Ambidextrous leadership: Emerging challenges for business and HR leaders

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Large firms are prone to failure in the face of changing industry landscapes. New entrants frequently capture new growth opportunities, rather than incumbents that dominated industries historically. Examples are legion: IBM lost the software business to Microsoft and Microsoft the Internet business to Google. Eastman Kodak lost its edge in the camera business, General Motors in car production, and Kmart in retail. Ironically, incumbents’ difficulties with capturing new growth opportunities arise from their strengths. Relentless dedication to making their existing businesses stronger diverts their attention from new growth opportunities that help write tomorrow’s success stories.

To overcome these challenges, organization theory scholars suggest that companies become ambidextrous — they establish new growth businesses while remaining focused on execution in their existing businesses. This is challenging, as new growth activities often involve business models, capabilities, and organizational contexts that differ from and are often inconsistent with those applied in existing businesses. Becoming ambidextrous is first and foremost a leadership challenge: business leaders need to balance current and new activities, combine short-term and long-term thinking, and craft emotionally engaging visions while staying focused on execution. This is no easy task. HR leaders have to play a particularly active role by helping business leaders develop ambidextrous organizations.

In this article, we analyze how one organization, GE Money Bank in Switzerland, successfully created a new growth business through ambidextrous leadership and discuss the related challenges for business and HR leaders. GE Money is a business division of General Electric Co., one of the world’s largest and most admired corporations. As a global provider of consumer financial services, GE Money enjoys a dominant position in the Swiss auto financing and personal loan markets. However, these mature market segments offer little growth potential, and competitive pressures are increasingly affecting the margins. In 2006, GE Money Bank started to develop an innovative credit card offering, the M-Budget Card, which led to the creation of an entirely new business segment. The effort allowed the bank to successfully renew its organization and to continue on its profitable growth path.

The GE Money Bank case is an excellent illustration of how established organizations can rely on ambidextrous leadership to ensure long-term success. The future of leadership is best understood as a concerted effort by all leaders across organizational levels to deal with the tensions and paradoxes associated with different kinds of strategies and innovation activities. Ambidextrous leadership provides the framework with which to address these challenges. We subsequently use the GE Money Bank case to comprehensively explore how ambidextrous leadership works in practice, as well as business and HR leaders’ active role in developing and promoting ambidextrous leadership.

GE MONEY BANK: THE M-BUDGET CARD INITIATIVE

General Electric (GE) is an impressive example of a highly successful diversified company. As a global provider of consumer financial services, GE Money is one of GE’s major business divisions. GE Money has been active in Switzerland since 1997, when it acquired the local banks Auffina and Prokredit. After these acquisitions, the company’s market share in the Swiss auto financing and personal loan sectors rose to over 40%. In 2005, GE Money Bank employed 660 employees and realized total revenues of CHF 415 million (US$ 320 million) in Switzerland.

In March 2005, John O’Leary was appointed chief executive officer (CEO) of the Swiss business. His primary task was to address GE Money Bank’s stagnating growth and deteriorating profits in its core auto financing and personal loan businesses. In 2005, the bank’s profitability had dropped by more than 20%, leading to the corporate headquarters
exerting increasing pressure for improvement. At this point, the bank’s future within GE depended on its new CEO’s ability to identify new growth opportunities. After careful analysis, he identified the credit card segment in Switzerland as a potential target market.

In 2005, four local banks controlled roughly equal shares of the Swiss credit-card market: Corner Bank, Credit Suisse, UBS, and Viseca. All four positioned themselves at the top end of the market and charged their cardholders annual fees of CHF 80–100 (US$ 60–80). Further, the banks charged merchants interchange fees of 1.3% for each transaction — nearly twice the European average of 0.7%. The Swiss credit-card market was perceived as several years behind that of other countries such as France, Germany, and the U.S. Thus in 2005, the percentage of payments made through credit cards was at a low 10%, compared with 13% by direct debit cards and 75% in cash. Compared with the annual 288 cashless payments per inhabitant in the U.S., the Swiss figure of 137 transactions was rather low. The low credit-card penetration promised substantial future growth potential.

