



## LEADING FROM THE SIDE

How leadership is changing

### Introduction

We live in an age of diminished leadership. Formerly trusted institutions have been damaged by bad, absent or criminal leaders. Who can look at national politics, global brands, social media giants, or even the church without wincing at their failure to lead? While the global outpouring of grief in 2013 after the death of Nelson Mandela was a tribute to a truly great world leader, didn't its excesses betray our fear that he may have been the *last one*?

However, separate from the public domain there is a new kind of leader working very hard to adapt to new conditions in the twenty-first century. Our study into modern leadership has found that good leaders are alive and well. We find that today's most successful leaders are more likely to be leading from the *side* than the front. They are leader-coaches bringing the best out of their teams. And as their observations about themselves reveal, they are highly self-aware and self-critical.

We have had conversations with two panels of 50 leaders from different large, UK-based organisations across the private, public and third sectors over seven years between 2014 and 2021. The conclusions we originally drew in 2015 did not change – until the pandemic hit.

We have updated our original reports (this one and its companion-piece [LEADING FROM WITHIN](#)) but the impact of the pandemic was so great we researched and wrote a separate piece [LEADING THROUGH THE PANDEMIC](#), working with our digital partner Granite 5, focused on membership organisations, but representative of all.

Our three reports build on each other to form a single, definitive, coherent set of insights and conclusions about what good leadership looks like today and will be like in the future.

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Some are born with innate leadership qualities that are recognised early on. Others discover latent abilities much later. These are the timeless qualities of ambition, drive, clarity of purpose and the ability to take people with you.

### 2. Learning to Lead p4

Leaders learn from direct experience of good and bad leadership. Someone or something will have helped to spark or improve on natural ability. Leaders are inspired by example, ideas, education – and luck.

### 3. Nurturing Leadership p5

Instead of identifying hero-leaders to emulate today's leaders admire qualities of leadership that are more widely shared. They shape the best model for their organisations and nurture leadership capabilities in others.

### 4. The Courage to be Me p6

Good leaders have the courage to be themselves, and are comfortable with building their own, personalised models of good leadership. They are the complete embodiment of the organisation's values and their own.

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Good leaders look through a telescope at the outside world and translate it into their organisations. Conversely, employees and a technologically-enabled world can study and access the CEO as if through a microscope.

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Using innate gifts. Learning to lead. Nurturing leadership. Self-awareness. Humility. Resilience. Embodying what you believe in. Talking openly about values-laden things. Bringing in the outside world. Being open to scrutiny.

This is Leading From The Side.

## Born to Lead

Nothing prepares a CEO for the first day leading an organization. 'You feel like you're ten feet underwater,' says a leading industrialist 'with big rocks on your feet and the water running very, very fast. I wasn't ready for the sheer deluge of it.' This feeling of unpreparedness is also a fact. The role of CEO is unique. There is no other job like it in an organisation. 'If you talk to my Mum, who's in her eighties now,' says a leader in the food industry 'she'll say I wanted to be in charge from birth. It's always felt natural. But when you are made CEO, nothing trains you for the emotional turmoil.' Furthermore, everyone from board directors to customers is telling you how to do your job.

When you become the leader your perspective shifts back-and-forth between macro and micro. 'Suddenly I was the only person who could see the whole business,' says the CEO of a high street retailer, 'I was exposed to absolutely everything. On the same day I could be working on a major strategic issue with staff and dealing with a customer gripe in Chichester.' Leaders need the eyes of a hawk, which can take in an entire landscape and at the same time pick out the trail of a vole.

The increasingly complex demands of the role are compounded by the speed and suddenness of market disruptions. The speed of innovation and imitation means competitive advantages are short-lived. Social media means you are on call, all the time. As the European head of a global brewer says, 'We're fair and open game.' Leaders have to listen more and move faster. The complexity of their role is one of the reasons why, when asked at a dinner party what their job is, so many CEOs reduce their roles to minor ones ('I am a milkman,' 'I sell beer') or tell white lies ('I am a gardener') to avoid lengthy explanation.

The question is, what are the qualities that enable good leaders to keep their heads above water? The first issue to consider is innate versus learned leadership – the ancient theme of nature versus nurture. Everyone we interviewed recognised that the ability to lead is more or less innate. But which *qualities* are in a leader's DNA, and how, when, and why they *reveal* themselves, is a more subtle question.

For some CEOs, there were early signs of the leader within. Boys (mainly) who had been made captains of sport in (usually) private schools realised they might be onto something when 'he is too competitive' cropped up on their school reports. Boys (mainly) that went to state schools and made it to good universities 'copied the public school 'classic leader' type - it was easy to pick up' (CEO, clothing). Others, inspired by role-models, decided they wanted to be captains of industry in their teens. For these individuals, the Ascent of Leader-Man was as inevitable as it was natural. Somehow, they always ended up leading their peers. Playing up, and playing the game.

