

# Anything Can Be Trained

## Core Competencies of the CEO of Tomorrow

Nowadays, executives are facing a multitude of challenges: How can their organization be and stay successful in times of globalized economies?

How does digital transformation affect their industry, their company? Is their business model endangered to be turned upside down by disruptive innovation? And: How can top talent be attracted and retained – a generation Y workforce that is not only asking for flexibility but is also keen on knowing how the organization they are working for “gives back to society”?





An entrepreneurial mindset is not only for founders. Rather, an entrepreneurial mindset is the most crucial core competency of executives who work in existing – even large – corporations. The technical term describing an entrepreneurial mindset in the context of existing organizations is “intrapreneurship” and already dates back to the 1970s. The second core competency of future CEOs is the capability to be systematically curious or, in other words, to be able to broaden the own perspective constantly. The difference between systematic curiosity and just being curious about anything and everything is the direction behind it: Systematic curious executives are seeking opportunities for their organizations, are curious on behalf of their mission.

Macro trends such as globalization, advancement of technology, or demographic change and their societal impact have been subject of research, publications, as well as political discussion. For decision makers within organizations, these macro trends add to the strategic challenges when aiming at sustaining a competitive advantage. Rather than discussing the impact of macro trends on strategic decision-making, we would like to look at the core

of change, interconnectedness, availability of data, market disruption, and a new generation of workforce. These four core competencies are:

- ▶ entrepreneurial mindset
- ▶ systematic curiosity
- ▶ ability to deal with uncertainty and complexity
- ▶ global mindset

In the subsequent paragraphs, we will elaborate on these competencies and derive some conclusions on how to train or enhance them. In addition, we will provide an example of an Executive Education program, which addresses all four core competencies in a unique and innovative way.

#### ABOUT THE AUTHORS



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competencies of executives, which we deem relevant for successfully tackling the resulting challenges. These challenges include: How can we successfully internationalize our organization? How can we sustain our Unique Selling Proposition with more and new competitors from other regions entering our market? How can we make use of data in a meaningful way? Which parts of our business are affected by digital transformation, and how can we implement it? Moreover: How can we attract and keep talent in our organization? How can we identify disruptive innovation as early as possible, and which resources do we have in place to react to it?

Based on our experience in providing Executive Education programs, we have found four competencies that are highly related to the challenges of an ever-increasing speed

The technical term describing an entrepreneurial mindset in the context of existing organizations is “intrapreneurship” and already dates back to the 1970s.

So, what does an entrepreneurial mindset entail? Entrepreneurial thinking and acting is a very broad concept encompassing a variety of capabilities, for example: being opportunity-driven, considering costs and budgets, being customer-oriented, being able to create a vision for the organization or business unit, translate it into a strategy and being able to operationalize this strategy into action items, and, lastly, to be driven towards innovation.

To illustrate the competency ‘entrepreneurial mindset’ a bit further, we draw upon the idea of “jobs to be done” by Christensen et al. (2016). Triggered by the poor

results of a McKinsey poll among senior executives about success of innovation initiatives within their companies, the authors suggest to “...identify poorly performed ‘jobs’ in customers’ lives – and then design products, experiences, and processes around those jobs” (Christensen et al. 2016, 58). One explanation pointed out by the authors for the rather low success rate of innovation initiatives within organizations is that companies rely on correlations when they analyze customer data. Instead, Christensen et al. suggest to base market research and then innovation initiatives on the idea of causality: What is the ‘job’ our product / service performs for our customer in the moment he consumes it?

Following Christensen’s et al. concept, the ability to pose the question of “What is my product’s / service’s job to be done?” is one distinct way of demonstrating an entrepreneurial mindset. It also encompasses the ability to ask and answer relevant follow-up questions, as for example: Is the job solely functional, or does it have an emotional or social component? In addition: Can we identify areas of non-consumption and explain them?