GE Money had successfully launched card businesses in various other countries and was a market leader with Private-Label Cards (PLC) in the U.S. These cards are issued through a retail outlet — such as a department store or a supermarket — and are marketed under the retailer’s brand name. In the U.K., GE Money had implemented the “dual-card” concept — a combination of a PLC and a credit card that could be used for payments in all kinds of stores. When CEO John O’Leary decided to enter the Swiss credit card market in late 2005, he knew that he could rely on the company’s experience, but also that he needed a local partner that could provide additional capabilities. After extensive analysis, Switzerland’s #1 retailer, MIGROS, was identified as this partner. MIGROS, with its large customer base, extensive distribution networks, and strong reputation for quality, stability, and reliability, was perceived as an ideal partner.

In cooperation with MIGROS, John and his team developed a value proposition that outlined the core elements of the future product. The parties agreed to offer a dual card that combined a PLC card for use in MIGROS stores with a MasterCard for payments outside MIGROS. A dual card had the advantage that all payments made at MIGROS were handled at a lower service fee outside the MasterCard network. The card would be positioned as a low-cost offering at a reduced annual fee. The customers would benefit from a low annual percentage rate (APR) of 9.9%, compared with the competitors’ average interest of 14.5%. Further, MIGROS’s highly popular customer-loyalty program would be incorporated into the card and extended to include purchases made outside MIGROS.

The final agreement was signed in late April 2006. Both parties agreed on a tight project plan, with November 13, 2006 as the launch date. At the time, GE Money Bank had neither the infrastructure nor the processes and resources to launch a credit card operation — everything had to be built from scratch. This required support from the greater GE organization. John recalls, “It is hard to sell the idea of betting millions on a new growth venture in a small and mature market.” In this situation, the CEO’s active involvement in what John calls “internal pre-selling” became important. He went to a broad range of senior managers throughout GE to gain their support.

Setting up the Project Team

After the deal with MIGROS had been signed, John had to identify the right person to lead the initiative. After consultation with his HR executive, he quickly settled on Pierre Lambert, who was well regarded within the bank. The 30-year-old French national, who had been with GE Money Bank in Switzerland since 2003, had extensive expertise in project management. Previously, he had worked for several GE businesses in France, Germany, Ireland, and the United States. Pierre was well aware of the challenges that he was about to face, “At first I thought this would be impossible. Setting up a credit card business from scratch in less than six months seemed unrealistic.”

To support Pierre, John met with a broad range of people throughout GE. John remembers, “GE has a sharing culture, but it is a question of knowing where to go and whom to ask for support. We, in the executive team, reached out and asked the global IT (information technology) leader, market leaders, and many card experts for help. This brought in the much needed expertise.” Relying on this know-how, Pierre examined a credit card business’s value chain to understand the capabilities that the project team would need. He clustered the value chain activities into five core domains: Information Technology (IT), Operations, Marketing and Sales, Finance, and Risk and Legal. Thereafter, he searched for sub-team leaders with multiple years of working experience in the card business for each of the five domains. The candidates had to be highly motivated and ready to work long hours under time pressure. Pierre explains, “I needed a team that would go through fire to deliver by November 13. When I selected the team members, their ability to work in a team was even more important to me than their cards expertise.”

Pierre discussed potential internal candidates with the HR department and they jointly developed search profiles for external candidates to fill positions requiring skills not available within the bank. John remembers, “There was some conflict in setting up the team. The ones who were left out felt that the top managers had paid them less attention. These conflicts had to be managed and we did everything to isolate the project from these tensions.” The first team member to be selected was Daniel Frost, a 33-year-old U.S. national with extensive project management expertise at different GE businesses, who became the IT sub-team leader. For the operations sub-team, Pierre externally recruited Anna Garibaldi, a 39-year-old Swiss national who had 12 years of customer operations experience in the Swiss credit card market. Subsequently, he selected Etore Scudetti, a 31-year-old Italian with 10 years of marketing experience at GE Money Bank and other Swiss banks, for the marketing and sales sub-team. For the financials sub-team, Pierre externally hired Paul Clayton, a 42-year-old finance expert, from one of the UK’s leading credit card providers. Finally, Basil Durand, a 33-year-old French national, was recruited from a leading French card provider for the risk and legal sub-team.

The Project Kick-off

The sub-team leaders met for the first time on April 24, 2006. Pierre presented the project plan with its most important milestones. He stressed the importance of a timely delivery,
“Whatever it takes, we have to meet the November 13 deadline. You will tell me what it takes to meet the milestones and I will ensure that you get what you need.” The CEO underlined the top management’s commitment when, in John’s own words, “Only one week after the team had been set up, I called everyone into the room and said that from now on, the MIGROS project was the bank’s number one priority.” Pierre maintains that, “The support from the top was, I think, extremely important in helping to create a sense of urgency throughout the project.”

