

The Ambidextrous Senior-Leadership Team

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When companies rise or fall, senior management typically receives the praise—or blame. It's understood that the strategies and actions of the CEO and his or her direct reports can make or break a company. In the face of faltering performance and missed opportunities, corporate boards will change the captain and other players on the team. But how does senior leadership drive high performance? What recipe do successful senior leaders follow, and what lessons can we learn from them?

Answers to questions like these are part of the high-performance-business research currently under way at Accenture. In particular, we hypothesize that the quality of the leadership team has great significance for an organization's ability to execute – what we refer to as its performance anatomy. The research discussed in this report was initiated in an effort to refine that hypothesis.

Insight into the impact of senior leadership on organizational performance requires a window into the C-suite, the late-night whiteboard sessions, the public debates, and the private phone messages through which senior executives translate strategy and power into fateful decisions. Leadership experts with unique access to senior teams provided us with a glimpse through that window. (See "Our Research.") We probed execu-

tive coaches, top management recruiters, leadership consultants, and retired senior-leadership team members for insights into the inner workings of top teams. What, we asked, are the behaviors that distinguish effective from ineffective leadership teams? What impact do those behaviors have on organizational performance?

The answers we heard confirmed our suspicions about the complex nature of organizational leadership: no one revealed the "one best way" to organize at the top. But the experts did agree on three "negative" principles:

Cohesive, collaborative senior-leadership teams are not necessary for high performance. Despite the fondness with which many leaders and consultants speak about teams (and no matter how often management journals extol their virtue), we were reminded repeatedly that some of the most successful companies are headed by individuals who demonstrate little regard for teamwork at their level. And some top groups call themselves teams but behave more like dysfunctional families.

There are no simple recipes for successful top-management organization and behavior. Life in the C-suite, we were told, is rife with contradiction. For example, top executives have to manage for today as well as for tomorrow; excel at strategy while executing flawlessly; and drive unrelentingly for efficiency and standardization while everywhere encouraging innovation.

While most executives can articulate leadership principles, the truly effective ones act on them. Our experts revealed that the secret of effective leadership is that there are no secrets. All the resources are in the public domain: the same books, courses, consultants, and coaches are available to high and low performers. Leaders and laggards understand the importance of strategic vision, decisiveness, empowerment, and execution. Effective leaders just get the job done.

This research also bolstered our hypothesis about the connection between leadership behavior and sustained high performance: what matters is the ability of top management to flex in response to the circumstances a company faces. In some instances, top leaders need to be able to change themselves; that is, to adjust their own behaviors, work styles, decision-making processes, and even their role to fit new situations. In other cases, external agents, often boards of directors, need to be willing and able to intervene when they spot a mismatch between the needs of the business and the behaviors of top management. Thus, rather than conclude that there is only one best way to organize at the top, we suggest that the secret ingredient behind top management's contribution to high performance is its ability to identify and implement work styles and decision-making processes that most effectively address the situation it faces. In other words, the secret ingredient is *ambidexterity*.¹

What It Means To Be Ambidextrous

We use the term ambidextrous as sportswriters do when they describe an athlete who can throw equally well with his right and left hands. In individuals, the origin is often genetic. In organizations, it is acquired through practice. To be ambidextrous, top management has to monitor its environment to understand what is required of it, and it has to monitor itself to know its own preferences and predilections, strengths and weaknesses, and readiness for change. Then, it must act.

Ambidexterity also accords with something we heard repeatedly in our interviews: on a spectrum of leadership modes anchored by teams on one end

and hierarchies at the other, most senior leaders tend to be comfortable operating at only one end. Ambidextrous executives, however, are flexible enough to move across the spectrum, or to switch modes, when they need to.

Teams Versus Hierarchies

Teams and hierarchies are each well-suited to a distinct set of conditions and each has characteristic strengths and weaknesses. (See Exhibit 1.)