#### SYSTEMATIC CURIOSITY

The second core competency of future CEOs we would like to point out is the capability to be systematically curious or, in other words, to be able to broaden the own perspective constantly. The difference between systematic curiosity and just being curious about anything and everything is the direction behind it: Systematic curious executives are seeking opportunities for their organizations, are curious on behalf of their mission.

This core competency, in our view, entails the ability to ask and explore three important questions: Firstly, what can I learn from other industries? A very prominent example for this is Airbnb – the founders explored and successfully applied the sharing

economy idea to the hospitality industry. The second question would be: How can I systematically question what we are doing; can I proof credos in my organization or in my industry simply wrong? An example for this is Motel One – the founders showed the industry credo “customers want big hotel rooms” does not hold true. Last, the third question a systematically curious executive would ask: Do I know how we actually create value for our customers?

Thus, systematic curiosity has to do with seeking opportunities outside the usual box, learning from other industries, or foreign markets, and embracing heterogeneity as well as new ideas. Key to systematic curiosity is to establish an organizational culture that allows for ambidexterity. This means, to be highly efficient and effective on the one hand, and to allow for experimentation on the other hand. Christian Illek, Chief HR Officer of Telekom, is quoted with the importance of ambidexterity for the success of organizations in times of fast changes, digital transformation, and market disruption (Obmann 2017, 58).

### ABILITY TO DEAL WITH UNCERTAINTY AND COMPLEXITY

Executives are confronted with decision-making under uncertainty and in complex situations all the time. In particular, technological advancement has contributed to both increased uncertainty and complexity – described by the term “big data”. Recently, the term VUCA has been used quite a lot to further structure the idea of uncertainty and complexity. VUCA is the abbreviation for Volatility, Uncertainty, Complexity, and Ambiguity. Bennett / Lemoine (2014) elaborate the challenges that come with each of these facets and derive abilities how to successfully master them.

- ▶ Volatility deals with fluctuations or instable situations. The challenge is to be prepared for these fluctuations, e.g. with additional resources.

- ▶ Uncertainty can be described as “... cause and effect are known” (Bennett / Lemoine 2014), however, there is a lack of enough information. One approach to uncertainty is to accumulate and interpret information to be better able to understand the cause and effect relation.
- ▶ Complexity inherits the idea that things are too interconnected to grasp all information at once. To be able to tackle complexity, it is a good idea to, for example, develop specialists for a topic.
- ▶ Ambiguity describes the notion of cause and effect are completely unknown. Approaching ambiguity means experimentation to figure out causal relations.

In summary, all four facets of VUCA imply different actions from a decision maker. Executives today and the future generation of company leaders need the capability to master them.

### GLOBAL MINDSET

Business has become truly global – in terms of markets, customers, competition, as well as workforce. Intercultural competency is a necessary ability when entering new markets, leading international teams, collaborating with suppliers from different regions, and so on. When looking at the top German Business Schools that offer a postgraduate Master in Business Administration (MBA), all of the curricula are highly internationally oriented; a study tour abroad is a mandatory element of the degree program. The idea is to prepare future executives for a globalized economy by providing cultural immersion to enhance intercultural understanding.

In our view, a global mindset encompasses more than intercultural competency and knowledge about different regions or markets in the world: We add the idea of societal impact on a global scale. In particular, with Generation Y being part of the workforce and moving up the career ladder, the

quest for contributing to society on a broader level as part of a work environment becomes more and more important.

### ENHANCING COMPETENCIES THROUGH EXECUTIVE EDUCATION

Having the four core competencies described above in mind, a very logical next question would be: Is it possible to train or enhance these capabilities? Our answer is yes – through executive development programs. Almost all organizations have executive development offerings in place, either internally organized in a corporate university, or externally organized in collaboration with executive education providers. In the subsequent paragraphs, we will give an example of how all four core competencies are addressed within one executive development program.

Together with the social enterprise Bookbridge, WHU Executive Education has developed the “General Management Plus Program”. This executive development program is targeted at high potentials with leadership experience, preparing them for a more responsible role within their organizations. The General Management Plus Program entails a mix of presence days in Germany as well as in an emerging economy, and e-collaboration.