Pierre stresses that the team enjoyed a great deal of autonomy in its decision-making, “The CEO empowered me to take all necessary decisions. While there was a bi-weekly formal steering committee that monitored our project’s progress, they signed off on most of our decisions after short discussions.” John explains: “My role as the CEO is to back up the team and to make them feel that I trust them. My style is not that of a micro manager, but I am big on accountability. There have to be regular reviews and milestone checking. As for the rest, the team needs autonomy.”

Pierre used his decision-making authority to delegate responsibilities to his sub-team leaders: “Right from the beginning, I stayed away from micro management. My sub-team leaders were free to take their own decisions. They were the functional experts and they knew a lot more about technical details than I did.” In order to keep track of the developments in the different sub-teams, Pierre organized daily 8 a.m. meetings with all the sub-team leaders. Each sub-team leader gave a short status update, and the other team members acted as a sounding board for all the important decisions. This exchange of ideas between all the parties involved was crucial to avoid wrong decisions, as well as to coordinate the various actions towards common outcomes.

In addition to the internal communication, there were almost daily exchanges with the most relevant external partners. John played an active role in the relationships with MasterCard and MIGROS. He explains, “Senior managers have to stay involved throughout the project, taking action whenever it is necessary. That’s how GE operates. Externally, I managed the relationships with our partners at a senior level. Internally, the project managers were in my office two or three times a day to keep me involved.” John also continued to promote the initiative within the greater GE organization.

**Competitive Challenges**

Shortly after the project kick-off, COOP – the second largest Swiss retailer and major rival of MIGROS – publicly announced that it would be launching its own credit card. COOP was cooperating with Credit Suisse, the country’s second-largest bank and one of the four established credit card issuers. The planned offering was quite similar to the value proposition on which GE and MIGROS were working. Further, COOP announced that it would offer “the cheapest card in the market” and that this card would be available by August 2006 – three months ahead of GE Money Bank’s launch date.

John remembers how important it was that the top management team acted as a change agent at that time. “The project team was under time pressure and was very focused on avoiding scope creep. We had to remind them that the world keeps on turning and that COOP’s move meant a big change to which we had to react. My role as a senior leader was to recognize that there was an issue, to get everyone in the room involved, and to discuss what we were going to do about it.”

COOP’s decision to enter the market had a major impact on the M-Budget project. Pierre explains, “The result of COOP’s competitive move was a communication war that forced us to align our value proposition.” The result was that both MIGROS and COOP announced that they would launch free credit cards with low transaction fees. The changes to the value proposition created considerable challenges. For example, changes had to be made to the operational strategy to reduce the costs and compensate for the shortfall in revenues. Further, GE Money Bank had to reconsider the November 13 launch date in order to not lose the first-mover advantage entirely. Pierre finally decided to start the marketing and sales activities two months earlier. When he took the decision, he did not have any resources to process applications or to interact with customers. There wasn’t even a detailed plan on how to establish customer operations. Pierre is the first to acknowledge that he felt a little queasy, “It is hard to promise something when you stand in an empty space with no resources, no office equipment, or pretty much anything else. The only thing I knew was that we would have to start processing applications less than three months later.”

**Launching Operations**

The revised marketing plan specified that application letters would be sent out to more than two million MIGROS loyalty program members by September 2006. GE Money Bank anticipated that it had to hire and train roughly 70 employees by the end of August in order to process the incoming applications in a timely manner. As this seemed almost impossible, John had to step in to help the team develop creative solutions to scale up quickly. He asked the bank’s HR department to support the project team in recruiting and training additional resources. The HR team developed an innovative assessment-center-based selection process. The candidates spent a day at GE Money Bank and were rotated through interviews with team members and HR experts. At the end of each day, the team made immediate decisions regarding each candidate’s suitability. Within weeks, 70 people had been hired and the project grew to employ 150 people.