What Teams Do Well

A true top-leadership team shares many of the attributes we normally associate with any high-powered team, whether in manufacturing, product development, marketing, or sports. Scholar and consultant Jon Katzenbach defines a

team as a group of people with complementary skills who work inter-dependently and feel mutually accountable for achieving shared goals.² Business history and lore abound with examples of companies whose senior leadership rallied as a team to accomplish extraordinary things—think of J&J's response to the Tylenol crisis, Tesco's strategic reinvention in the face of declining sales and competitive threats, and GE's decade-long transformation from ungainly conglomerate to agile enterprise. Undoubtedly, visible CEOs played huge roles in those and other instances; but, according to insiders (some of whom we interviewed), success also required the collaboration, creativity and esprit de corps of the top management team.

Exhibit 1: Strengths and Weaknesses of Teams and Hierarchies

Mode of Leadership	Strengths	Shortcomings
Team	<ul style="list-style-type: none"> • Collective insights and judgments establish a strong foundation for complex decision making • Shared goals, understanding, and accountability ease cross-functional and cross-unit implementation • A collaborative environment promotes best-practice and knowledge sharing 	<ul style="list-style-type: none"> • Can take too long to arrive at a decision • Developing shared goals, understanding, and accountability can take significant time and effort • Can fall prey to unhealthy competitiveness or groupthink
Hierarchy	<ul style="list-style-type: none"> • As sole decision maker, the CEO can make faster decisions • Clear chain of command makes for swift implementation across individual units • Individual and independent accountability serves as a powerful motivator for group members 	<ul style="list-style-type: none"> • Can leave complex decisions to one person who might not have enough knowledge or expertise • Cross-functional and cross-unit implementation and innovation requires coordination that most hierarchies have not developed • Independence of members can lead to insularity, minimal knowledge sharing, and company fragmentation

Teams at the top are extraordinarily good at gathering insight and making complex, enterprise-wide decisions. When there is a strong sense of mutual accountability and shared fate, individual egos recede in the face of the need for sound decisions. For example, Amgen CEO Kevin Sharer has attributed his company's ability to grow rapidly over the past four years to the trust he has tried to instill in his leadership team: "I trust them. That means I give people a lot of freedom and flexibility and authority...We really work together as a team rather than a rubber stamp operation for me."³ Sharer's team even meets privately with the board every year to collectively review his performance.

Teams also excel in driving the transformational changes vital for innovation and growth, changes requiring the cooperation of broad, cross-functional groups within the organization. Procter & Gamble's senior team is so collaborative that CEO A.G. Lafley has been labeled "the un-CEO."⁴ When Lafley took the reigns in 2000, P&G's stock was falling rapidly. Through focused but cross-functional change initiatives, Lafley and his team have beaten the competition, as well as Wall Street expectations.

Teams can also be invaluable in helping a company cope with the ever-growing number of stakeholders. For example, executive coach Kevin Cashman has spoken of top companies measuring performance with a triple bottom line

(customer, employee, and financial), a trend that is spreading fast among progressive companies worldwide.⁵ As another expert emphasized in conversation with us, "The difference between a good company and a high-performance company is that the high-performance company is performing against many objectives, not just against shareholders' requirements."

Where Teams Fall Short

Teams are not good at everything. Indeed, our panel of experts underscored the amount of energy required to build and maintain a successful collaborative team. As one of our authors pointed out in a previous publication, learning how to lead as a team requires more than an off-site team-building event, but rather long-term, on-the-job practice.⁶ Moreover, the senior-leadership environment is often not conducive to high-quality teamwork. Jon Katzenbach casts doubt on the whole concept of a top team: "It is all too easy to label a senior leadership group as a 'top team.' Few self-respecting CEOs ever admit to not having a real team at the top... [but] there is little work done as a real team."⁷

Executive coach Cliff Bolster suggests a reason for this lack of teamwork: "At the very top there is only one job left and there are no other advancement opportunities." Indeed, many executives who rise to the senior-leadership ranks have done so because of their aggressiveness, personal ambition, healthy egos, and extraordinary drive—not the most promising raw material for collaboration on shared goals. Moreover, while teams may produce better decisions in complicated and ambiguous situations, they typically take a lot more time to reach the point

of decision. They are also vulnerable to groupthink. As coach and author John O'Neil of the Center for Leadership Renewal explains, "When a team gets it right, they tend to ride the groove, and that is where mischief takes place. Strategy easily turns into sacred repetitive foolishness."

