to expend more energy than someone who has the natural energy for it. The downside for those who are not learners is that they'll often be left behind with an old skill set. They frequently excuse themselves from learning by saying they are too pressed for time. They will offer excuses such as "I don't have time to use what I already know, so why throw good money after bad on something that I can't use?" This is a sure sign of an unaligned leader, one whose team will find it harder and harder to follow in the age of constructive disruption.

Those who show a low energy for learning are typically described as not being intellectually curious. They can be content with their current level of knowledge for a variety of reasons:

- they may be content to stay in their current position, particularly if advancing would require learning.
- they are very mindful of the ROI on the time spent learning new things.
- they consider on-the-job training and learning the only true way to gain necessary knowledge.
- they perceive that things do not change frequently in their job or field, and therefore there is a reduced need to learn.
- they may feel they have plateaued and know all there is to know with regard to their company.

Change

Leaders who make the Journey Out must get comfortable with being uncomfortable with change. As has been said, if you don't like change, you are going to like irrelevance even less. It's inevitable that change will be an ever-present part of the leader's world going forward. Leaders who are learners have a continuous desire to embrace new ideas and concepts and the instincts to adapt to the frequent and innovative changes which come from that learning. In their book *The Leadership Challenge*, authors James Kouzes and Barry Posner have identified the third of five practices of leadership as one they call "Challenge the Process." They write, "Leaders should always be asking What's new? What's next? What's better? What's the future for us?" In the coming decade, it will be essential for leaders to constantly learn by scanning, evaluating, and applying changes as they see necessary. Those who don't will join the landscape that will be littered with companies and leaders who fail to acknowledge that change is a way of life going forward. Leaders must compete with their brains and not their backs, so learning will be the competitive advantage.

And if the rate of change inside your organization is not equal to or greater than the rate of change outside the organization, then the end is near for you. Change requires risk and inevitably a fair share of failure as well. Those who lead the change must also consider the question, "in our work culture, how is failure treated?" If failure is punished, if failure after taking a risk is viewed as a career-limiting move, then your organization will experience little or no energy around change and will stifle innovation.

When working with executives, we often hear the old adage, "We've tried that before and it doesn't work," or "We are just too busy to break away at this point and learn something new." Regardless of the reasons, or the level of energy the leader has for new ideas and more learning, the demands of the next decade will require that the leader not only identify the best tools and techniques, but align them and engage their people. In other words, they must join

in and participate. We often tell our clients we would rather spend the money to train them and worry about them leaving, than not spend the money and worry about them staying.

But change must work. It must be aligned with the goals and purpose of the company and communicated to the team. Like the wheels of a high-performance vehicle, or better yet a high-powered 18-wheeler, a leader will ensure that each of their company's tools and techniques are aligned. In an ideal world, each business component would support and enhance the other. If they are misaligned and moving in two different directions, like the tires on a vehicle, they will wear out more quickly, burn fuel less efficiently, increase wear and tear on the vehicle, and make the ride a whole lot rougher. A leader who is aligned actively ensures that each of these components has what it needs to work together, in alignment with the other, and has the courage to make the necessary adjustments when they do not.

They also must possess the courage to admit when their wheels are not aligned to begin with.

It's an old saying that your people are your greatest assets. But people no longer want to be considered or treated like assets. You can approach your people more effectively if you view them as vibrant, high-technology parts of the organization. When you do,

- they become more engaged when performing functions for which they are trained and energized to perform
- their commitment to the organization increases when they sense they are being heard and considered
- the more you understand about them, the easier it is to allow them to succeed
- they have roles that are a perfect fit, roles that they can thrive in, and roles that they should never tackle
- they desire to be developed and optimized for best use, just like technology
- you identify some technologies that have served their purpose and are no longer useful

When we refer to tools, we're not talking about a handful of traditional personality assessments that everybody has heard of, we're talking about the most modern, validated assessment tools, some of which include AI for understanding and effectively managing:

- relationships between people
- communication styles and methods
- approaches to using technology, either to augment your people or replace some of them
- approaches to managing your own energy and emotions

