



Balanced, authentic and empathetic leadership

KPMG Audit Committee Institute



Dr Pippa Malmgren joined our Board Leadership Centre FTSE350 discussion to share insights from her latest book [‘The Infinite Leader’](#). A former special assistant for economic policy to President George W Bush, Dr Malmgren advises CEOs, prime ministers, the heads of major banks and the world’s largest institutional investors. Her insights come at a critical time for those thinking about how leadership styles might unlock organisational success.

Always have your ear to the ground

What most people believe to be true is not always true; reality is dynamic and leaders must stay in touch with it.

As they rise to the top, leaders tend to become more and more disconnected from happenings in the real world - increasingly relying on the judgement of those around them. More often than not, these are people from similar backgrounds. This can lead to the loss of what’s known in the military as ‘situational awareness’ – an accurate reading of what’s going on around you. For instance, even today some CEOs continue to believe that all jobs are going to China. They don’t recognise that rising labour costs and falling quality standards in China have been key concerns even before the pandemic.

Remember that what you know has a direct bearing on the decisions you take.

Go beyond binaries

The most pressing questions around us cannot be answered with a simple ‘yes’ or ‘no’. Good leaders think beyond binaries and try to understand the nuances of complex issues – many seemingly opposing things can happen at the same time. For example, the future doesn’t have to be about one superpower dominating every aspect. Multiple countries can lead in different spheres of the global order.

In the context of the post-pandemic world, our reality is not going to be about just change for the good or utter devastation. There will be several positive changes for many and severe setbacks for others. Among positive changes, we can expect to see a new wave of entrepreneurial activity. There will be lots of money chasing businesses built for the new reality. On the flipside, some people might experience a second ‘Great Depression’.

“It’s not whether we’ll have a depression or we won’t have a depression - we can have both Fitzgerald’s ‘Great Gatsby’ and Steinbeck’s ‘Grapes of Wrath’ at the same time.”

The past does not always tell the future

Most business leaders have a highly analytical mindset. They rely on past data to take future decisions. However, it’s important to understand that the past cannot always predict the future. The data we have may not be reliable in the current context or we may not even have the data in the first place. At times, we just have hints about the future. Here planning for the future requires a bit of imagination.

“Gather the anecdotes and get a sense of the zeitgeist.”

Build imagination

Feelings and imagination are generally assigned little importance in the business world and leaders can often lack an imaginative dimension. However, how people feel is the key to understanding events such as Brexit, the election of Donald Trump and society’s reaction to COVID-19.

To make sense and respond appropriately to unexpected events, leaders should get comfortable using both sides of the brain. Such situations call for out-of-the-box solutions that may transcend an analytical approach.

A supplier of pizzas to pubs was in a tough spot during the 2020 lockdown, but the CEO managed to reconfigure the business to become a home delivery ‘pizza kit’ business. Even in a crisis, the business managed to challenge one of the biggest players in the pizza market. Imagination coupled with effective execution made it work.

Are you ready to take on moving targets?

To excel, leaders need to understand the nature of their target. What most leaders want – more market share, better brand presence – can erroneously seem like static targets. Such goals have to be achieved in a constantly shifting landscape. Leaders need to work towards their goals while balancing unpredictable competing forces.

Get smart about how you process information

The 'knowledge-doubling curve', introduced by futurist Buckminster Fuller, is a framework for how long it takes for human knowledge to double. The pace has been growing exponentially over the past century. There's no way to keep up with every written word related to any given topic. Leaders need to focus on how they filter and process information. Also consider how information is conveyed – is a video more engaging than a written report?

A shift in leadership

Leadership is about more than a C-suite executive title. The dominant belief is that each of us is a leader in our day-to-day lives, regardless of our formal role.

Footballer Marcus Rashford spoke out against the government decision to end free school meals over summer during lockdown - despite having no background in public policy. The public rallied behind him and the government changed their policy. This willingness to step-up is also driving change within organisations – albeit in a less visible way.

"We are not in a world where the leader tells you what to do. People are not taking orders from their leaders anymore."

Small changes can impact the big picture

Changing the top-down approach to leadership begins with small practical changes. Think of how you hold meetings. Is everybody heard? Does everyone have the same amount of time to speak? Or are the meetings dominated by those who speak the loudest or those with higher rank? Just ensuring all voices are heard can bring huge benefits in terms of both insights and team morale.

Asking and answering the tough questions

Asking tough questions might make a board member unpopular but challenge on behalf of shareholders is a fundamental part of the job description. Looking back, so many companies could have been saved if the board had posed some tough questions. Executive teams who react positively to constructive board criticism perform better than those who do not.

Ensure mental bandwidth for your people

The trend towards long working hours has arguably been exacerbated by the pandemic and the work from home measures. But overly long working hours are not sustainable. Innovation and problem-solving need adequate mental space and if leaders are sincere about creating a sustainable culture of innovation they need to learn to let people operate at 80 percent bandwidth. It's in the mundane moments that people notice new patterns and come up with ground-breaking solutions.

Make room for difference

Even as leaders try to listen more, they might not always have diverse voices around them. Be mindful of information asymmetry. Create exposure to diverse voices – not just age and ethnicity, but neuroplasticity, income levels and life experiences. Diversity has a direct impact on performance and productivity; and remote working has opened up new opportunities to hear diverse voices.

Lead with empathy and build trust

Empathetic leadership has kept many teams going during the pandemic; and provided an opportunity to build trust. People will remember the interactions they had during the initial phase of the lockdown. Just asking people how they are doing from time to time is an opportunity to deepen trust. It's important to share vulnerability and acknowledge that nobody has all the answers; but leaders can also build hope by focusing on what can be done. The caring element will continue to define exceptional leadership. Leaders will be known for how they bring out the best in everyone, even in trying circumstances.

The KPMG Board Leadership Centre

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