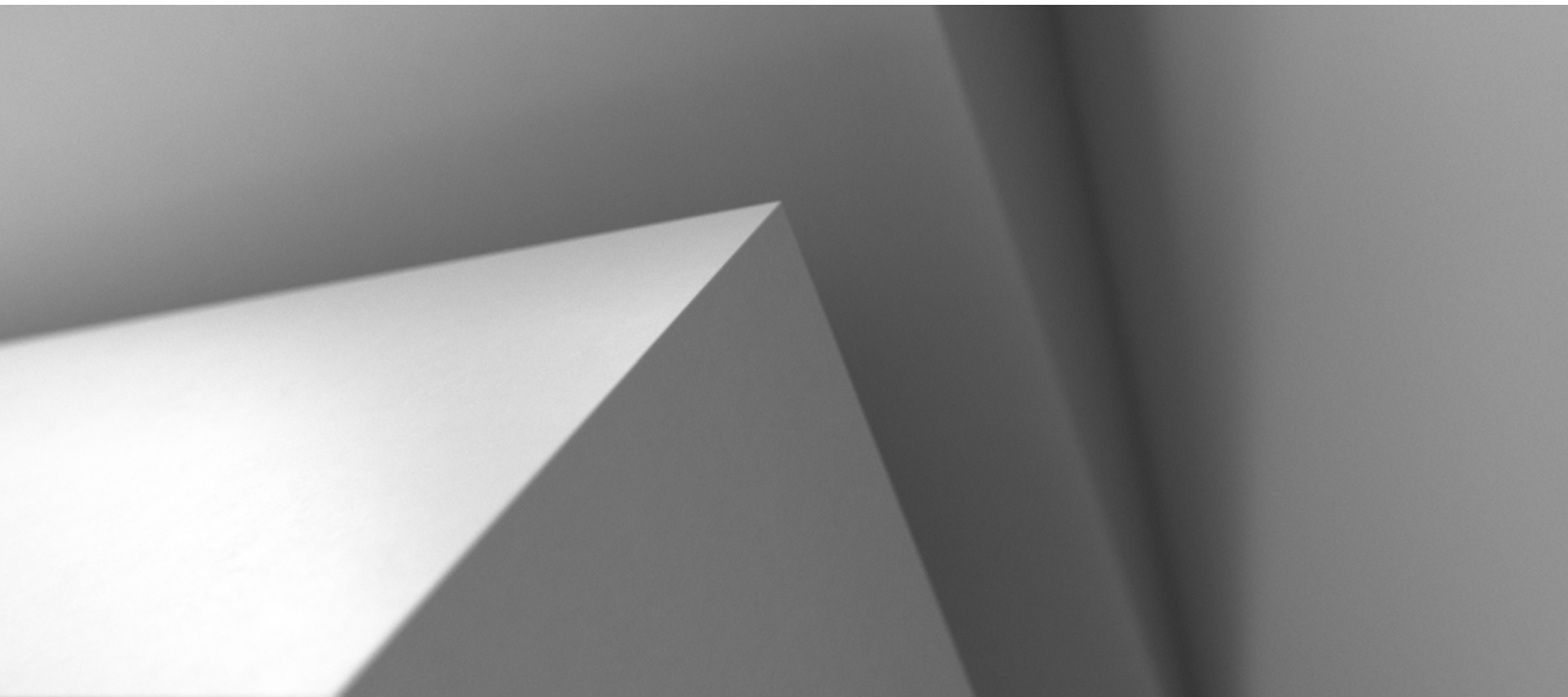


Leadership/ #Disrupted

A new lens on leadership competencies



This paper continues our series that explores the growing importance of innovative and inclusive leadership in banking, and is based on a study of over 9,000 senior executives carried out over the past four years. By exploring the underlying competencies and behaviors, we look at how banks can best adapt their approach to developing their leaders.