The Benefits of Hierarchy

Leadership hierarchies possess their own strengths and weaknesses. With the CEO as the principal decision maker, a hierarchy can be an extremely efficient mode of leadership, capable of making fast decisions, mobilizing resources, and executing strategy. Hierarchies do not expend valuable time and resources on collaboration or what one coach referred to as "the care and feeding of the team."

Because of their clear chain of command, hierarchies often work well in companies operating in an environment in which strategy is relatively straightforward and operational excellence is paramount. One leadership expert talked of a retailer that prospered as a result of the tenacity and laser-like focus of its CEO, whom he termed a "benign dictator." The company was focused on executing a long-term differentiation strategy. According to the CEO, there were no complicated strategic decisions. Execution was all that mattered. Under these conditions, the expert told us, "The boss ruled. He was brilliant and clear in his vision. He kept everyone focused and on task."

Hierarchies generally do a better job of staying on track and keeping score. In part, this is because the division of labor among executives is visible and clear and each is held accountable for his or her performance. Measurement and accountability promote faster and smoother implementation of strategy, as well.

Hierarchies may also be advantageous when urgent situations call for decisive and swift programmatic change. In a dramatic example of top-down driven change, when Ed Breen took over the helm of Tyco in 2002, he quickly fired 290 of the scandal-ridden company's 300 highest-ranking managers and pushed for the replacement of the entire board of directors. Breen's decisive leadership style and swift, sweeping changes to Tyco's governance and compensation systems helped pull the company back from the brink of bankruptcy. Of the biggest companies wracked by scandal in recent years, Tyco has been described as "the lone success story."⁸

When Hierarchies Falter

Hierarchies stumble, however, when they confront complex problems; try to implement complex, cross-boundary, large-scale solutions; and face game-changing disruptions in the competitive environment. For example, a hierarchical CEO who has neither the benefit of the right personal expertise nor the faith in the completeness of the solutions

he has been offered will not resolve complex problems effectively. Similarly, when companies try to tackle issues or implement solutions that cut across the existing division of labor—for example, the knotty problems of optimizing the supply chain in a product-based organization or applying a common information architecture to different businesses or functional groups—hierarchies often reinforce existing boundaries rather than break them down. Moreover, in times of major disruption, such as the emergence of a breakthrough technology that makes existing skills and competencies obsolete (such as voice-over-Internet protocol) or a new competitor with a revolutionary business model (such as Wal-Mart's category-busting strategy), hierarchies are often slow to recognize the need for change, fractious in figuring out how to respond, and ponderous in implementation.

The Ambidextrous Advantage

As long as conditions remain stable, senior leaders may persist in teams or hierarchies for a long time—long enough, in some instances, for that style to become part of the culture of the organization. However, when conditions change, especially when they change quickly and dramatically, senior leaders may find themselves stuck in a structure that, while comfortable, no longer makes sense. It is our hypothesis that leaders in high-performance businesses—those that achieve sustained high levels of shareholder return—either become ambidextrous voluntarily or have it imposed on them from the outside. Not surprisingly, the former is much more pleasant than the latter.

What does it take to for top management to become ambidextrous? Two words: readiness and practice. Ask a wrestler or a tennis player about the right stance to assume when preparing to take on an unfamiliar opponent or to receive a serve. The answers you get will probably have a lot to do with relaxation, concentration, and preparation for the unexpected. Ambidextrous senior managers contribute to high performance by adjusting to circumstance: they become hierarchies when circumstances demand rapid action or discipline in execution, and they become teams when they confront complexity or turbulence that demands a creative response.

However, the flexibility and fluidity that characterizes ambidextrous senior management is not merely an act of will. It requires practice. In much the same way that master craftsmen, magicians, and martial artists make the extraordinary seem ordinary—ordinary, that is, until a novice attempts to replicate what they have done—ambidextrous senior managers need to practice, practice, practice so that they can respond to developments before others even take notice of them. In other words, practice is the key to readiness and readiness is the key to ambidexterity.

