



# Leadership at the Edge of Business

LeadershipforToday  
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For most of my life, my work has been about leadership and how to make it more *human-centered*.

My father was a troubleshooter. He was called in when there were mechanical problems, to identify the source and fix them. Even as a child, hearing him talk about his job, I couldn't help but think: The men he works for see him as a machine, just like the ones he repairs. It became my life's work to find ways to make organizations more human-centered, starting with their leadership.

Capitalism has been a phenomenal driver of growth and prosperity for the world, and profits are a cornerstone of the system. But it is possible for leadership and organizations to be *human-centered* and make a profit at the same time. Indeed, I would say it is the key to sustainable profitability.

Our challenge now is to expand our minds and imaginations to discover solutions that will allow us to prosper even more, while also being good for all inhabitants of the world we live in. This paper describes current trends at the edge of organizations and leadership that are moving us toward that goal.





## Trends in Organizations at the Edge

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### The “Stakeholder Leadership” Organization

Whether by necessity or desire, 21st century organizations are changing and will never be the same. Organizational and social behaviors are being adapted to the pandemic, technological breakthroughs, and the advent of the digital/human-integrated organization. Humanity is awakening to long-ignored needs and wants, and to the financial and social impacts vast problems like global warming will have.

Those who are interested in leadership and having better-prepared leaders are asking new questions: What leadership is needed for this era? How must leadership change to meet the demands of the 21st century organization? What does this leadership even look or feel like? What behaviors need to be learned or enhanced? How best to develop the necessary capabilities and behaviors?

Larry Fink of BlackRock, the largest global investment management corporation, provided a partial answer. In a letter sent in 2018 to the CEOs of all the firms in the BlackRock portfolio, he said: “Society is demanding that companies, both public and private, service a social purpose.” In their public 2018 Statement on the Purpose of a Corporation, the 181 CEOs of the U. S. Business Roundtable referred to the kind of leadership that also serves a social purpose as Stakeholder Leadership.

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*The Business Roundtable today announced the release of a new Statement on the Purpose of a Corporation signed by 181 CEOs who commit to lead their companies for the benefit of all stakeholders – customers, employees, suppliers, communities and shareholders. (2019)*

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Stakeholder Leadership expands an organization's purpose beyond shareholder value, to include all stakeholders: employees, the environment, customers, suppliers and society at large. It places profit and purpose on equal footing. The business world has been talking for 20 years about better corporate citizenship, but now the concept includes holding organizations and their leaders accountable to society as well as shareholders. Deloitte refers to this type of organization as the "social enterprise." What was until recently a movement of the future is rapidly sliding into the present.

*When I first launched the MBA course that became Reimagining Capitalism, there were 28 students in the room. Now there are nearly 300, a little less than one third of the Harvard Business School class. Thousands of firms have committed themselves to a purpose larger than profitability, and nearly a third of the world's financial assets are managed with some kind of sustainability criterion.*

*- Rebecca Henderson, John and Natty McArthur  
Professor at Harvard University*

## Leadership at the Edge: Trends, Capacities and Practices

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In summary, the Business Roundtable placed the emphasis on profit and purpose. A business that is not profitable cannot survive, and having a broader community purpose is also seen as a key to viability. Then Deloitte added a third P: Potential.

The leaders who focus only on shareholders and short-term results are now considered short-sighted, as they fail to unlock all three Ps: profit, purpose and potential. They are missing the opportunity to promote the wellbeing of the company, its shareholders, employees, the community and the environment all at the same time. Tapping this potential requires acknowledging our individual and shared humanity.

Most leaders aren't trained for this. Most have not experienced performing at this level.

Countless articles, books, statements and papers have been written about Stakeholder Leadership and organizations that focus on both profit and purpose. They offer a good description of how many 20th century organizations approached corporate citizenship, notably through charitable foundations and volunteer time for nonprofit boards and community projects. Little has been written about developing the potential necessary for a different kind of comprehensive leadership.

I would argue that the new paradigm requires leaders who possess three qualities: a growth mindset, the capacity to listen deeply not only to others but for future trends and creative ideas, and the courage to act boldly, even in the face of uncertainty and paradox. These attributes can only be tapped from within our whole being, our essence, mind, body and senses. They are not skills but rather ways of being in the world, enhanced by practice and skill.







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*When you are a CEO, you own the emotional health, robustness, and resilience of the organization, as well as the business performance. Our organization is a slice of life, and you see the best of times and the worst of times.*

*– Jeremy Darroch, CEO of global television company Sky*

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**Growth mindset:** “In a growth mindset, people believe that their most basic abilities can be developed through dedication and hard work—brains and talent are just the starting point. This view creates a love of learning and a resilience that is essential for great accomplishment.”

*– Concept researched, named and defined by Stanford professor Carol Dweck.*

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**Deep listening:** We do this when we are fully present, listening to ourselves and others, listening for meaning, learning and understanding. It involves scanning the environment and context to discern the meaning of actions and trends.

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**Bold action:** The ability to take initiative when the facts are not perfectly clear, or when faced with significant opposition, is a must for the leaders of the future.

A **growth mindset** is the opposite of a fixed mindset. The latter believes that nothing can really change, that qualities are fixed traits set at birth, and that life-long learning is impossible. Neuroscience, with its understanding of brain plasticity, has disproved all of these beliefs, showing that we can indeed grow and learn throughout our lives. In other words, *mindset* is a choice.

Those who have a growth mindset know, for instance, that mistakes are not permanent, that people can and do change, and that there is usually more than one way to reach an objective.

As he discusses in his book *Hit Refresh*, Satya Nadella brought the growth mindset concept with him when he became CEO of Microsoft in 2014. To this day, employees and leaders at Microsoft ask themselves "Is this growth mindset?" when making any decision. The tech giant has seen exponential growth and profits since transforming its culture under Nadella's leadership.