Dataset composition

Total: 9,723 executives

Gender: 6,952 male and 2,560 female executives

Leaders: 1,391 CEOs, 5,062 C-Suite

Regions: 3,923 EMEA, 3,787 Americas, 1,640 Asia Pacific

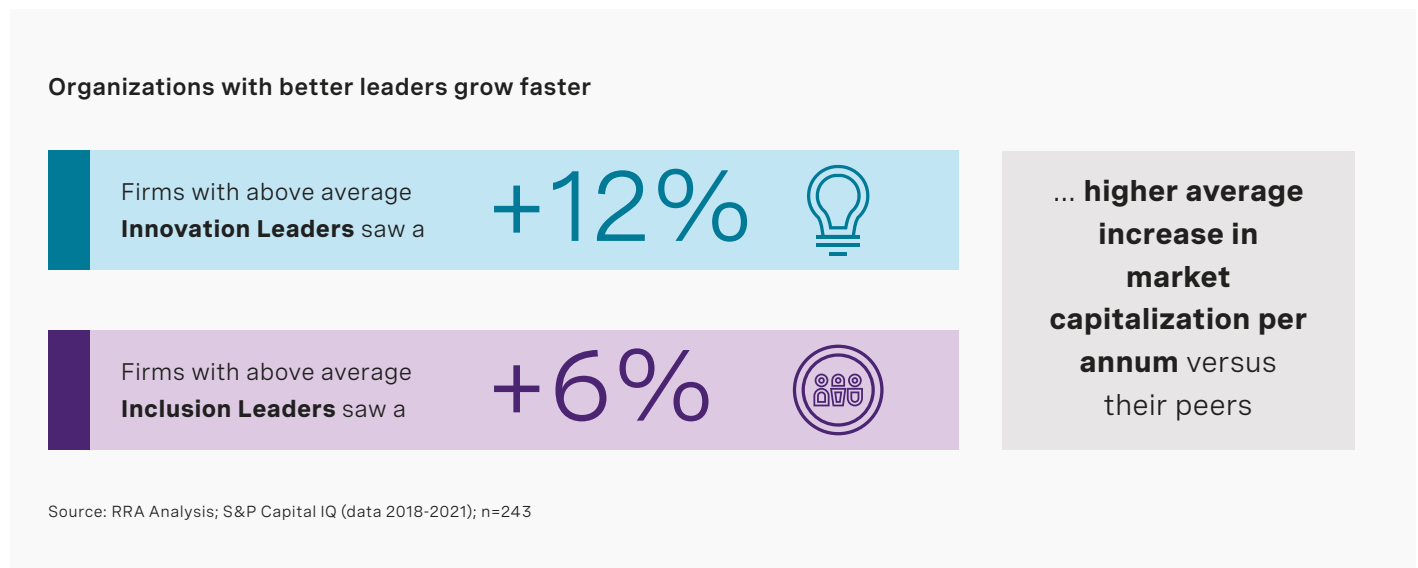
Sector: 2,378 Financial Services, including 986 Banking

Full methodology in appendix



Faster Growing Firms Have Stronger Leaders

Our leadership assessment data suggests a direct correlation between stronger innovative and inclusive banking leadership and higher performing organizations.



With exceptional talent already working at exceptional organizations, how can your firm differentiate its approach to sourcing and promoting talent?

- Are you fully **leveraging available data assets** to better identify leaders with these competencies?
- Are you **targeting the specific leadership competencies that are needed to succeed** in the context of its operating environment?
- Are you **minimizing bias** in the selection and evaluation of these competencies?

Target Competencies That Tackle Today's Needs

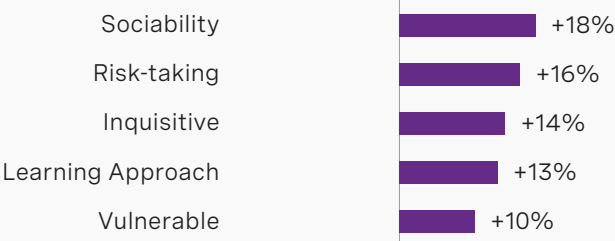


Success factors are not static over time. What makes for an effective leader in the years after a financial crisis is not necessarily what makes for a successful leader during a period of digital disruption, or changing societal and customer expectations.