An aligned leader will constantly be asking themselves whether they have the most effective and efficient tools which align with their team's needs and company vision in critical areas of:

- **Strategy** – Do we have a vision for where we are going and how to get there?
- **Culture** – Have we measured and validated our culture against a reliable benchmark?
- **Marketing** – Does our marketing plan include AI?
- **Sales** – Will our sales approach correspond to our marketing?
- **Leadership model** – Can our leaders define leadership clearly and consistently?
- **Assessments** – Are we using the most validated assessments for both hiring and evaluating?
- **Operations and finance** – Can we make operational decisions based on our current financials?
- **Forecasting** – Do we have an accurate, reliable forecast model, or have we bought into the mid-market philosophy that “you just can't know what the future holds so how can we forecast”
- **Values** – Do we know what our real values are? Do we live them, or are they only aspirational?
- **Purpose** – Have we provided our team with perhaps the most important and fundamental advantage an aligned leader can give them—a sense of purpose?
- **Benchmarking** – Can I measure what I do with proven, quantifiable data, or am I flying by my intuition? Following your intuition

is sometimes necessary for leaders. However, problems will arise if that is what you always use. If you are frequently heard saying “just trust me” or “I just have a gut feeling for this” or “go with me on this—I have a lot of experience in this area,” then you will be well served to consider the following. Gut feeling is good but when it doesn't work, you don't know why it didn't work, others typically don't trust it anyway, and you can't teach it to others. Use it cautiously; don't depend on it entirely.

Aligned leaders will have the most current and efficient tools, but they will learn how to use them, evaluate them, understand the outcomes that are generated by them, and constantly be looking to improve upon them. Aligned leaders love the Journey Out, because they view it as an adventure in learning. Learning will always keep you current and competitive.

CHAPTER 8

*The dysfunction you experience
on your teams and witness
throughout your company
starts with you.*

Chapter 8

Organizationally Smart & Organizationally Healthy

NEXT LEVEL LEADERSHIP is a philosophy that recognizes effective leadership principles of the past, teaching leaders how to build Smart Organizations as well as emotionally and relationally Healthy Organizations, both of which will be vital during the 2020s.

The leadership development of the past five decades has focused solely on making us “smart” leaders, teaching the actions and techniques that effectively grow the top and bottom lines. Being a smart leader is important and valuable, but it is not enough. Leadership focus of the past hasn’t given proportionate energy to developing leaders who are also integrated and therefore able to build health organizations.

In our decades of work with over a thousand mid-market companies in numerous industries and various levels of size and success, we have not met one dumb leader. They are all smart, but typically that expertise is centrally located in a specific function: sales, finance, product design, or marketing. However, we’ve also met a lot of smart leaders who are not prepared for today’s revolution, and their ego will not allow them to either recognize it or admit it.

Being Organizationally Smart is not the same as having a smart and charismatic leader. It is about leveraging the right tools and techniques that give the leader the right information and input to make smart and informed decisions. Many mid-market company leaders rely heavily on their voice, instincts, and personality as the primary tools of leadership when it's been proven that leading with decisive and confident action is more effective than just leading with words. Most mid-market company leaders validate their decisions and justify their positions based on how long they've been in their role. Just because they have been the CEO for 20 years doesn't automatically mean they have done a good job, but that is how they have come to value themselves and their authority (i.e.: "Since I've been doing this for 20 years I must be good at it and know a lot about it!").

Aligned leaders know that years on the job, while worth celebrating, don't negate the need for continually aligning themselves and their organizations. They are lifelong learners who understand how to evaluate and use validated tools that are efficient and effective (which is what their Millennial workforce wants). They practice techniques that are guided by education and experience. If you're not sure if you are pursuing alignment, ask yourself the following questions:

- What have you done to develop yourself lately that someone else did not pay for, that your boss did not make you do, that actually made you better at your job?
- What are you working hardest on right now to improve about yourself?
- What have you learned recently that changed your opinion about something, you previously thought was correct and who have you told about it?
- When was the last time you asked your team members what it is like for them to follow your leadership, and learned something you could improve?

