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LEADERSHIP SKILLS 2025 REPORT

Research and Insights by
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INTRODUCTION

In 2025, leaders will face an unprecedented convergence of challenges and opportunities. Our data, gathered from comprehensive studies involving thousands of leaders, points to four critical areas that will define leadership success in 2025:

- **AI and Digital Literacy:** The most effective leaders aren't just adapting to technological change—they're embracing it while maintaining their essential human leadership qualities.
- **Empathetic Leadership:** Leaders who excel at both empathy and drive rank in the 91st percentile for overall leadership effectiveness, highlighting the growing importance of human connection in an increasingly digital world.
- **Continuous Learning and Personal Development:** Organizations committed to sustained leadership development saw their leaders' effectiveness scores rise from the 56th to the 70th percentile, demonstrating the critical importance of ongoing growth.
- **Purpose-Driven Leadership:** When leaders align their work with authentic passions, they significantly outperform their peers in 17 out of 19 key leadership competencies.

These aren't just theoretical frameworks—they're practical imperatives backed by robust data and real-world outcomes. As you explore this research, you'll discover actionable strategies to strengthen each of these critical areas, preparing you and your organization for the opportunities that lie ahead in 2025.

Jack Zenger and Joe Folkman

Leading with

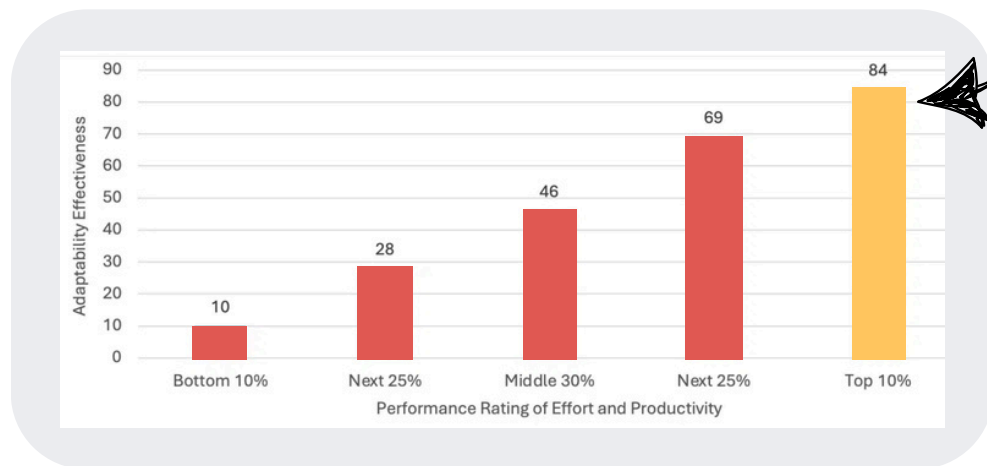# ADAPTABILITY
IN THE
AGE OF AI

Today's leaders must navigate the delicate balance of implementing AI ethically, understanding both its vast potential and inherent limitations, developing strategies that enhance rather than replace human creativity, and guiding their teams through technological transformation.