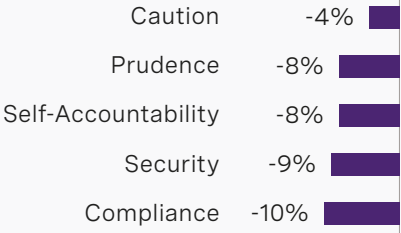
Our assessment data shows that the demand for leaders with the characteristics and competencies associated with stronger innovation and inclusion leadership is growing as firms look to tackle these emerging challenges.

Banks are increasingly targeting experiential, creative and empathetic characteristics. Conversely, we are seeing a lower indexing on more compliant and cautious behaviors.

More in-demand C-Suite competencies



Less in-demand C-Suite competencies



RRA analysis of executive assessments, pre-2019 vs. 2020-21; n = 689



Continually refresh target competencies as new strategic priorities emerge. By using metrics that are sensitive to the changing nature of the business around them, leaders will improve an organization's ability to adapt to new ways of thinking and minimize the longer-term risk of the organization becoming obsolete.

Focus on How Key Roles are Evolving

Three roles have seen a particular elevation in their importance and impact in banking, both due to COVID-19 and longer-term structural shifts in the industry. We have seen a corresponding shift in the competencies that are being prioritized for these roles.

Chief Financial Officers (CFOs)

Companies are looking to strategically reshape their businesses, creating demand for new types of financial officers. The role is increasingly cross-functional, driving transformation and playing a proactive role in influencing change in the company. Many CFOs are now also at the forefront of digitization.

Chief Information Officers (CIOs)

Beyond managing technology projects, CIOs now need to create value and advise on technology-led business models. Interpersonal skills are more important, both in terms of understanding the customer for client-centric technology, and internal influencing on projects that often span across complex organizational stakeholder networks.

Chief Human Resources Officers (CHROs)

CHROs had elevated roles during COVID-19, visibly helping CEOs manage the present and lead their companies into the future. They need to be the stewards of change across multiple stakeholder groups, staying abreast of the drivers of transformation, while remaining sensitive to the needs of an increasingly virtual employee base.

More in-demand competencies



RRA analysis of executive assessments, pre-2019 vs. 2020-21; n = 111



Understand the elevated needs and impact of mission-critical roles within your organization, and make sure that you are targeting the necessary competencies to deliver against these in hiring, development and succession planning.

Reduce Bias to Reach Your Full Potential

Data can help identify blockages and bottlenecks that prevent a talent pipeline from running optimally.

One challenge occurs when assessment processes over-index on certain competencies, creating a barrier to progress or glass ceiling for groups that exhibit those traits less frequently. One example in the selection of CEOs is the bias towards confidence, which is typically a male-oriented trait - and so we see fewer women CEOs.



of bank CEOs are women¹



of bank C-suite are women¹



of men in senior positions acknowledge a glass ceiling in banking²

¹ Source: Boardex (2020) and Russell Reynolds Associates analysis

² Source: Women in Banking (2012) Institute of Leadership & Management

Our cross-industry benchmarks show that women who are elevated to the CEO role tend to be stronger across a range of other competencies than their male counterparts.

		Inclusive Leadership	Innovation Leadership	
CEOs	Women	111	112	Women CEOs spike across a range of factors: <ul style="list-style-type: none"> • Learning-oriented and insight-led • Focus on customer centricity • Social connectivity • Steadier under pressure • Lack of cynicism • Value innovation and creativity
	Men	103	105	
C-suite	Women	104	102	
	Men	101	102	

RRA analysis (2020) based on 2,236 executive assessments

As such, some businesses may be failing to reach their full potential because of systemic selection bias. Breaking out of this cycle can be challenging, as employers tend to gravitate towards people who think and act like them, and so it can often be self-reinforcing.



Talent leaders should set up regular and objective evaluations of selection and promotion processes to identify and eliminate inherent biases in the way that talent is measured, with the aim of maximizing the potential of leadership teams.