Being Organizationally Smart has to do with the manner in which we hire people, how we lead and form culture, how we view, make and use profit, how we choose to embrace artificial intelligence in

our marketing, and how we choose to use technology. It's about specific actions that become standard within the organization.

Becoming a fully Integrated leader starts with your inner thoughts, feelings, and emotions. It requires you to take the Journey In. Your greatest technology is people and your relationship is your greatest advantage. You've heard the old saying "our people are our greatest asset" a million times. But central to this revolution is the fact that people no longer want to be an asset—they need to matter and belong.

In the coming decade, how we understand ourselves and relate to others will determine if we are also Organizationally Healthy. To build an Organizationally Healthy team, leaders must start with themselves. The dysfunction you experience on your teams and witness throughout your company starts with you. Becoming Organizationally Healthy will require great humility and the recognition that the vision must be bigger than you—you cannot do it alone or with the sheer force of intelligence and willpower. Nor can it be about preserving ego or maintaining image. You will need to recognize that the model you set for the team will become the team's motivation. Leaders will need to be adept at changing leadership styles to adapt to specific people and conditions while maintaining their integrity. The pandemic and social unrest of 2020 and the increasing rate of change will require leaders to be able to understand their people and the external and internal conditions impacting them. They must understand what they need and be able to adjust their styles and confront their assumptions rapidly.

Kevin Lefler and his team at PeopleBest identified six different leadership styles that leaders may need to utilize at different times, and with different parts of their team:

AUTOCRATIC LEADERSHIP STYLE

This style demands immediate change and compliance in a very directed manner. This "do as I tell you" style works well in times of crisis or turnaround situations where breaking old habits and implementing new ways of working is essential. However, this style

can alienate people and stifle flexibility and inventiveness or sharing, as people may be hesitant to contribute input.

COMPASSIONATE LEADERSHIP STYLE

This style works to create emotional bonds that bring a feeling of bonding and belonging to the organization. Very much a “people-first” approach, this style works best in times of stress, when teammates need to heal from a trauma, or when the team needs to rebuild trust. This style should not be used in excess, because too much reliance on praise and nurturing can foster mediocre performance and lack of direction.

CONSENSUS LEADERSHIP STYLE

This style builds consensus through participation, asking, “what do you think?” This is most effective when the leader needs the team to buy into something or if they are uncertain and need fresh ideas from qualified teammates. It’s not the best choice in an emergency, when time is of the essence for any reason, or when teammates are not informed enough to offer sufficient guidance.

MENTOR LEADERSHIP STYLE

This style identifies people’s unique strengths and weaknesses and ties them to personal and career aspirations, exemplifying a “let’s try this” approach. This style is the least commonly used among because it is time consuming, requiring repeated work with team members. It works best when the leader wants to help teammates build lasting personal strengths, and it is the least effective when teammates are defiant or unwilling to change.

NAVIGATOR LEADERSHIP STYLE

This style mobilizes a team toward a common vision and focuses on end goals, leaving the means up to each individual. A strong “join me” approach, it works best when the team needs a new vision, or when explicit guidance is not required. It inspires an entrepreneurial spirit and enthusiasm for the mission at hand. It is less effective when a leader is working with a team of experts who know more than the leader does.

RELENTLESS LEADERSHIP STYLE

This style expects extremely high-performance standards. It is used by leaders who are obsessive about doing things better and faster and demand the same of others. It's an approach of "do what I do, now," following a quick assessment of the reasons for poor performance. This approach works best when the team is already motivated and skilled. Used too often, this style can overwhelm team members and squelch innovation.

The increased rate of change will force leaders to respond more quickly, with more decisiveness, humility, and vulnerability. And it's rarely effective if you're flying by the seat of your pants or preoccupied with protecting your own ego. "Winging it" might get you a few wins, but leaders who learn to apply the modern knowledge gained by the collective intelligence of our 8,000,000,000+ worldwide population will undoubtedly perform the best.

Marshall Goldsmith, a renowned author and coach, said it best in the title of his book, *What Got You Here, Won't Get You There*.

In the 2020s, that has never been truer.

