



Business requires a new breed of leader to navigate the increasingly complex challenges that modern companies face.

We call these leaders "networked generalists," and their strength lies in their ability to simultaneously address a multitude of issues in an interconnected manner.

These leaders must have experience working in high-risk and uncertain environments, be comfortable making decisions with less precise data, and bring a holistic perspective that enables them to look at problems and identify solutions from a much wider vantage.

But to understand the networked generalist and the context in which they are needed, we must first understand how the current context came to be

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An intensifying new world disorder

Throughout the second half of the 20th century, the global economy benefited from the post-WW2 new world order that sought to integrate countries into a competitive, but peaceful, global economic network. This business paradigm rewarded specialization and competition, encouraging increasingly niche markets and the rise of increasingly specialized business leaders.

But around the turn of the century, a new world "disorder" developed, reflecting increasingly complex geopolitical relationships and breakdown of the norms that previously governed them. Characterized by extreme political polarization, widening social inequalities, and rapid adoption of new technologies, this disordered reality challenged global institutions – including multi-national companies – to adapt.

In recent years, this new world disorder has intensified, with the addition of new social dimensions--responding to the COVID-19 pandemic, addressing the racial reckoning that spread across North America, and complying with government sanctions on Russia after it invaded Ukraine--compounding its effects.

A paradigm shift for business

As multinational companies expand, supply chains grow increasingly global, and geopolitical risk emerges in new, unpredictable ways, companies are being challenged to provide answers to new questions:

- · Should our business focus on creating stakeholder value, and if so, how?
- How can we expand our business in emerging markets without costly unintended consequences?
- What is our level of exposure to geopolitical risk? What is our plan in the event of significant crises?

37%

Percentage of business leaders who feel prepared to address geopolitical uncertainty

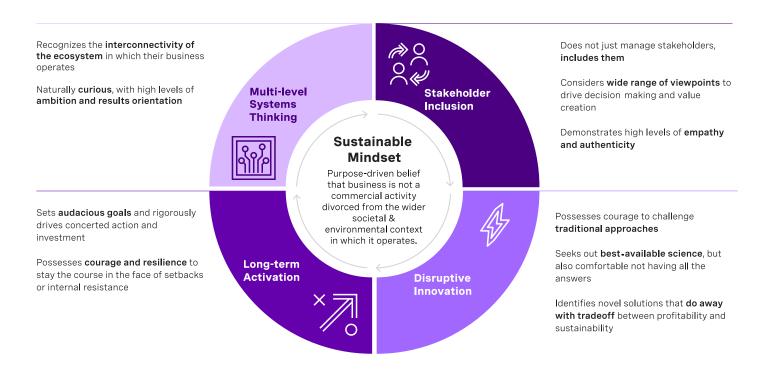
This paradigm shift has also disordered the decision-making processes that specialization was designed to optimize. The interconnectedness of our systems means problems are harder to predict, can no longer be solved independently from one another, and cannot be anatomized in the ways that businesses are used to. The consumer is no longer the sole preoccupation of companies, as leaders now need to consider their roles as members of a society and as environmental and social change agents at the local, national and global level. Negotiating this new world disorder requires companies to more rigorously evaluate political and social events and more carefully assess the links between political, economic, social, and financial risk factors.

It is therefore no surprise that a recent RRA study of board and C-suite leaders found that only 37% of business leaders feel prepared to respond to geopolitical uncertainty. A specialized and siloed approach to problem-solving is no longer a relative competitive advantage, and a leadership model that reflects this approach – for example, relying on board members' expertise – may be a disadvantage to companies that ultimately need to make decisions using an "outside-in" perspective.

The rise of the networked generalist

Enter the networked generalist.

Networked generalists are a subset of what RRA has defined as "sustainable leaders." Our model of the sustainable leader (see Figure 1), identifies the attributes that define this type of leader: namely a mindset that business does not operate in a vacuum, divorced from the wider societal and environmental context in which it operates. Instead, these leaders understand that to be successful in the long term, companies must innovate and manage across commercial, societal, and environmental outcomes. When activated by a sustainable mindset, the attributes below enable leaders to champion real change within their organizations by driving to the core of organizational strategy and culture.



 $Source: Leadership for the Decade of Action: UN Global Compact-Russell Reynolds \\ Associates study on the characteristics of sustainable business leaders, 2020 \\$

Therefore, networked generalists are sustainable leaders with specific personal and professional experiences and connectivity across sectors, resulting in expertise that transcends a single industry.

Importantly, companies must not seek to replace their current ranks of specialists with networked generalists – to be sure, the value of specialized expertise remains vital to organizational success. However, companies will benefit from the leadership of networked generalists who can lead the breakdown of siloed hierarchies in support of unlocking organizational bottlenecks and serve as catalysts who foster connection, dialogue and cooperation both within and across organizational boundaries.