Our research reveals that success in this new era depends less on technical mastery and more on distinctly human capabilities.
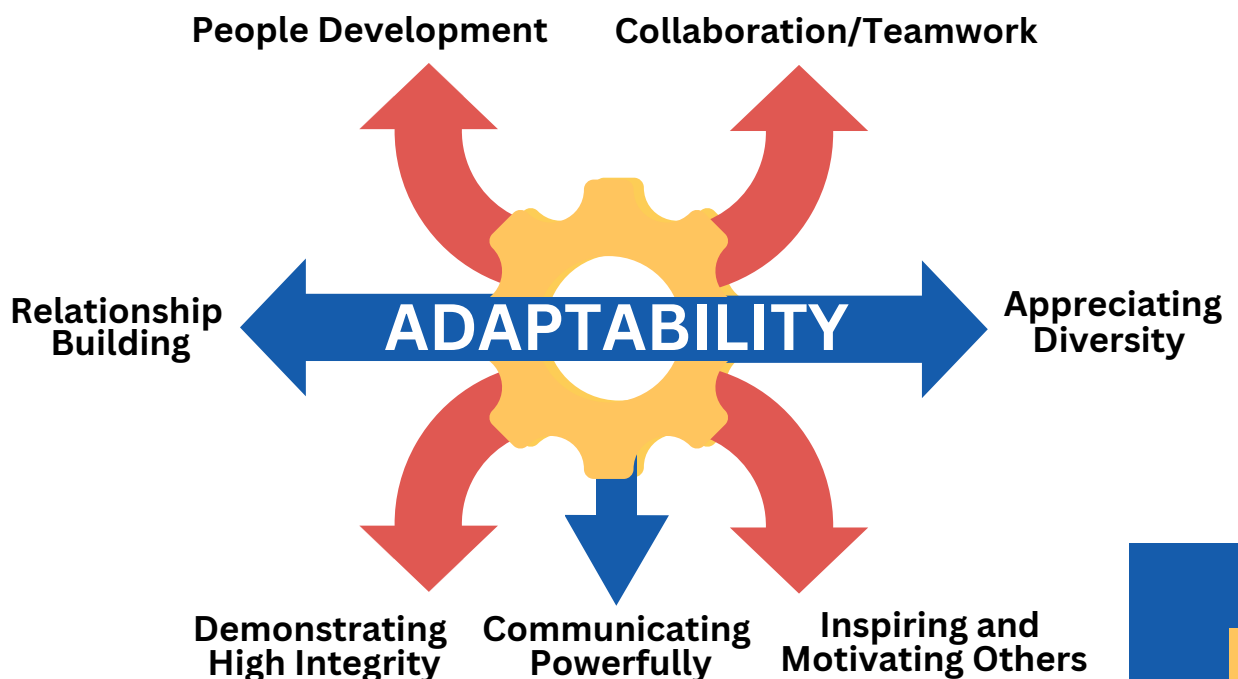
THE RESEARCH

The impact of AI will vary by sector, but most workers will need to become more adaptable to thrive in the future. Our study of 301 individual contributors revealed a dramatic connection between adaptability and performance. The least adaptable employees ranked at the 10th percentile in performance, while **the most adaptable soared to the 84th percentile**. *Additional research across 3,209 managers reinforced this pattern.*
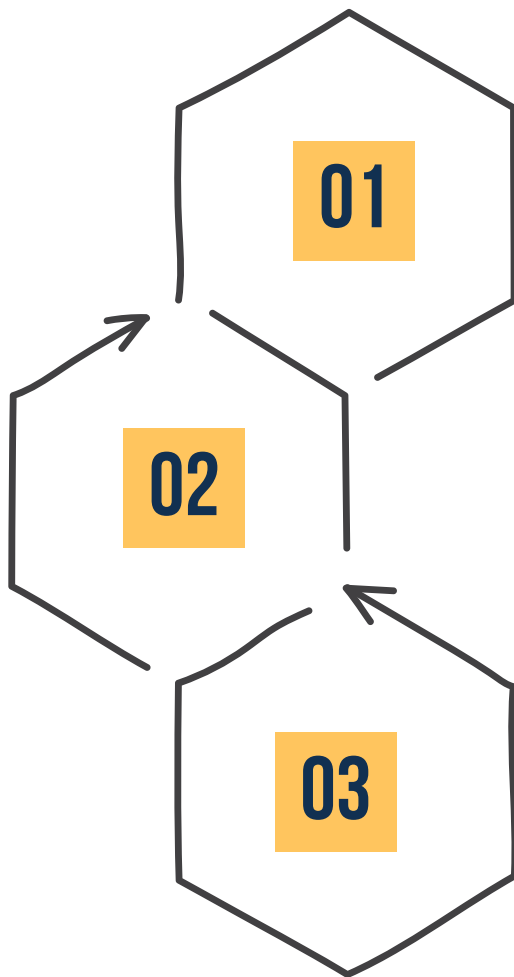

WHAT SETS ADAPTABLE LEADERS APART?