CHAPTER 9

Next Level Leaders do not use relationships as a weapon. They give their team the freedom to fail with the confidence that their relationship is not at stake.

Chapter 9

Next Level Leaders

THE MOST CHALLENGING and difficult self-assessment a leader can make is to look in the mirror and ask themselves,

“Do I really care about the success of my people and my company as much or more than my own?”

If the answer is not a resounding YES, you are not yet fully aligned and integrated.

In 2020, with people arguing on the national stage about how to respond to the virus; how to address police brutality; how to conduct business in the days of masks, social distancing, and public safety; how to handle forced shutdowns of businesses; how to deal with debt, rents and fiscal responsibility; how can leaders put their people’s interests ahead of their own? After all, a single decision may support some but infuriate others.

You’ve probably seen the emotional impact of the events of 2020 on your people. We’ve certainly seen it in the streets of our cities. For some, it has resulted in increased stress and irritability. Others have become more anxious, concerned, or depressed. A select few have

thrived. Many are contemplating their life choices, career choices, and overall happiness. Companies are paying a lot of money to have therapists on staff to provide emotional support for their executives.

In assessing executives over the past 25 years, 31% fit into a category we describe as a “Right Red Position.” This is a measurement of a person’s natural tendency to become more noticeably reactive—both mentally and physically—when under stress. This means that in a crisis or stressful situation at work, they will show heightened concern, become more emotionally volatile, become less resilient, have outbursts, and feel things intensely. This heightened, anxious state totally shuts down their ability to connect with their emotional intelligence and almost always leads to relational disintegration. Those who have made the Journey In have become fully Integrated and will be equipped to manage the “Right Red” situations in emotionally and relationally responsive ways.

Being Aligned and Integrated as a leader will also allow you to lead with confidence and conviction in the age of social media where everyone can post their opinions and ideas about how to run a company. Being a leader also means you will be vulnerable. To be vulnerable means you are “woundable.” There is no way to take on the mantle of leadership without the risk of being wounded, criticized, and scrutinized, attacked, and judged. Countless leaders spend many sleepless nights second-guessing themselves, their decisions, and their qualifications as a leader. Many leaders judge themselves harshly and simultaneously defend themselves with incredulity. In the end, they feel exhausted, lonely, and trapped between their need to be right and their desire to be liked. An Aligned and Integrated leader will lead with humility and conviction, possessing a willingness to be wrong, and openness to feedback, and rest in the confidence of his or her convictions. They will not react defensively in the face of feedback or fold under the weight of criticism. Their chief aim is not to prove themselves. Their mission is to help both their organization and their team members fulfill their potential.

Dealing with these personal, emotional, relational, and social realities is challenging for a leader who is not Aligned and Integrated. The impact of the technological revolution makes it an especially daunting task. However, it's important to focus on your people more than your technology and your ego. Bob Chapman, CEO of Barry-Wehmiller, summarizes it well: "We bring humanity and dignity back to the workplace by inviting people to own the process. Machines, systems, and procedures exist to serve people, not the other way around."

Chapman uses the term "responsible freedom" to describe the culture at Barry-Wehmiller:

Taking personal responsibility for getting others to implement strategy is the leaders' key polarity. It's the existential paradox of holding yourself 100 percent responsible for the state of your organization on the one hand, and assuming absolutely no responsibility for the choices made by other people, on the other hand... You cannot choose for them. In most cases, that in itself will be a strong motivator for the people whom you want to cultivate. The leader's role is less to heal or to help than to enlarge the capacity for responsible freedom!

It starts at the top—always, with an Aligned and Integrated Leader.

For the past five decades, the market has lectured us about the importance of leadership, recognized us for growing the top and bottom lines of our business, and building profit, often at a personal cost that was excessive. We learned if we did not want to pay the price, there was always someone standing in the wings to take our place (with the Jack Welch performance strategy of eliminating the bottom 10% of performers each year).

Yet even the best leadership programs struggle to find a balance between creating Aligned and Integrated leaders. Many leadership books become predictable because they discuss numerous concepts

without a clear definition. But it's difficult to understand and apply both concepts, and the path to becoming a good leader requires both.