When combined with the leadership attributes of a sustainable leader, the experience and connectivity of the networked generalist become particularly valuable asset to companies seeking to navigate the new world disorder and the unique challenges it presents.



The Networked Generalist in Action

Consider the position of the chief executive of a multinational oil and gas company, at any given point in the last year:

- The war in Ukraine has both amplified calls for an accelerated energy transition and temporarily caused the price of crude oil to skyrocket;
- The lingering COVID-19 pandemic continues to complicate both supply chains and demand patterns;
- National and multilateral regulatory bodies such as the US Securities and Exchange Commission (SEC) and European Commission are demanding increasingly more technical disclosures around greenhouse gas emissions and other environmental, social and governance (ESG) factors;
- · Rising sea levels resulting from climate change threaten much of the company's offshore drilling infrastructure.

How should this chief executive think about addressing these - at times - contradictory macro trends? From whom should she seek input about how to adapt the company's short and long-term strategies in response? Her executive leadership team - though highly adept at managing "within the four walls" of their company - has neither the macro perspective nor the precision of data they are accustomed to in making recommendations. Meanwhile, her board signals a reticence to make bold moves until the long-term macro trajectory becomes clearer.

Consider then how access to any one of the outside perspectives below might aid in her decision-making:

- A former OECD Prime Minister and current chair of a multilateral funding platform with strong connections to regulatory decision-makers
- The chair of the civil society organization establishing norms and guidance for science-based targets for carbon emissions reduction
- The CEO of a major consumer goods company who has had to navigate negative public narratives about his company and industry's labor practices and redesign the company's supply chain to eliminate human rights abuses



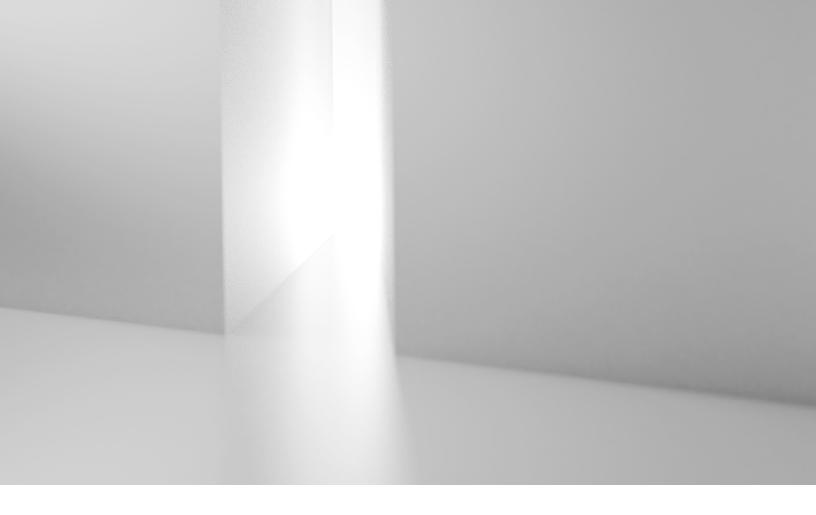
Adding the perspective of the networked generalist to your decision-making processes

The good news: there are multiple channels through which companies can add this "outside-in" perspective of the networked generalist, whether by adding new directors to their board, appointing new leaders to their executive team, or by developing their existing talent bench with these traits in mind.

Companies seeking to incorporate networked generalists into their decision-making therefore have three potential channels through which to add this perspective:

- 1. Bringing networked generalists into your organization formally, via C-suite or board appointments
- 2. Ensuring that your organization's professional development programs provide your leaders with the diversity of experience necessary to become networked generalists
- 3. Establishing onboarding and transition services that provide incoming leaders with the advisory perspectives of networked generalists to inform their early decision-making in role

Importantly, our research and experience have demonstrated that these attributes are "teachable;" in other words, one does not have to be born with these traits and can instead develop them over the course of personal and professional experiences.



Authors

Simon Kingston co-leads Russell Reynolds Associates' Social Impact and Education Sector and is the founder of its Global Development Practice. He is based in London.

Emily Meneer leads Russell Reynolds Associates' Social Impact and Education Sector and Sustainability Practice Knowledge teams. She is based in Portland.

Guillaume Morisset is a member of the Knowledge team for Russell Reynolds Associates' Social Impact and Education Sector. He is based in Boston.

About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory firm. Our 600+ consultants in 47 offices work with public, private, and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, sustainability, and political trends that are reshaping the global business environment. From helping boards with their structure, culture, and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led

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