The IT infrastructure and the software solution were scheduled to be ready for immediate use on August 21, 2006, as the whole system still had to undergo a test phase before the actual credit card launch on November 13. Daniel Frost recounts, “Until the day before August 21, we were unsure whether our IT partner would be able to deliver the code. When they delivered the code the day after, they had already tested and integrated the solution. Despite the stretch targets we had set, they delivered, and managed to complete two additional steps that saved us a lot of time. This only worked because we had such a great relationship and interacted with them on a daily basis.”

**Sustaining the New Business**

After the final product launch, Pierre and his team had to deal with operational challenges. Paradoxically, the challenges were partly caused by the huge success that the new card had
in the market. Within weeks, nearly 100,000 applications had arrived and the card team had to process these applications, produce the cards, and manage the customer interaction. Some of the newly hired customer-service resources were still in their training period and those already at work were overwhelmed by the customer interest. The backlog in application processing and the overburdened call centers led to customer complaints. MIGROS was specifically concerned about these difficulties. Pierre recalls, "I think we had underestimated the pressure that MIGROS would experience from its customers in respect of the initial service quality. MIGROS is renowned for its excellent service, and its customers expect that service level at any point in time. We had to go back into project mode and figure out how to solve the problems." The team developed a survey and sent out questionnaires to customers to better understand the most important failure points that had caused the complaints.

After analyzing the data from the returned questionnaires, a number of issues were identified and addressed according to their relative importance. By the end of 2007, the start-up difficulties had been overcome and all the partners involved considered the M-Budget card initiative highly successful. Not only had the initial expectations in terms of customers and revenues been exceeded, but the service quality had also increased well above the initially agreed levels. Furthermore, despite all the changes they had to make, the project team had remained within the initial budget. However, there were growing concerns about the new business's operational efficiency. More formal processes were needed to prepare the business for future growth and profitability. Pierre explains, "We certainly did a great job in terms of delivering an attractive solution to our customers. However, I don't think that the cost side is the area where we succeeded best. We were clearly less focused on that."

The top management team played an important role in managing the transition from the project to the operational phase. In close collaboration with the head of HR, John made changes in the project's leadership team, replacing people with only project expertise with those who had an operational background. He explains, "Quite often, you need a transition of leadership to guarantee stable and efficient operations. This transition can be painful for the whole team. It's like saying, 'thank you very much, but we are now going to take your creation away, and give it to a different team to manage.' As a CEO, you have to carefully manage this transition."

In the context of this transition, Pierre handed over the card business's leadership to Roger Egger, a 49-year-old operations specialist, who had worked in leading positions at GE Money Bank for many years and had a deep understanding of the bank's internal processes. Roger was assigned the full P&L responsibility for the cards business. Most support functions represented in the project team were dissolved, and the team members transferred to the bank's functional departments. The HR department had to ensure that team members took the next step in their careers by assigning them to challenging positions. Subsequently, the card business focused on sales-related activities and relied on the functional departments' support in areas such as operations, marketing, and IT. Roger explains, "This structure reduced the duplication of functions and allowed considerable synergies and scale benefits."

After handing over the responsibility for the card business, Pierre was assigned to the management board and became responsible for the bank's product management. To sustain the success of the M-Budget initiative, Pierre had to develop follow-on card projects with new partners. In early 2009, Pierre looked back at a highly successful new business initiative that had established GE Money Bank as a strong player in the Swiss credit card market. With more than 200,000 cards issued, the bank managed to capture a significant market share from the established players. Simultaneously, the bank's established auto financing and personal loan businesses managed to strengthen their profitability. GE Money Bank managed to sustain its organization and renew itself in a challenging market environment by creating a successful new growth business.

**HOW AMBIDEXTROUS LEADERSHIP WORKS**

The role of leadership is preeminent in the GE Money Bank case. We will now deduce lessons on the nature of ambidextrous leadership. As the case example illustrates, ambidextrous leadership is not about a single leader at the top, but is shared across hierarchical levels and requires addressing tensions and managing contradictions throughout the organization. John and his top-management team provided a context that stimulated new business activities beyond its current operations. As a middle manager, Pierre led the new business activities by providing a common vision while staying focused on execution. His sub-team leaders used their complementary expertise to find solutions to even the most complex challenges arising from the new business activities. Finally, HR executives and staff played an active role in promoting ambidextrous leadership and developing ambidextrous leaders (see Figure 1).