Appendix: Methodology

Changing how we measure potential

The methodology was developed by our in-house psychologists in partnership with Hogan Assessments. It is based on studies of “best-in-class” senior leaders, mapped to a 95% confidence interval, and synthetically validated against a dataset of 5.5 million executives.

Innovation Leadership	Inclusive leadership	
<ul style="list-style-type: none">• Innovative• Disruptive• Bold in leadership• Socially adept• Determined	Intra-personal <ul style="list-style-type: none">• Identifying motivations, privilege & acumen• Reading situations/challenges• Reflecting with empathy• Holding self accountable	Inter-personal <ul style="list-style-type: none">• Leveraging differences to win• Fostering open dialogue• Developing with feedback• Holding others accountable

These are derived from weighted aggregates of twenty eight psychometrics, normalized against our global senior executive assessment dataset:

- | | | |
|---------------|-----------------------------|-----------------|
| • Adjustment | • Dutiful | • Prudence |
| • Aesthetics | • Excitable | • Recognition |
| • Affiliation | • Grounded | • Reserved |
| • Altruistic | • Hedonism | • Restrained |
| • Ambition | • Inquisitive | • Risk-tolerant |
| • Bold | • Interpersonal Sensitivity | • Science |
| • Commerce | • Learning Approach | • Security |
| • Compliance | • Leisurely | • Skeptical |
| • Diligent | • Power | • Sociability |

Please feel free to contact us to discuss any of these topics further

Mary Caroline Tillman

Financial Services
E: marycaroline.tillman@russellreynolds.com
T: +1 212 351 2085
New York

Jane Bird

Financial Services
E: jane.bird@russellreynolds.com
T: +44 20 7198 1807
London

Sophie Saeed

Financial Services
E: sophie.saeed@russellreynolds.com
T: +44 20 7198 1863
London

Chris Davis

FinTech & Innovation
E: chris.davis@russellreynolds.com
T: +1 212 351 2590
New York

Sean Dineen

Leadership & Succession
E: sean.dineen@russellreynolds.com
T: +1 617 722 6253
Boston

Tina Shah-Paikeday

Diversity, Equity & Inclusion
E: tina.shah@russellreynolds.com
T: +1 415 352 3362
San Francisco

James Diggines

Financial Services
E: james.diggines@russellreynolds.com
T: +65 6496 0606
Singapore

Robert Voth

Financial Services
E: robert.voth@russellreynolds.com
T: +1 312 993 0748
Chicago

Mark Temple

Financial Services Knowledge
E: mark.temple@russellreynolds.com
T: +44 20 7198 1811
London

Claire-Louise McSherry

Global Technology & Operations for Financial Services
E: Claire-louise.mcsherry@russellreynolds.com
T: +44 20 7343 3663
London

Bennett Hanig

Leadership & Succession
E: bennett.hanig@russellreynolds.com
T: +1 212 351 2089
New York

David Lange

Leadership & Succession
E: david.lange@russellreynolds.com
T: +1 212 351 2284
New York

About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory and search firm. Our 470+ consultants in 46 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 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.

www.russellreynolds.com



Global offices

Americas

- Atlanta
- Boston
- Buenos Aires
- Calgary
- Chicago
- Dallas
- Houston
- Los Angeles
- Mexico City
- Miami
- Minneapolis/St. Paul
- Montreal
- New York
- Palo Alto
- San Francisco
- São Paulo
- Stamford
- Toronto
- Washington, D.C.

Europe

- Amsterdam
- Barcelona
- Brussels
- Copenhagen
- Dubai
- Frankfurt
- Hamburg
- Helsinki
- Istanbul
- London
- Madrid
- Milan
- Munich
- Oslo
- Paris
- Stockholm
- Warsaw
- Zürich

Asia/Pacific

- Beijing
- Hong Kong
- Melbourne
- Mumbai
- New Delhi
- Shanghai
- Singapore
- Sydney
- Tokyo