Zenger Folkman's research shows that the most adaptable leaders excel in seven key areas:

People Development

Collaboration/Teamwork

Relationship Building

ADAPTABILITY

Appreciating Diversity

Demonstrating High Integrity

Communicating Powerfully

Inspiring and Motivating Others

SOFT SKILLS MATTER

While technical skills matter, our research shows that soft skills are the true differentiators for adaptable leaders in the AI era. This makes sense—AI excels at technical tasks but struggles with emotional intelligence and human connection.

QUICK ACTION GUIDE FOR LEADERS:

01

02

03

Assess Your Adaptability

- Rate yourself on the seven competencies above
- Identify your biggest growth opportunity
- Seek feedback from peers and team members

Build Your AI-Era Leadership Kit

- Focus on developing one soft skill quarterly
- Practice combining technical knowledge with human insight
- Create opportunities for team collaboration around new technologies

Lead Through Change

- Communicate openly about technological changes
- Foster psychological safety during transitions
- Celebrate adaptability in your team

AI AND DIGITAL LITERACY

Remember: The most effective leaders in 2025 won't just understand AI—they'll excel at the human skills that AI cannot replicate.

Next Steps: Choose one soft skill from the list above and create a 30-day development plan focused on strengthening it within your current role.

The Empathy Advantage:

BALANCING HUMAN CONNECTION AND DRIVE

With burnout rates climbing, younger generations demanding more meaningful workplace connections, and teams scattered across time zones struggling to maintain cohesion, leaders face unprecedented challenges in supporting their teams' holistic well-being.

The ability to create psychologically safe environments, demonstrate genuine empathy, and support mental health isn't just good leadership—it's essential for organizational success.
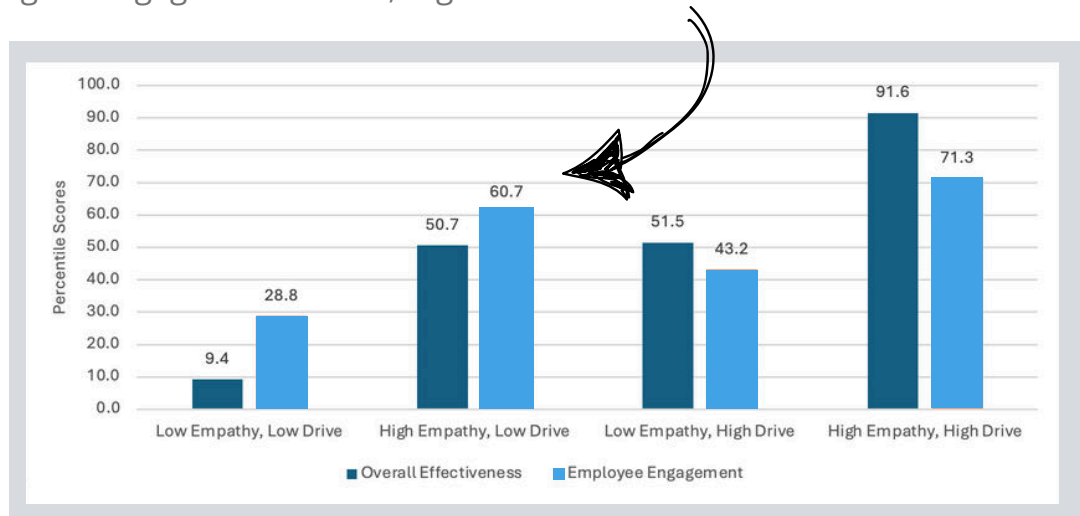
EMPATHY AND DRIVE