**Top Management: Granting Autonomy while Staying Involved**

Top managers' role in ambidextrous leadership is to grant their subordinates sufficient autonomy to explore new opportunities, while the top managers stay involved and continue to mobilize the organization's resources in support of new business activities. CEO John O'Leary and his top management team allowed the project team considerable autonomy, while they were actively involved in launching, overseeing, and supporting the M-Budget initiative. Insights from the case point to the six major roles of top managers in providing a context that stimulates new business activities: (1) seeding the initiative, (2) ensuring internal sponsorship, (3) maintaining oversight, (4) managing external relationships, (5) inducing change, and (6) managing conflict.

**Seeding the initiative**

During the two years prior to the project kick-off, John was the driving force behind the initiative and was actively involved in all the internal and external activities. He initiated the initiative, assigned funds for the development of a systems platform, developed the key elements of the value proposition, and spent considerable time talking with potential business partners. It was also John, in close collaboration with his HR executive, who selected Pierre as the project leader.
Ensuring internal sponsorship
John was very active in positioning the new business initiative within the greater GE organization. Some top managers were initially reluctant to support this initiative in a relatively small and mature market. By constantly talking to senior management and gaining their commitment, John facilitated the knowledge and resource flows from the GE organization to the M-Budget initiative. While these activities were particularly important during the initiative’s early stages, John continued to inform the global leaders regularly in order to ensure the project’s visibility and the corporate leaders’ excitement for the initiative.

Maintaining oversight
Despite the project team’s autonomy, John made use of several control mechanisms to create a sense of accountability and to track the project team’s progress. Besides the more formal steering committees, there were also daily informal exchanges with the project leaders in the CEO’s office.

Managing external relationships
John played an important role in managing the relationships with MIGROS and MasterCard, the two main external partners. He frequently interacted with senior managers from both companies and kept them informed about the project team’s progress.

Inducing change
John acted as a change agent and stepped in several times when he observed the need to reassess the situation and align the project plan. An example of this was the situation following COOP’s announcement that it would be launching a rival offering ahead of GE Money Bank’s planned launch date. He talked to the project team, stressed the need to address this issue, and helped them find the most promising response. Another example was his involvement in resolving the team’s difficulties with hiring and training more than 70 new employees to launch the customer operations. Further, John played an important role in managing the transition from the project to the operational phase. He replaced various leaders to increase the leadership team’s operational expertise. He constantly talked with the people affected by the changes to smooth the transition. John stressed that it was crucial for the initiative’s success that the top management acted as a change agent and actively managed the transitions.

Managing conflict
John and his team managed the conflict arising from the team composition and tried to balance the project team and the mainstream organization’s interests. For instance, he talked to experts who had expected to be part of the project team, but whom Pierre had not selected. He also ensured that managers and experts from the existing GE organization invested time and resources to support the M-Budget initiative alongside their own activities.

These six tasks are vital for creating a context that allows new business activities. Top managers, who can act from a vantage point outside the mainstream organization and the new business activities, need to take them on.

Middle Management: Providing a Vision while Ensuring Execution
Middle managers’ role in ambidextrous leadership is to lead the new business activities by crafting emotionally engaging visions while staying focused on the execution. An important distinction in leadership theory is that between “managers,” who ensure execution, and “leaders,” who provide a shared vision. While the two leadership roles have often been described as distinct and opposed categories, the GE Money Bank case shows that middle managers have to maintain a balance between these roles to successfully establish new businesses within larger organizations.

Managers
Leadership theory describes managers as pragmatic and efficiency-oriented leaders who seek stability and control. They often have deep functional expertise and establish
formal processes and clear targets for their subordinates. Problems are addressed quickly when they occur, and managers are directly involved in their solution. An example that delineates Pierre as a manager is his implementation of the daily 8 a.m. meetings to maintain control over the project activities. Furthermore, Pierre constantly reminded the sub-team leaders of important deadlines. He was fast to react to changes, and his approach was highly data-driven. An example is his strong reliance on customer survey data to resolve the post-launch operational challenges. He also managed to stabilize the operations and install more reliable business processes.

**Leaders**

Leadership theory describes leaders as visionary and innovation-oriented, with a clear focus on creating new opportunities. They tolerate chaos and a lack of structure, and are willing to delay closure in order to understand issues more fully. Leaders often have charismatic personalities and provide their subordinates with significant autonomy. Pierre proved his leadership through his participative style and the delegation of considerable decision-making autonomy to the sub-team leaders. He created a common vision for the team and a sense of a “once-in-a-lifetime opportunity.” This led to the emergence of a strong superordinate identity shared by the whole project team, which created a sense of belonging and commitment to group objectives. Pierre was also the driving force behind the team’s ability to produce creative and innovative ideas. He utilized a highly communicative approach to problem solving that involved all sub-team leaders during the daily morning meetings.