To see examples of unhealthy leadership, look no further than what's happening with CEO tenure in public companies. Over the past 10 years, the average tenure for a CEO was just five years in S&P 500 companies, down from six. Why the change? The reasons include ethical and moral issues, mental and emotional health concerns, inability to relate to culture, poor performance, lack of integrity, and inability to change during these times of rapid change. When you evaluate the high-profile changes at WeWork, Juul, McDonald's, Uber, Lyft, Under Armor, Nike, GE, CBS Network, Nissan, and Intel, you will find that they have resulted from failures in leadership related to building healthy cultures and managing relationships.

For high-profile public examples of lasting leadership, look to CEOs like John Chambers at Cisco, Warren Buffet at Berkshire Hathaway, Alan Mulally at Ford, and Indra Nooyi at PepsiCo. All have been successful over the long term because they understand how to connect with and grow their people.

When we look back through the different economic eras of the US, it's easier to see how we ended up where we are today. In the agricultural era of the 1800s, people operated in familial units where trust and security were essential components of their work life and survival.

In our decades of developing leaders, we've created a comprehensive path that takes them on a journey that prepares them for the leadership battles to come. Like many roads, this path leads in two directions, the Journey In and the Journey Out. The directions are symbiotic in nature, expanding on known leadership concepts while giving executives more depth and experience in the varied elements of total leadership development. It's a path to learning better tools and techniques, but also to the hugely important emotional awareness and development that will be required of leaders in the coming decade. Together, the Journey In and the Journey Out guide leaders through the internal and external elements of leadership, bringing

more efficacy to their leadership, more enjoyment in their work, and more longevity to their contribution.

Leaders rarely fail because they are not smart enough, but smart leaders going into the next decade are much more likely to fail or burn out if they are not fully Aligned and therefore cannot build Smart organizations. And they are guaranteed to fail and burn out if they are not fully Integrated and aware of how to build Healthy Organizations. Our environment has changed significantly over the past few years, and everything points to more dramatic changes coming our way that will demand more out of our leaders.

The first half of this Age of Information and Communication has dramatically increased the flow of information and learning worldwide. Over the past decade, there have been significant validated discoveries about leadership, the human brain, and how to understand people. Those who learn from these discoveries will distinguish themselves from those who continue to apply dated leadership assumptions and practices during these new times.

We've spent significant space in this book writing about the evolution of artificial intelligence, automation, and the digitization of value because there's no question that markets, industries, and mid-market companies will be transformed. Some types of jobs will be eliminated. However, other types will be created.

We are by no means trying to send the message that technology is coming to replace you. Technology will optimize some functions, but people's roles will evolve and they'll in turn use this technology to improve their work, life, and companies.

We frequently remind clients that "leaders and their company can choke to death a whole lot faster than they can starve to death." This comment is to alert them to the fact that mid-market company leaders in the 2020s can be easily overwhelmed by attempting to consume, embrace and respond to all the changes coming their way. And those who are at the greatest risk of choking to death will

be those who attempt to take on too many changes and are not fully Integrated and Aligned as leaders.

The strongest companies will have leaders who are trained to understand and adapt to these changing environments the quickest. As mentioned earlier, our Next Level Leadership development adheres to the “constructive disruption” mindset. To build the effective leader of tomorrow, you have to tear down some of the inherited wisdom of the old and build from the ground up with relevant and applicable research. This constructive disruption approach opens up new pathways and methods of thinking to enable your people to know that they matter and that they belong, and to empower them to perform at the peak of their abilities.

Next Level Leaders must be willing to ask for help and own their limitations. They must take responsibility for the impact of their actions or inactions. Next Level Leaders do not use relationships as a weapon, but give their team the freedom to fail with the confidence that their relationship is not at stake. The Journey In toward being integrated and relationally and emotionally healthy is a place to which leaders of the past half-century have rarely if ever dared to venture. And if they have, it has often been in response to an unfortunate and avoidable personal and professional catastrophe. The destiny for the Next Level Leader is to demonstrate and communicate that they are placing the good of the people and organization ahead of their own interest.