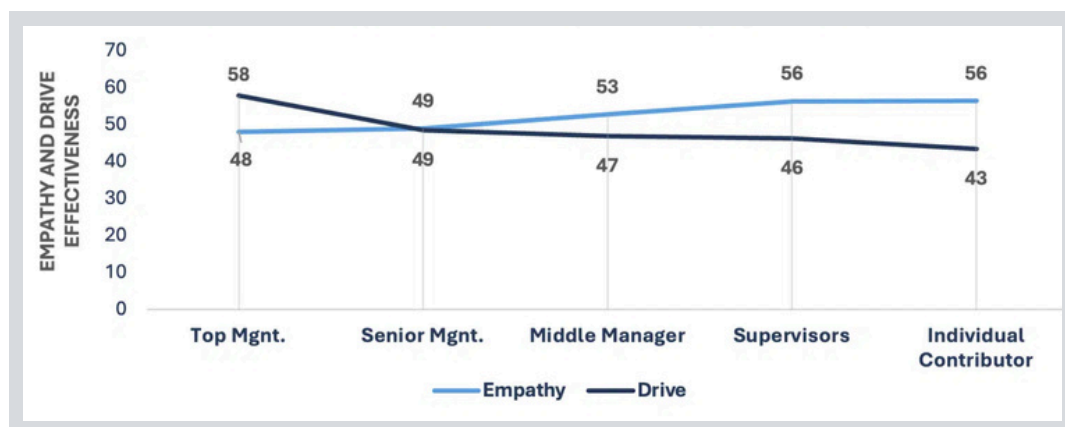## OUR STUDY OF 4,000 LEADERS REVEALS A STRIKING INSIGHT:

Only **15% of leaders excel at both empathy and drive.** Those who master this balance rank in the 91st percentile for overall leadership effectiveness.

Even more compelling: teams led by high-empathy leaders show significantly higher engagement scores, regardless of drive levels.

This pattern holds true across all management levels, though with an interesting twist. Individual contributors tend to score higher on empathy, while top executives typically excel at drive.

FIVE WAYS TO DEMONSTRATE EMPATHY:

SUGGESTIONS

QUESTIONS

Eliminate Double Standards

Conduct a monthly audit of your leadership practices and policies, documenting any special privileges you receive; then, create an action plan to eliminate those that don't serve the broader organization.

How would your team members describe the differences between their work experience and yours?

Make Development a Daily Priority

Create a "learning from setbacks" template that helps you and your team document key insights from challenges and communicate these lessons throughout the organization.

When was the last time you turned a team member's mistake into a growth opportunity rather than a correction moment?
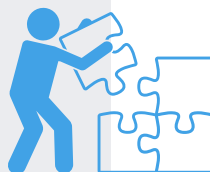
Master the Art of Inspiration

Practice reframing your next three team goals as inspiring possibilities rather than requirements, writing both versions down to see the difference.

How often do your team members bring up their own inspiring ideas in meetings?

Build Bridges Across Differences

Institute "perspective rounds" in meetings where you specifically invite contrasting viewpoints before making key decisions.

Whose voice on your team do you hear from least often, and what might you be missing?

Embrace the Vulnerability of Feedback

Create a "leadership learning log" that's visible to your team, where you document feedback received and progress made.

How would your team rate your willingness to be vulnerable about your own growth areas?

Remember: The most effective leaders don't choose between empathy and results—they master both.

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Accelerated Growth:
THE NEW SPEED OF
LEADERSHIP DEVELOPMENT

Our research demonstrates that organizations can no longer rely on sporadic training or assume leadership development takes decades to show results.