### GENERAL MANAGEMENT PLUS PROGRAM

During twelve months participants acquire knowledge in strategy formulation, financial literacy, strategy implementation, and leadership. At the same time, our participants are fully responsible entrepreneurs by applying their newly gained knowledge in a real life entrepreneurial challenge. This entrepreneurial challenge is to plan and implement a learning center which is run as a sustainable social enterprise in a remote area in an emerging economy, for example Mongolia, Cambodia, or Sri Lanka.

The learning center is not a charitable organization depending on donations, but a social business built on a business plan. Its objective is to enhance job and life chances in rural areas with little or no access to education, enabling local communities to further educate themselves through books, internet-based learning, and peer-to-peer training.

The four core competencies of future CEOs are all designed into the General Management Plus Program. By explaining this executive development program a bit further and sharing our own experience, we hope to trigger new ideas, and spark creativity for the design and delivery of executive development programs.

- ▶ **Entrepreneurial mindset** The General Management Plus Program is designed to be an experiential learning initiative. Participants are equipped with entrepreneurial concepts and frameworks, such as the Business Model Canvas Method or the lean start-up method, and have to apply this to build a business plan for their own enterprise. In our experience, the level of engagement of participants is significantly higher in contrast to a simulation game or a paper case study. In a secure environment, participants experience all challenges that come with being an entrepreneur – and derive valuable conclusions for their workplaces. Participants are encouraged to think about the “jobs to be done” for the customers of their learning center while they build their business plan and pitch it to a real investor.
- ▶ **Systematic curiosity** While working on a business plan for their social enterprise, participants are exposed to a completely unknown environment. The ability of being systematically curious is trained by transferring own knowledge into this unknown context. In addition, the participant groups are quite diverse in terms of industry and educational background. This in our ob-

serva-tion triggers learning from each other, also a way of being systematically curious.

- ▶ **Ability to deal with uncertainty and complexity** As the learning center is located in a rural area in an emerging economy, participants also learn how to deal with uncertainty. Many things work very differently in the project locations so that changes in the business plan and during the implementation of the business plan happen frequently. These changes encourage flexibility to adapt to new circumstances. Complexity is added through the different stakeholders who have a say in the project.
- ▶ **Global mindset** Participants work closely together with a team from the rural community where the learning center will be set up. This means intercultural competency is directly trained through the interaction with the community team. In addition, participants value the social impact their business generates. Enhancing a global mindset has been the catalyst for designing the General Management Plus Program: A few years ago, we noticed a development within several HR development departments, elucidating that employees feel the urge to contribute to a more just and sustainable world not only in their personal, but also in their professional lives. By integrating social responsibility into an executive development program, we transform participants into responsible leaders and enhance relevant core competencies at the same time.

## IMMERSE INTO AN UNKNOWN ENVIRONMENT

Experiential learning is at the core of the General Management Plus Program. Participants have actual responsibility for the success of their business plan, not a theoretical one; they interact with a different culture, immerse into an unknown environment, and experience the difficulties

and opportunities of e-collaboration. At the same time, a societal impact is generated: Until today, 47 participants of our General Management Plus Program have successfully founded four learning centers in Cambodia, Mongolia, and Sri Lanka. These learning centers have catered to about 180,000 customers, thus enhancing educational opportunities in particular for children with little access to education.

## CONCLUSION

In this article, we have outlined four core competencies of the future CEO: entrepreneurial mindset, systematic curiosity, the ability to deal with uncertainty and complexity, and, last but not least, a global mindset. We argue that all core competencies can be trained or enhanced through executive development programs. The advantage of systematically fostering those competencies within the context of an educational program is that future leaders can test newly gained skills, knowledge, and insights in a secure environment. As an example, we have described how the General Management Plus Program addresses all four core competencies in a unique and innovative way. ●

### Literature

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