Practical Advice for Teams and Hierarchies

If your company's business situation is in flux or management finds itself wrestling with contradictory demands, it is time to take stock of just how ambidextrous you are. Exhibit 2 summarizes the most common senior-leadership pitfalls mentioned by our panel of experts.

If top management is not performing to full potential and would prefer to change itself before the board of directors imposes change, it might want to consider the recommendations of our panel of leaders, coaches, and recruiters:

Work from the same playbook.

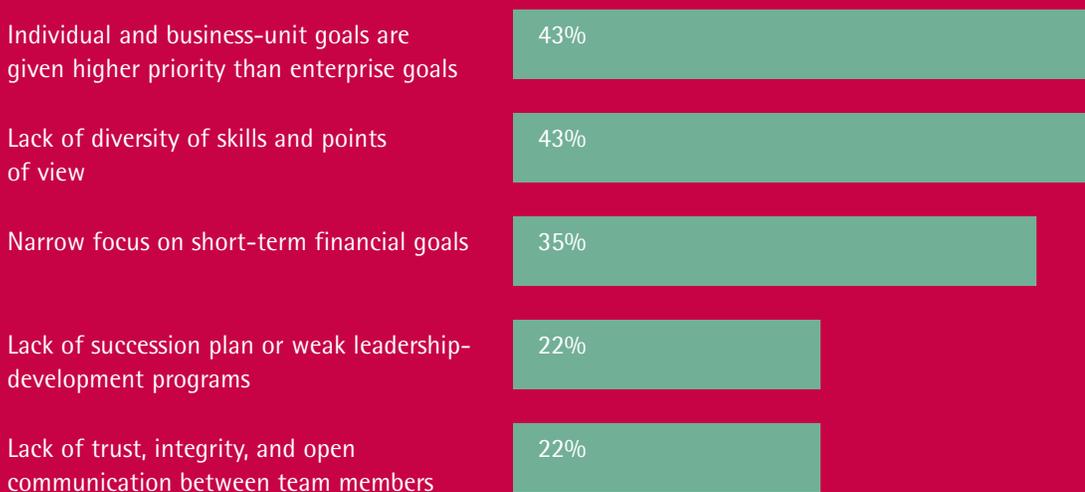
Nothing retards ambidexterity like confusion about basic goals, objectives, and models. Indeed, leadership coaches stressed repeatedly that when top management stumbles over decision making and communication, the downstream consequences are often enormous. When critical decisions fail to get implemented or result in widely divergent outcomes, it is often because top management has not taken the time to agree on and communicate the organization's main value drivers, long-term goals, strategies, key initiatives, and performance metrics.

Changes in top-leadership style cascade down throughout the organization. To avoid confusion, top management needs to establish clear ways in which to communicate shifts in the company's

leadership mode (team or hierarchy) as well as the rationale for such changes to everyone in the organization.

Practice: Test for shared understanding of the leadership mode frequently in senior-management meetings. Create short, easy-to-explain summaries for members to use when communicating to the organization. Confirm that decisions are understood and agreed on before they are communicated. Limit the number of initiatives senior management endorses to those that matter and then track progress and enforce accountability. "Most companies have hundreds of low-level initiatives with unclear mandates and time frames," explains Bob Frisch, a

Exhibit 2: What are common roadblocks to successful senior leadership?



managing partner of The Strategic Offsites Group, “and as a result, 90 percent of these initiatives end up just being talk.”

Take diversity inventory. Diversity that leads to high performance is diversity of viewpoint, experiences, and skill sets, not necessarily demographic diversity. Senior management needs to reflect all the critical functions, markets, stakeholders, and skill sets needed to drive your business. Even when operating as a hierarchy, senior leaders need to be able to raise and challenge routine assumptions to prevent convention from short-circuiting creativity and to head off groupthink.