Others discover latent leadership ability much later. Most entrepreneurs we interviewed became leaders as a by-product of pursuing a world-changing idea. Their motivation was to create something different. 'I am building a business that attacks the demoralising norms of the archaic, over-protected world of banking,' says a leading peer-to-peer lender, adding 'I was never, ever the leader-type identified by the investment bank I worked for. They just didn't interest me.'

Every interviewee agreed the most important innate qualities required to be a good leader. Unsurprisingly, these are ambition, drive, clarity of purpose and the ability to take people with you. This is not a menu; to lead a large organisation well you have to be first class at all four. These are seen as timeless, classical qualities: 'Leadership skills were the same for Caesar as they were for Patton' (CEO, fashion). You are born to lead.

## Learning to Lead

A CEO in financial services cautions, 'People get into position but turn out not to be leaders. Real ambition and drive often turn out to be the missing qualities. You can't learn to be a leader,' she adds. The truth is: she *did* learn. Her father ran a factory, and when she graduated he gave her a new, specialist chemical product to take to market. She learned everything on the job and after twelve months had achieved £1 million in sales. Now she is running five different businesses she has 'people like my father' to whom she turns for advice. Every leader we spoke to told a similar story about someone who helped them spark or improve on natural leadership ability. Each story is personal and unique, but the underlying theme is identical: by luck or judgment, either an individual showed them what great leadership looked like, or an experience spurred them on to become a better leader.

Fathers loom large in leaders' formative stories. A CEO in the leisure industry has a very strong sense of generational growth and improvement. His grandfather was a docker, his father an entrepreneur, and he himself was the first member of his family to go to university. The CEO of a leading environmental organisation describes how seeing her mother struggle after her father left home made her swear she would never be put in a similarly vulnerable position. 'It made me hard-nosed and enormously driven to succeed,' she says. Another speaks of his admiration for his father, who studied his way out of the mine and retired as a director of Rolls-Royce. He was an alcoholic, and his son the European CEO carries his father's Alcoholics Anonymous coin with its serenity prayer everywhere he goes. 'It talks about knowing what you can change, and knowing what you can't change,' he says, 'Dad prepared me.'

Working for good leaders is essential education. A serial leader in local government describes how, having surprised herself by landing her first CEO role aged twenty-eight, 'a fantastic, experienced local party leader prevented me making an idiot of myself. Since then I've surrounded myself with a few, hand-picked, experienced advisors.' 'Without brilliant delegators I wouldn't have had the chance to lead,' admits another. A leading ethical banker began his career by joining the British army regiment his father commanded. He remembers his first leadership-moment: 'I was out on an exercise. I was wet, cold and miserable. Then an officer tapped me on the shoulder and said 'You're in charge for the next twenty-four hours.' I felt a massive mental change - the cold disappeared, energy coursed through me and I know I had to lead and protect my men. I've worked hard to motivate those around me in more mundane roles ever since.'

Good leadership is also spurred on by inspiring ideas. 'In my twenties I read Saint-Exupéry's *Wind, Sand and Stars*' says a financial services entrepreneur, 'the final chapter, which is about what gives meaning to life, marked me. It changed me.' 'You supplement what's there,' says the CEO of a utility 'fifteen years ago I did a masters in corporate leadership at Harvard. The theory, case studies, simulations were very powerful. I use what I learned to this day.'

The experience of bad leadership is equally formative. One CEO worked for a public leader whose 'interpersonal skills button was set to off as its default. He had zero empathy, among other hints at psychopathy. Did I learn from him how not to behave? You bet.' A leading regulator says he learned most from observing bad leaders. 'In my earlier years', he says 'I assumed leadership was synonymous with extrovert, dynamic, egotistical men. It isn't. It's absolutely not about projecting personality and power. It's enabling people to do things, not barking at them.' [Download [LEADING FROM WITHIN](#) for a larger study of bad leadership]

As Napoleon noted of his generals: successful leadership means being lucky. Being lucky to have a family background that spurred you on, to emulate or escape; and to learn from searing personal experience of good and bad leadership.

## Nurturing Leadership

Given the dramatic growth of the cult of celebrity in every medium and sector, and the prominence of a handful of our more egomaniacal business leaders, it is to be expected that every CEO would have a gallery of heroic mainstream business figures and a library of their sacred texts. The surprising truth is: they *don't*.

Not a single CEO would identify a hero-leader they aspired to be. As a leading entrepreneur puts it, 'I'm more interested in traits than individuals. Personality-driven style isn't right today, and won't be right for the future.' The ego-driven CEO is dying out. 'Ten to fifteen years ago there were bullies at the top of my sector,' observes the CEO of a leading network of bars and clubs, 'ruthless, tough bastards - they're disappearing fast.'