Deloitte's research survey for Industry 4.0 recognized that the growth mindset is critical but hard to train, so executives would probably hire for it. This is another way of saying that the growth mindset must be built, like every other capability.

*"We are looking for people who are motivated, naturally curious and hungry to constantly learn. In the ever changing environment, it's important to bring in people who have a constant mindset around education in order to stay ahead."*

- Abode Digital Experience, from the Industry 4.0 report

### Characteristics of a Fixed Mindset

Believes intelligence and talent are fixed from birth

Believes failure is permanent

Ignores feedback or gets defensive

Sees the success of others as a threat

### Characteristics of a Growth Mindset

Believes intelligence and talent can be developed

Believes mistakes are temporary and lead to growth

Sees feedback as constructive and helpful

Is inspired by the success of others

**Deep listening** is the process of focusing attention and suspending judgment. It requires engaging the whole being, listening with all five senses and all one's emotional energy. Meaning is revealed at a different level when the whole being is present and attentive.

Meditation is a practice that enables deep listening for many. It has been proven to enhance focus.

Scientists have understood since the 1970s that the structure of language can be analyzed to gain a deeper understanding of meaning. Acquiring the ability to do this takes a great deal of attention and practice, but it is worth the effort, more so today than ever before.

There are many ways to use deep listening while scanning for new trends and ideas. Some are quite simple, like subscribing to newsletters that curate articles on trends, or following the blogs of a few thought leaders. It may mean attending conferences on particular subjects of interest, or listening with a new consciousness to casual conversations between employees about what is going right and wrong within the organization.

In their book *How Small Moves, Smartly Made, Can Set Big Things in Motion*, John Hagel III and John Seely Brown talk about shaping serendipity simply by paying more attention to those with whom we are in contact. We have all experienced aha! moments that come serendipitously. Deep listening makes such moments likelier to happen on a regular basis.







**Bold action** requires an ability to be self-aware and in tune with our environment. After letting our minds and bodies alert us to the trends and patterns around us, we can develop a habit of mind called reframing to build the capability to resolve paradox. Only when we are grounded and centered in our body can we find the courage to take initiative in times of ambiguity and manage the discomfort of fear and opposition from others.

Some responses to Covid-19 offer a good example of this capability. World leaders who acted boldly when little was known about the disease have had far more successful results than those who hesitated.

According to Deloitte surveys of business leaders, the human capabilities that will be essential in the coming years include curiosity, creativity, empathy and courage. Many people possess them individually. But the leaders of the future will be able to move their organizations and the world in a positive direction because they will also have a growth mindset and the ability to listen deeply and act boldly.

**Whole-being leadership** I've talked about the whole being and whole-being leadership throughout this paper. To understand these terms, we need to go back in time.

At the advent of the age of science, the mind was placed under the purview of science and the body and spirit under the purview of the church. This was the solution found to resolve the conflict between science and the church. Science powered ahead to build the industrial revolution. The natural earth was ignored in the service of profit, and even the wondrous creation of modern medicine often had doctors acting like patients were machines. Business employees were treated like replaceable cogs in a wheel.

The mind and science came to be revered while the body was seen as a mere vehicle for transporting the brain around. Feelings became private and were often ignored, suppressed or overridden. Until Daniel Goleman published his book *Emotional Intelligence* in October 1995, it was not acceptable to discuss emotions in a business setting.

We have come a long way in 25 years, with organizational leaders now recognizing empathy as a vital leadership capability.

After centuries of failing to see the human body as a whole entity that has emotions and lives on a finite natural earth, we are taking a very different view of who we are, how we operate, and the devastating consequences of the old school of thinking.





A woman with long dark hair and glasses, wearing a red top, is pointing with a pen at a presentation screen. The screen displays a bar chart and a circular diagram. In the foreground, a man with a beard is looking at the screen. The setting appears to be a meeting room with a wooden desk, a laptop, and a white mug.

**The only way to change our trajectory is for leaders to lead with their whole being.**

They must demonstrate how to use wonderfully creative minds and respect the bodies that support those minds, emotionally and physically, so we can connect with the earth and with each other.

We may never know our full potential as human beings. But the first step is to eliminate the artificial split created centuries ago.

Whether faced with something like a rare world-altering pandemic, a massive weather event due to global warming, a major disruption in a supply chain due to some unforeseen cause, or a potentially disruptive technology, leaders and their organizations, large or small, will need to pivot immediately.

A recent example is the disruption to supply chains caused by the coronavirus pandemic. Our supply chains are managed based on just-in-time processes and thinking, making business especially vulnerable. Only those practiced in the art of whole-being leadership will be able to recognize imminent disruption and address it in time.



## Back to Deloitte's references to the three Ps: Profit, purpose and potential

Human development research finds that experience is truly the best teacher. Yet without guidance, learning from experience is hit or miss and incredibly time-consuming. We humans can only take ourselves to the edge of potential, not beyond. Mentors, coaches, educators and more experienced peers and friends can help us extend our learning to a new potential. In addition to discipline and practice, this extension requires the courage to become self-aware, change behavior, and manage the discomfort that accompanies growth.

Moving into this new level of leadership performance, or whole-being leadership, begins with a deep awareness of the wisdom of the body and how our five senses and emotions inform the mind to integrate knowledge, experience and language in upgrading performance. In corporate jargon, it is a "level up" of capabilities, much like the socialization process of moving up in an organization and what is attempted, oftentimes unsuccessfully, in leadership development courses. The problem with past leadership development has been the lack of focus on whole being. We haven't paid enough attention to the science of how we grow, learn and mitigate our human limitations. It's time to change that.



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