Practice: Assign advocacy roles to ensure that all critical viewpoints are voiced. Encourage members to constructively challenge each other, express diverse viewpoints, and play different roles (such as visionary, customer expert, or devil’s advocate). Consider replacing members or inviting adjunct members to create more diversity of viewpoints and skills. Recognize that the ability to collaborate as a team is appropriate but does not preclude people from voicing differences of opinion or taking orders in a leadership hierarchy. Encourage the development of cross-organizational teams to share knowledge and create innovative solutions.

Build bench strength. Ambidextrous senior management makes a point of developing and rewarding high performers who exhibit a broad array of strengths, styles, functional areas, skill

sets, and points of view. They encourage top talent to seek out experiences and roles in different business units and international markets. They provide leadership development in areas like communication skills, interpersonal skills, and self-awareness.

Practice: Ensure that the organization has a leadership pipeline—a stream of candidates for senior-management positions—with the right combination of hierarchical and team leadership skills. A leadership pipeline is not the same as a conventional succession plan; it is, instead, a process for growing leaders at all levels of the organization. Building the foundation for this pipeline requires a comprehensive leadership-development program that emphasizes the importance of ambidexterity.

Cultivate self-awareness. To remain responsive and adaptive, ambidextrous senior leadership consistently reassesses the group’s current operating mode, as well as the group’s collective strengths and weaknesses. Members monitor their progress toward group goals, observing when the group runs off-track or loses focus. To prevent group gridlock, they also work to gain awareness of how they are perceived and how they perceive others.

Practice: Bring in resources from outside the group to provide additional information or expertise, and replace members who no longer suit team needs. Do not be afraid to consult a professional. Breaking nonproductive patterns of inter-personal behavior often requires an outsider’s prospective.

Monitor your competitive landscape. Like birdwatchers, ambidextrous senior leaders are adept at recognizing industry or market patterns in complex, ambiguous, information-rich environ-

ments. They sense weak signals and subtle changes in the business environment and adapt their behavior and structure accordingly. Through frequent communication with stakeholders and experts inside and outside the company, successful leadership, in the words of Stephen Miles, a principal in Heidrick & Struggles’ Leadership Services consulting practice, “pulls in outside information from the competitive landscape and creates a semi-permeable membrane between the company and the external environment.”

Practice: Actively network with market and industry experts, but do not stop there. Colleagues and stakeholders in professional, charitable, and social organizations can provide unique points of views that challenge established assumptions. Develop a more inclusive scorecard with metrics that measure stakeholders’ perception and satisfaction (employees, customers, and the community) and watch for changes and patterns in the data that might signal imminent changes in the business environment.

No Secret Recipe

In today’s complex, rapidly changing global businesses, the critical importance of capable leadership, starting at the top and cascading through all levels of the organization, is growing dramatically. Because of the dizzying pace of change, economic and market uncertainty, and the increasing challenges of workforce commitment and engagement, senior leaders are under tremendous pressure. That explains the

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How Ambidextrous Is Your Senior Leadership?

	To a small extent	To a great extent	
Work from the same playbook			
Senior leaders are closely aligned when it comes to the company's business objectives and how they are to be achieved.	← 1 2 3 4 5 →		
When senior managers have made a decision, they go forth confident that everyone will speak with one voice.	← 1 2 3 4 5 →		
When senior leaders shift their leadership style between team and hierarchy, they clearly communicate changes and the rationale for them to the organization.	← 1 2 3 4 5 →		
Take diversity inventory			
Senior leaders ensure that the views and needs of major stakeholders (businesses, employees, customers, shareholders) are adequately represented in the decision-making process.	← 1 2 3 4 5 →		
Dissenting opinions are encouraged in senior decision-making circles, and the devil's advocate is a valued role.	← 1 2 3 4 5 →		
Build bench strength			
Several competent and respected internal candidates exist to replace current senior leaders.	← 1 2 3 4 5 →		
A broad and diverse base of leadership talent participates in a strong leadership-development program.	← 1 2 3 4 5 →		
Cultivate self-awareness			
Senior decision makers understand when decisions are to be made unilaterally by the CEO, when they are expected to provide counsel and advice, and when a majority or even a consensus is needed to act.	← 1 2 3 4 5 →		
Senior leaders stay on track. They don't meander. When they do meander or get sidetracked, the CEO or another member refocuses them.	← 1 2 3 4 5 →		
Monitor the competitive landscape			
Senior leaders set aside time to actively network with a broad array of stakeholders, colleagues, and industry experts.	← 1 2 3 4 5 →		
Leaders use an inclusive scorecard to monitor metrics that reflect all stakeholders important to the business and benchmark themselves against competitors.	← 1 2 3 4 5 →		
		Grand Total	