Clearly there is a trend away from emulating individual leaders to appreciating *qualities* of leadership that are more widely dispersed. A leader in healthcare admires the leader of his local council. 'I heard her speak about why her highly-effective leadership was rooted in values and relationships. I completely buy that.'

Because these CEOs are balancing their own capabilities and values with leadership qualities they observe in the world outside, they are shaping highly personal models of what good leadership should be - shaping the right model for them, and for their organisations. They are not bolting on heroic best practice. Instead, they are nurturing leadership capabilities in others.

A senior civil servant and ex-colonel puts it succinctly: 'I demand people to demand of me. I lead my team by helping them do things. 'Serve to Lead,' as they teach you at Sandhurst.' CEOs point out that they are first among equals, and that they would be happy to work for any of the leaders on their senior teams. One of the first things successful new CEOs do is stop trying to be the expert in the business and start using the expertise of others. A CEO in the media goes further. 'You have no actual power,' he says, 'no-one is obliged to do what you say.'

'I didn't set out to be "the leader," says the CEO of a utility, 'I'm no dictator. I am innately collaborative, part of a strong coalition of individuals. People don't change the way they are around me.' A financial services entrepreneur says 'It's not something I feel, 'being in charge' – 'driving things forward is a better description. 'Are you in, guys?' is my schtick, not 'You're coming with me.'" They are both completely relaxed about their leadership being positioned at the *side* of their teams – not at the front.

Consequently, leaders feel a huge weight of responsibility for their immediate team, all the people who make up the organisation, and the families they in turn support. As a leader in Cambridge's silicon fen argues, 'the vital competence for a CEO is people-management. It's the only competitive advantage you can't buy on the open market. I really, really care about our people. This gets results. I used to be told I was too nice to get to the top. Well - now I am top.'

The currency of this kind of deep care, which demands a high level of emotional intelligence, plus advanced coaching and feedback skills, is the ability to build trust whilst developing future leaders. A CEO in the media illustrates this with a story from his travels. He had asked for a cheese and tomato croissant at Prêt in Birmingham airport. His server said they'd run out and asked for two minutes to make him one. She gave it to him, apologised for the wait and refused payment. When asked who had given her permission to give away product free, she said no-one: staff were encouraged to do what they thought was right.

## The Courage to Be Me

A leader that doesn't know what she or he stands for isn't a leader. A CEO in the housing sector says, 'You have to be the exemplar of what you and your organisation stand for. You have to embody your values one hundred percent - or you're slipping.' An entrepreneur who is shaping businesses to change the way capitalism works takes a tough line. 'Behaviours must mirror values or your currency is devalued. If they don't, change the business model and sling out the people.'

'We are finally coming to terms with the myopic falsehoods 'greed is good' and 'devil take the hindmost,' says a leading financier. Good leadership injects itself like an antibody into an organisation's bloodstream so that people automatically do things in the way the leaders would want them done. Values are the invisible hand for driving behaviour.

For today's leaders being themselves is an act of courage. 'I was never brilliant at anything,' says a Head of Europe for a drinks company, "do more, do everything' was me. Then, aged 32, I discovered what I was better at than anyone else - my personal X Factor. It was communication, motivation and inspiration. That's me. It's that simple. It makes me an outlier on a board of engineers but so be it. I still make my numbers.' Leaders like him do not attempt to cover every angle of a 360 degree understanding of their competencies, because they don't need to. 'You don't say to Lionel Messi - play centre back, will you? You get someone better to do the job,' he adds.

One leader we spoke to is a qualified psychotherapist. 'You absolutely have to know yourself to be a leader,' he says 'hence the psychotherapy. You have to know what you are great at, and what not - and compensate. I have addressed this with my team. I am now prepared to be vulnerable in my leadership role. I am real. I am me. This is vital in moments of crisis when a strong directional lead must be taken - people will follow better if one is strong, real and vulnerable.' He is a long way from the alpha male stereotype and typical in opening up his gentler side to scrutiny.

One of the most striking things about the leaders we interviewed is how different they are from one other, and how comfortable they are in their own skins. We asked them which aspects of their personality helped them most in doing their job. The CEO of a leading healthcare company identifies two things: 'Hanging on very, very hard to the belief that we are all just human beings with issues to sort out,' and being 'very quick to see patterns, see ways forward and ask the right questions of the right people.' She is typical in her ability to see herself clearly and objectively, as if in the third person. 'Half way through my ten-year tenure,' she says, 'I decided to be me - completely me. That my way was a good way.'

To be a good leader you have to have the courage to be yourself, and feel completely comfortable with building your own, personal model of good leadership. Leading from the side takes many individual forms.