This may sound counterintuitive since most leaders used power to get to the top; that is why this change may become destructive for some and constructively disruptive for others.

The Next Level Leader must be able, as Tyler Cowen, the highly acclaimed, widely published, economics professor at George Mason University, and the holder of the Holbert L. Harris Chair of Economics, has said when describing the qualities, characteristics and focus of the new leader, to effectively understand and relate to the contemporary human experience:

All companies are becoming tech companies and the CEO will still be required to do what they have always done, but the modern-day CEO will also have to become a successful philosopher. A good CEO must have a reasonably well-rounded sense of nearly the entirety of the contemporary human experience, whether as a worker, consumer, funder, media communicator, or political activist. In reality, there is no other job that is as philosophical.

In other words, fully Aligned and Integrated leaders in the next decade will be able to build both Smart and Healthy Organizations.

A fully Aligned and Integrated Leader in the 2020s might best be described as a “Warrior-Monk”—a leader who battles and competes using the new tools and techniques that are designed to work in this rapidly changing marketplace, and who is able to embrace the relational aspect of connecting with their people because they have the Emotional Intelligence and Relational Integrity required. We start with the Journey Out and then complete the Journey In on the road to becoming both fully Aligned and Integrated as a leader—one who is most likely to build both Smart and Healthy Organizations.

Next Level Leaders will be required to grow their capacity to identify, feel, and take responsibility for their emotional state in order to decrease anxiety, decrease stress and increase relational connectedness, all of which will enhance the capacity of the Next Level Leader to sustainably lead their team with the hope and courage necessary to pursue and achieve big goals.

Next Level Leaders in the coming decade will need to understand and practice relational leadership. Emotional intelligence is key to strengthening relationships. Historical models, the ones we have used for five decades, have been based largely on manipulation, control, fear, and shame which have perpetuated a spirit of distrust and disunity between leaders and their teams.

Next Level Leaders will be required to lead in a relationally oriented way without compromising high standards of excellent work. Past

leadership models recognized and rewarded workaholism, dysfunctional interpersonal relationships, imbalanced notions of work-life balance, and several other occupational hazards that threaten leaders and their teams.

Next Level Leaders build Smart and Healthy Organizations that can withstand the rapid, social, technological, generational, financial, and political changes of the next decade.

The path for leaders in the next decade is four-dimensional:

**¹ Validated Tools + ² Guided Techniques =
Leadership Alignment**

**³ Emotional Intelligence + ⁴ Relational Integrity =
Leadership Integration**

**Leadership Alignment + Leadership Integration =
Next Level Leadership**

Next Level Leadership is not about an ascent to power. Leading at the Next Level is a mindset that moves beyond the bottom line and sees past a title. A leader can function at the Next Level anywhere in the company, regardless of title or position. Next Level Leadership creates healthier, more effective, and fully formed leaders who enhance their potential and increase their capacity to contribute in a meaningful way, while also creating more valuable companies for employees, owners, and stakeholders.

If the concepts in this book resonate with you, and if you want to take the Next Level Leader's Journey – both In and Out – and are prepared to follow the path, instead of trying to find the pill, then we encourage you to join our community. Just visit **edmundson.group** and click on the Leadership Training link at the top of the home page . . . we will meet you there.

About Edmundson Group

Edmundson Group is a professional services advisory firm recognized for its unique skills in the development of business strategy, leadership and management training, financial measurement and marketing tools, and customized employee assessments for mid-market companies across a multitude of industries.

Their team includes:

- Ken Edmundson
- Shad Berry
- Jim Sagar
- Nick Setchell
- Dennis Koerner, PhD

Visit them at **edmundson.group**.

About the Authors

Ken Edmundson

Ken is a creative, unique multi-level business thinker. He is the Founder, Chairman, and CEO of the Edmundson Group. Ken's 20+ years of experience as a business owner and CEO, coupled with his 20 years as an executive coach and trainer, have given him keen insights and understanding as to how a person's hard-wired DNA, their life script, belief system, education, relationships, values and experiences all factor into the results a person eventually gets from their career efforts. This program takes the best lessons from Ken's 40 years of executive experience and puts it into a curriculum that will engage, teach, entertain, impact, equip, and transform the executives who participate.