In fact, we've found that systematic, well-designed development programs can produce measurable improvements in leadership effectiveness within 1–2 years.
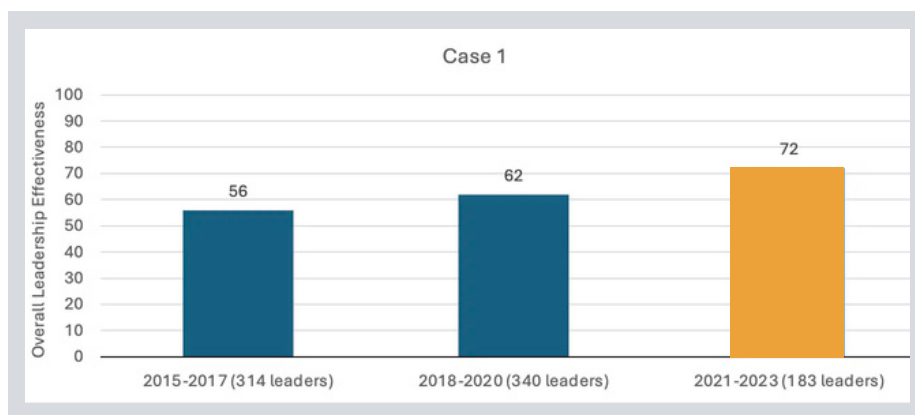
If you can't see any changes in your leaders' behavior in a year or so, I am 100% certain you never will.

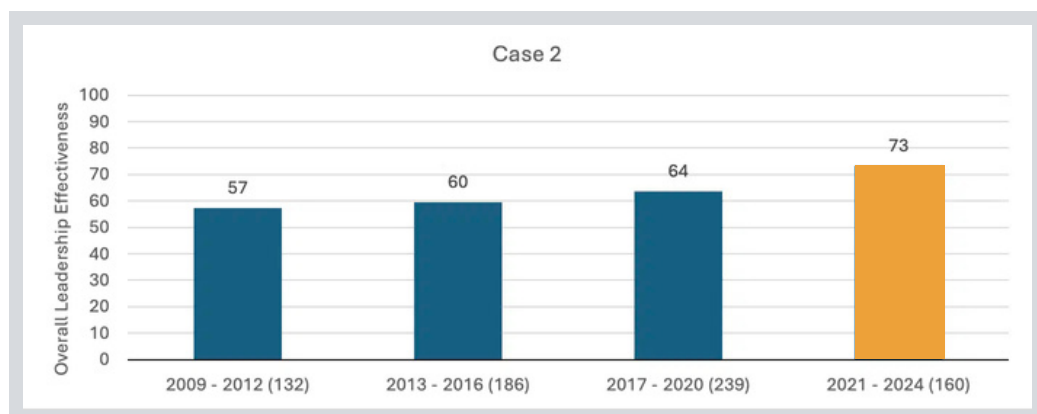# BUILDING LEADERSHIP EXCELLENCE THROUGH SUSTAINED GROWTH

ZENGER FOLKMAN'S CASE STUDIES

One insurance firm saw their leaders' effectiveness scores rise from the 56th to the 70th percentile over nine years of consistent development.

Case 1

2015-2017 (314 leaders)	2018-2020 (340 leaders)	2021-2023 (183 leaders)
56	62	72

Overall Leadership Effectiveness

Over a 16-year study with Ivy League leaders, using consistent 360-degree feedback and personal development planning, we observed steady performance gains, with scores rising from the 57th percentile in the first four years to the 73rd percentile in the final four years.

Case 2

2009 - 2012 (132)	2013 - 2016 (186)	2017 - 2020 (239)	2021 - 2024 (160)
57	60	64	73

Overall Leadership Effectiveness

The significant improvements are best explained by the contagious influence of earlier-developed leaders, whose interactions positively transformed the leadership behavior of those around them.