Total of 11 - 26 points = Inflexible.
 Your senior leadership misses the mark. Changes in your business environment could catch your senior leadership off-guard and unable to respond. Invest in your team's adaptability and flexibility by practicing the skills of ambidextrous leadership.

Total of 27 - 41 points = Aspiring.
 Your senior leadership strives to master the skills of ambidextrous leadership. Examine those areas where you gave your leadership a 3 or below and take action to correct those deficiencies with intervention and practice. Leadership adaptability and readiness require care and attention, but this investment pays off in improved future company performance.

Total of 42 - 55 points = Ambidextrous.
 Your senior leadership has mastered many of the skills of ambidextrous leadership. Polish weaker skills to enhance adaptability even more. The greatest risk for your senior leadership now is complacency. Keep practicing and keep the leadership on its toes in order to maintain readiness.

thousands of books and other sources of advice on leadership that have popped up in recent years, offering silver bullets and clear blueprints for success. In reality, however, there is no secret recipe.

Smart companies cultivate ambidextrous senior management because they recognize that there is more than one way to lead a high-performance business. They adopt the senior-leadership mode that best suits their business, industry, and strategic future. Companies best served by collaboration at the top invest time and energy in building strong, cohesive teams. But businesses without a strategic need for a top team may operate more efficiently as a hierarchy. In either case, they must invest in readiness so that they can change modes when the business situation demands it. The magic formula for high-performance senior leadership is not a static checklist or secret recipe but a continuous process of practice, evaluation, and improvement.

Our Research

We interviewed 33 senior-leadership experts, including:

- Senior-executive recruiters from companies such as Heidrick & Struggles, Korn Ferry, and Spencer Stuart
- Senior-executive coaches from companies such as Dialogos, Executive Coaching Network, Personnel Decisions Institute, and Strategic Offsites
- Retired senior leaders

Our sources have extensive experience with leading companies across the Americas, Europe, and Africa, and most are published authors in the area of senior leadership.

About the Authors

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The Accenture Institute for High Performance Business creates strategic insights into key management issues through original research and analysis. Its management researchers combine world-class reputations with Accenture's extensive consulting, technology, and outsourcing experience to conduct innovative research and analysis into how organizations become and remain high-performance businesses.

Notes

- 1 Tushman and O'Reilly use the term ambidexterity to describe successful companies with the capacity to exploit the present with incremental gains and explore the future with radical innovations. See Charles O'Reilly III and Michael L. Tushman, "The Ambidextrous Organization," *Harvard Business Review*, April 2004. We are using ambidexterity to describe the ability of top senior leaders to switch between operational modes of team and hierarchy.
- 2 Jon R. Katzenbach, "The Myth of the Top Management Team," *Harvard Business Review*, November-December 1997. See also Steve W.J. Kozlowski and Bradford S. Bell, "Work Groups and Teams in Organizations," in W. C. Borman, D. R. Ilgen, and R. J. Klimoski (eds.), *Handbook of Industrial and Organizational Psychology* (John Wiley & Sons, 2003).
- 3 Paul Hemp, "A Time for Growth," *Harvard Business Review*, July-August 2004.
- 4 Katrina Broker, "The un-CEO," *Fortune*, September 16, 2002.
- 5 Visit the Global Reporting Initiative site for more information about this initiative at <http://www.globalreporting.org>.
- 6 Robert J. Thomas, "Leading as a Team," Accenture Institute for High Performance Business, Research Report, January 17, 2003.
- 7 Jon R. Katzenbach, "The Irony of Senior Leadership Teams," *Journal for Quality & Participation*, May-June 1998.
- 8 Shawn Tully, "Mr. Cleanup," *Fortune*, November 15, 2004.

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