Ken is the author of: *ShortTrack CEO: How Mid-Market CEOs Attain Their Personal Goals; Listen, You're Trying to Tell You Something;* and *Teamwork: The Five Assurances of a Functioning Team.*

Shad Berry

Shad is Co-Founder and CEO of Kardia Collective (kardiacolcollective.com), a coaching, counseling, and consulting agency dedicated to helping people lead with courage, hope, and freedom. Shad has been integrally involved in the leadership of private and non-profit organizations. He is gifted in the emotional and relational components of leadership and their impact on organizational health and sustainability.

Over the last twenty years, Shad has built, developed, and led teams in both the private and non-profit sectors whose success was defined not only by their results but also by the quality of relationships they shared. A relationally driven leader, he aims to help leaders grow their capacity to build authentic relationships with their team to

improve the organizational health, operational efficiency, and mission success without compromising their emotional, mental, and familial health.

Jim Sagar

Jim is the founder and CEO of Rehinged.AI, a studio company of Hinge Capital that uses AI for modern market research and market intelligence to interpret market patterns, trends, product market fit, and market responses and identify target customers at scale.

As an entrepreneur, Jim has previously co-founded Qlutch Marketing, providing tools and techniques for marketing agencies and mid-market companies to design and execute marketing strategies, and Medelis in 2003, an oncology contract research organization which he guided from formation to its sale in 2016.

Jim's professional interests include AI, blockchain, fintech, market research, market intelligence, data science, brand strategy, content marketing, strategic marketing, venture capital and the psychology of human behavior.

Jim is the co-author of: *ShortTrack CEO: How Mid-Market CEOs Attain Their Personal Goals, Strategic Marketing for the SME* and *The Strategic Marketing Process - 2nd Edition*.

If you study historical technology disruption cycles and their impact on society and peoples' lives, a pattern emerges that explains what is happening today and gives clues to what we can expect over the next decade. Next Level Leadership is a 60-minute read wherein we provide a perspective of what is occurring in the marketplace now and what this means for you, your business, your team and your leadership style – today and for the next decade.

"The development of awareness and intentionality can be the most gratifying, empowering, and fearful challenge we take on as leaders. The development of relational leadership is pivotal to our emotional health and ability to inspire commitment from others around us. The tools and information taught in The Next Level Leadership have the power to change your life and perspective. It teaches you to inspire those around you, to control that relationship killer we call ego, and develop the peace and productivity that only unity of team can provide. Do not pass up the challenge of learning steps to the Next Level Leadership."

JOHN Q HITE IV, BRYCE CORPORATION

"I had never done an in-depth leadership study before like the Next Level Leadership program. I quickly discovered that many of my peers go thru the same daily challenges and moments of self-doubt that I experience. Every section of the work is well-structured, seamless, and each one builds upon the previous one. I strongly recommend the Next Level Leadership work for any leader, new or experienced, who wants to relate more effectively to those they lead."

STEPHEN BRAMLITT, CONFLUENT STRATEGIES

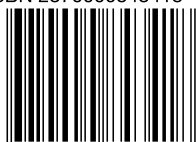
"What a tremendous experience to go through the Next Level Leadership work! From day one I was blown away with the amount of knowledge Ken and Shad brought to us from their experience in the CEO world. They taught how to identify and maintain critical values for your company and how to create a competitive advantage as a leader. I am so grateful to have been a part of this year-long experience."

JASON WOODS, COMMUNITY MORTGAGE

"True leaders are in a constant state of refinement personally and professionally, while also carrying the weight of their many responsibilities. The insights that Ken and Shad have incorporated into this Next Level Leadership system have allowed me to reflect on my own internal struggles, to connect with and embrace the feelings and emotions that affect my daily decisions. Business leaders at all phases of their career development would benefit from understanding and applying the knowledge shared by Ken and Shad. It has definitely helped me to grow as a leader in constant refinement in our changing business world."

CHRIS FUSSELL, F.S. SPERRY COMPANY

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