In sum, Pierre combines elements of both a manager and a leader. In many stages of the initiative, a balanced leadership approach was needed, as the team had to generate creative and innovative solutions, while simultaneously retaining the ability to make fast decisions and produce results under time pressure. Pierre managed these seemingly contradictory demands particularly well by combining both leadership roles.

Interestingly, while addressing both roles, Pierre repeatedly shifted his main focus from one role to the other over time. This shift was required, since different leadership roles take center stage at different stages of new business activities. In the initial phase, there was a strong need for a leader to develop a new and innovative business model. Subsequently, the project needed a manager to design effective team processes and undertake daily project management. COOP’s competitive move thereafter required a leader to find creative ways to react to the challenge and drive the changes. The process of setting up operations once more required a manager to engage in meticulous program management and to handle external partners and deadlines each day. Faced by operational challenges, the project thereafter required a leader who could quickly identify creative solutions. Once the situation had stabilized, a manager was needed to transition the project activities to standardized processes. However, at some point, even the established card business will require a leader to generate innovative ideas to sustain the business when new products and services are introduced.

Middle management thus implies the challenge not only to balance the contradictory leader and manager roles, but also repeatedly to shift one’s primary attention from one to the other as required by the particular project situation. This requires leaders who can enact both roles. As we will see next, this is only possible with the help of a strong team of line managers who play a supportive leadership role.

**Line Management: Embracing Diversity while Acting Together**

Since no single middle manager has all the capabilities required to manage complex undertakings like the M-Budget initiative, it is important to build a strong leadership team. Pierre stressed how important it was to build a team of line managers with complementary capabilities. In such a leadership team, each member contributes different strengths and styles, which means that the team has a great repertoire of capabilities. Embracing complementary capabilities is the cornerstone to tackle even the most complex problems arising during new business initiatives. In the M-Budget project team, three types of complementarities can be perceived between the sub-team leaders: task complementarity, expertise complementarity, and social complementarity.

**Task complementarity**

Faced with unmanageable complexity levels, leaders divide management responsibility into coherent blocks of tasks. Task complementarity is reflected by Pierre’s definition and assignment of clear functional roles to the five sub-team leaders: Daniel was responsible for IT, Anna for Operations, Etore for Marketing and Sales, Paul for Finance, and Basil for Risk and Legal.

**Expertise complementarity**

Executives gain training and experience through their various positions and roles. The resulting differences in leadership team members’ expertise lead to complementary skill sets. At GE Money Bank, the different sub-team members had distinct functional backgrounds. For example, Daniel had extensive project management expertise, while Anna had spent her whole career in customer operations. The team members had also worked in different countries, which provided them with different market knowledge. While Etore and Anna knew the Swiss market, Daniel was familiar with the U.S. market, Paul with the U.K. market, and Basil with the French market. While Daniel and Etore had worked for GE Money before, Anna, Basil, and Paul had been hired from other companies. The team could thus draw on experience gained across a wide variety of functions, markets, and companies.

**Social complementarity**

Complementarities can also arise from the different leaders’ personalities. Individuals vary in the way they process information and differ in the roles they assume within social contexts. At GE Money Bank, the different backgrounds and the many different nationalities represented in the team – American, French, Italian, Irish, and Swiss – contributed to different perspectives. Moreover, the personalities varied strongly. For example, his colleagues describe Daniel as a dynamic, extroverted, and results-driven personality, who motivates and energizes others, while Anna is characterized as more supportive, laid back, and consensus-oriented. Some members are described as visionary, focused on the big picture, while others stay grounded in realistic goals and the details of achieving them.
While these complementarities help increase the variety required to explore different options and creatively search for new concepts, they can also be counterproductive. Teams that differ greatly may be incapable of producing common outcomes. There is a great risk that they will head off in different directions, or have difficulties with agreeing on anything. Complementary leadership thus requires both complementarities and communalities to facilitate cooperation, support efficient decision-making processes, and focus everyone on common objectives.