## The Telescope and the Microscope

A local government leader points to the failure to get outside perspective as the reason so few private sector leaders make a successful transition into national and local government. 'It simply isn't true that a good leader can lead anything,' she argues, 'really understanding the context in which you are operating is the key.'

Good leaders look through a telescope at the outside world and translate it into their organisations. The CEO of an international hotel group focuses on delivering quality by exploring innovation in other markets and categories. He encourages his company to look outside-in all the time. 'With hotels, you will have the best and worst, anywhere in the world. I focused on the worst and ways to move them up towards the best. If a hotel can't move up, it moves out. We were the first hotel group to continually put the five most recent trip advisor reviews of each hotel on our website - warts and all. We have to be completely transparent to the world we're in. Can you imagine if the banks had done that?' Many CEOs are devolving the more operational aspects of their roles to engage more closely with the outside world.

'I was in awe of the City before I took this job,' says the CEO of a FTSE 250 company, 'actually, they're pretty average. They're no smarter than me, they have no special insight. They just do a different job.' This perspective equipped him to navigate the company through a huge governance issue. 'I learned there is far too much focus on a specific point in time, in the City and in The News. Everyone focused on our debt and possible bankruptcy. It could have destroyed us. CEOs should be judged holistically, on their total years of tenure. I think surviving this was my best work as CEO.' His ability to persuade the City to take the long view saved his company.

Whilst leaders need a telescope, employees study them under a microscope, then broadcast loudly to the business. A leader said in a canteen that he liked rhubarb crumble. Rhubarb crumble - which hardly anybody else liked - stayed on the menu forever and he got the blame. Being a CEO, he says, is like being on 'a flat, windswept, dusty plateau with just you on it.' Nobody ever asks their CEO out to lunch - you're seen to be far too important and busy for that. It's lonely at the top – yet everyone is tuned in to the tiniest thing you say.

And it's not just people in the organisation who are looking through the microscope. A technologically-enabled world means everyone else is, too. Leaders have to respond to more communication, with more people, more often, which blurs the distinction between home and work. One CEO protects what he calls 'slivers of time' to protect his family relationships. He also uses other slivers to surprise his customers by responding to their questions and challenges by personal email, at all hours of the day and night.

Modern technology means that one of the main problems facing leaders and their teams is distraction, especially email and social media. One leader described how, when he started as CEO, each member of his senior team typically had two devices on silent in meetings. 'The day I drowned a vibrating iPhone in a waste-bin full of water was the day it stopped.' One entrepreneur is launching an attack on email and social media in favour of personal conversations. Another has waged war on all forms of pettiness: 'We have a rule that says, Don't be a dick. Nitpicky shit is banned.'

## Leading From The Side

Most of us who aren't leaders get ground down by having too many problems. We feel out of control, stressed and exhausted. Some get ill. When problems disappear, the reverse is usually true. However, it doesn't work like this for leaders. They love having problems to solve. They are physically and mentally energized by things that drain the rest of us. They know they can't solve all the problems themselves, and don't seek to. But they absolutely have to be in the thick of it.

This love of problem-solving is the reason why leaders speak so warmly about the times when it all goes wrong, because they learn and are tested the most in a relatively short time. 'I'm very calm when things don't go right,' says one, echoing many, 'I quite like crisis-management because I know how to sort things out with my team.' 'The bad things are the best things because that's how you improve,' says an entrepreneur.

But today's CEO can't have all the answers. Because life is so complicated, the role of leader can no longer be based on knowing more than anybody else and issuing expert instructions. 'I don't need to be the smartest guy in the room,' says a CEO in the food industry. Or as an entrepreneur puts it, 'command-and-control is no longer strategic - it's tactical'. Of course, leaders must take command at times. A CEO in leisure describes taking key decisions as if it were a pack of cards with four jokers - the jokers being 'do this' directives. He believes that if he were to play more than four jokers in a year he would lose credibility. 'Use them sparingly', he counsels 'because it is dangerous to become, or be seen as, the lone solver of problems.'

Good leaders believe passionately that they can make things better and they change the things that don't. They close the gaps between what their organisation values and the way it behaves. They nurture leadership in others, especially their own team. They are energized by problems rather than worn down by them. And while they treasure their natural abilities, they readily point to the people and events that taught them most on their way to the top. Several leaders are very concerned that the opportunities to learn that helped them early in their own careers are being denied to a new generation in more risk-averse times. They want to leave the world a better place, in a very personal way.

'The best thing,' says a CEO in financial services, 'is being an instigator of positive change. Building, growing, benefitting people – that's an incredible personal satisfaction. It's about getting life into it all.'

Using innate gifts. Learning to lead. Nurturing leadership in others. Self-awareness. Humility. Resilience. Embodying what you believe in. Talking openly about values-laden things. Bringing in the outside world. Being open to minute scrutiny.

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