Despite their many differences, the members of the M-Budget team shared several communalities that facilitated their collaboration. The leadership team was relatively homogenous in terms of the members’ ages, as all were between 31 and 42 years old, all the sub-team leaders had prior expertise with the credit-card business, and had all worked on international projects. These communalities ensured that they used the same technical language and shared some common values. Team understanding was also facilitated as the three internally selected members had previously collaborated. Finally, it was important that Pierre and his sub-team leaders promoted a strong superordinate identity, which ensured that each team member — despite their differences — felt part of an “elite” group with a common, crucial objective with clearly defined deliverables, and short deadlines requiring intense interaction between them.

HR Management: Promoting and Enabling Ambidextrous Leadership

Ambidextrous leadership is challenging for business leaders. It is important that HR leaders play an active role in promoting ambidextrous leadership and developing ambidextrous leaders. Our discussions with senior HR leaders at GE Money Bank show that HR departments can become important business partners to leaders facing ambidextrous task environments. To enable ambidextrous leadership, HR leaders need to focus on three critical people-related domains: planning and selection, training and development, and performance appraisal and reward systems.

Planning and selection

HR departments can ensure successful ambidextrous leadership by effectively addressing three critical selection challenges. First, HR has to identify the right search criteria for ambidextrous leaders. The identification process should not only consider criteria such as education and job expertise, but should more broadly capture the leadership traits required to drive new growth initiatives. To help define these “growth traits,” senior HR leaders at GE researched the competency profiles at 15 profitable and fast-growing global companies, such as Dell, Procter & Gamble, and Toyota. They identified five leadership traits that are essential for growth leaders: an external focus that defines success in market terms; an ability to think clearly to simplify strategy into specific actions, to make decisions, and to communicate priorities; imagination and courage to take risks with people and ideas; an ability to energize teams through inclusiveness and connection with people, building loyalty and commitment; and an in-depth expertise in a function or domain, using this depth as a source of confidence to drive change. These five leadership competencies became important criteria for all HR planning and selection decisions, as well as for GE’s internal training programs and the company’s yearly “Session C” performance review and talent-development processes.

Second, HR provides highly valuable input in leadership team composition. The output of the annual Session C performance review rates more than 7,000 GE leaders as green, yellow, or red with regard to each of the five leadership traits. This output is diagnostic, as it provides a granular analysis of how a potential team composition scores on these criteria. Team compositions that rank moderate to high across all five criteria are preferable over teams that are all red in one area and all green in another. Combined with additional HR information, this input enables business and HR leaders jointly to build a team of line managers with complementary leadership skills and a sufficient degree of communalities to work together effectively.

Third, if certain competencies cannot be found internally, such as in the M-Budget initiative, HR’s key role is to acquire new talent. In many organizations, recruiting is primarily undertaken through job interviews. However, while job interviews allow organizations to decide whether a candidate has appropriate experience and a personality that fits the organizational culture, they cannot determine whether a person has the right traits for ambidextrous leadership. To complement job interviews, the HR department at GE Money Bank relied on an assessment-center-based selection process. Action-based assessment allowed for evaluating potential new team members in accordance with the five leadership traits and for identifying those candidates who perfectly complement the internal leaders in order to build a strong team of line managers.

Training and development

HR departments face the challenge of designing training and development programs that support ambidextrous leadership at both the individual and team levels. First, HR needs to train individual employees to become ambidextrous leaders. GE invests more than US$1 billion in training and development annually to nurture the skills and traits that individuals require to be ambidextrous leaders. Various leaders of the M-Budget card initiative participated in customized training courses at GE’s Crotonville Learning Center to work on personal deficiencies identified during the Session C performance-review process.

Nevertheless, the company has learned that classroom-based training is an important but insufficient way of supporting leaders. Executive coaches are therefore increasingly used to support leaders who face ambidextrous task environments. Leaders and their coaches meet regularly to discuss potential solutions to real-life business challenges. Furthermore, the HR department now takes a more long-term perspective on career planning and ensures that executives returning from new business initiatives are offered attractive follow-on leadership positions. This is reflected by John, Pierre, and most of his sub-team leaders’ promotion to positions with greater responsibilities after the M-Budget initiative’s successful completion.

Second, HR needs to provide team training that enables leaders to promote new growth activities. While individual training and development activities are important, GE has now started training programs that bring all the senior members of a management team together. In 2006, the Leadership, Inno-
viation, and Growth (LIG) training was launched at the company’s learning center in Crotonville. Within two years, 2,500 managers in 260 teams had followed the program. The LIG program removes entire leadership teams from the exigencies of their businesses and allows them four days during which they reflect upon new growth opportunities. A first step is generally to assess the top management team’s success in creating a climate that supports the generation of new business activities. Another important topic is to encourage leaders to delegate more responsibilities to the layer below. If leaders can extract themselves from the current operational tasks, they can spend more time on creating future opportunities. In a final step, each team jointly develops an action plan, presents the plan to CEO Jeffrey Immelt, and commits itself to implementing the plan.

The team-based approach used in LIG was a big step forward for GE, as it addressed the shortcomings inherent in the individual-focused management education approach. Since the entire team follows the same program simultaneously, there is a consensus view of the opportunities and challenges and how best to address them. The result: faster and more effective engagement with new business opportunities.

**Performance appraisal and reward systems**

HR departments face the challenge of designing performance appraisal and reward systems that promote ambidextrous leadership. At GE, the yearly Session C performance-review process evaluates all leaders and provides them with feedback and support to develop the leadership traits they require. The leaders at the GE Money Bank underwent a 360 review, and the team’s scores on the growth traits were tabulated and analyzed in granular detail. The HR department then produced a matrix, based on the five growth traits and their components, for each leader; this matrix was then used as part of the annual review. Each leader identified a development need and an action plan to improve that trait.

The performance appraisal is an ongoing process, and throughout the year leaders have multiple opportunities to talk to HR professionals about their careers, performance, and particular issues or opportunities that arise. GE’s Session C performance-review process is also designed to identify leaders suited for bigger roles. Talent within GE is tracked on a variety of layers—from up and coming executive talent to promising new hires. By constantly reviewing the talent pool on a variety of layers, GE strengthens its bench to staff future new business initiatives with an appropriate mix of leaders.

Finally, HR has to design reward systems that motivate and encourage leaders to search for new opportunities and collaborate with others. GE’s company-wide reward and recognition program allows any leader to acknowledge his or her employees online by way of cash or non-cash rewards. Specific achievements in new business projects can be directly rewarded at either the individual or group level. For example, members of the M-Budget initiative received various individual and group rewards. Leaders’ achievements in specific business assignments are also considered in the yearly Session C performance-review process. Rewards for exceptional performance go well beyond compensation, including new career opportunities, greater responsibilities, networking opportunities, and executive training.

Overall, the reward program is designed to provide the greatest benefits to employees demonstrating superior performance for sustained periods of time. In recent years, compensation and benefits’ long-term components have become far more important. This encourages executives to invest more strongly in the long-term activities required to build and nurture new growth businesses.

**CONCLUSION**

Across industries, business leaders are stuck in the middle of a rapidly changing world with contradictory challenges. These tensions include the need for global integration while remaining locally adaptive, as well as the eternal quest for differentiation in the face of increasing cost pressures. Do leaders have to change their way of leading to meet these challenges? Not entirely. The future of leadership is still inherently about good leadership. Tried and true qualities of good leaders, such as persistence, benevolence, inspiration, and analytical thinking, will always be essential. However, organizations will need many more good leaders in future and will have to tackle far more complex challenges. This implies that companies should develop a pipeline of exceptional leadership talent, a culture of delegating responsibility, and HR programs that enable and motivate ambidextrous leadership at all organizational levels.

An organizational approach that views HR and people development as critical components of the overall business strategy has enabled GE to create and sustain ambidextrous leadership. While the HR function in many organizations is regarded as merely a support function, GE connects its HR strategy with its business strategy to keep HR in touch with the business. At the beginning of each year, GE’s management and HR teams review the template of common objectives. The discussion centers on the HR strategy’s core elements that drive the company’s business objectives. This strategic role requires business-focused HR leaders with strong commercial and financial acumen. At the same time, business and HR leaders need to take joint ownership of the people-development process as a driver of successfully executed growth strategies.

Ambidextrous leadership challenges both business and HR leaders. They are in the same boat and need to collaborate and learn from one another. Only those organizations that ensure that business and HR leaders close ranks can become ambidextrous. This is good news, since the mutual learning experience will enrich both sides’ work lives and open up new career paths and development opportunities for leadership talent.
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