5 COMPONENTS FOR SUCCESSFUL LEADERSHIP DEVELOPMENT

1. **Define Clear Goals**
- Choose between focused high-potential or broader inclusive programs
- Set specific, measurable targets (e.g., moving leaders above 70th percentile)

2. **Select Proven Methods Shown to Profoundly Change Behavior**
- 360-degree feedback
- Action learning projects
- Coaching/mentoring, skill-specific training, and rotational assignments

3. **Involve a Sizable Portion of the Leadership Population**
- Engage 1/3 to 1/2 of leadership population
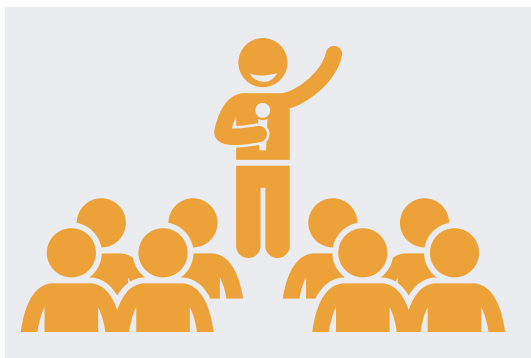- Create a ripple effect throughout organization

4. **Sustain Development Over Several Years**
- Commit to multi-year implementation
- Allow time for new behaviors to take root
- Monitor progress regularly

5. **Monitor and Measure**
- Track individual improvements through repeat assessments
- Monitor collective leadership effectiveness scores
- Evaluate impact on key business metrics

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REMEMBER: EFFECTIVE LEADERSHIP DEVELOPMENT ISN'T MYSTERIOUS— IT'S SYSTEMATIC, MEASURABLE, AND ACHIEVABLE WITH THE RIGHT APPROACH.

The Power of Passion in
PURPOSE-DRIVEN
LEADERSHIP

In an era where organizational success increasingly depends on engaged and motivated teams, understanding the relationship between passion and leadership effectiveness has never been more critical.

Groundbreaking research by Zenger Folkman reveals a compelling truth: while competence can be built through discipline, true excellence emerges when leaders align their work with their natural passions and enthusiasms.

THE PASSION-PERFORMANCE CONNECTION

A comprehensive study of 4,164 leaders has revealed a striking insight: in 17 out of 19 key leadership competencies, leaders received significantly higher effectiveness ratings in areas where they reported having greater passion. **This isn't just about enjoying work more—it's about achieving demonstrably better results**.

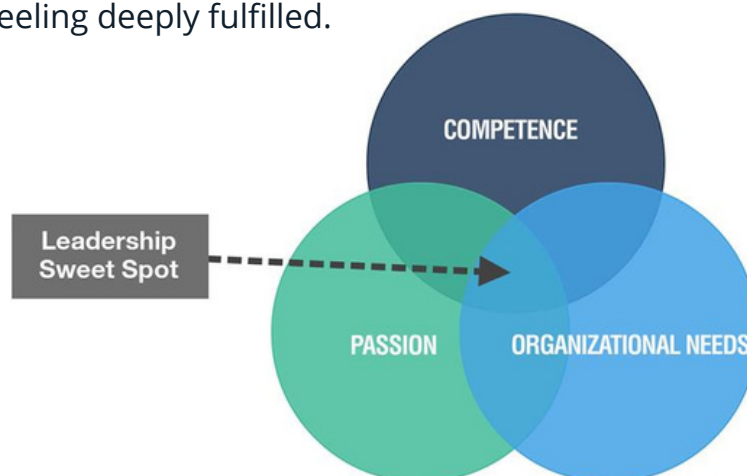Three competencies stood out as being particularly influenced by passion:

1. **Developing Others:** Leaders who genuinely enjoy mentoring and facilitating growth show markedly better results.
2. **Inspiring and Motivating Others:** Those who bring natural enthusiasm to their role energize their entire team.
3. **Building Relationships:** Leaders who find fulfillment in creating authentic connections with team members.

THE PURPOSE-PASSION FRAMEWORK

Leaders should focus on areas where their passion naturally aligns with organizational needs. This approach, known as the CPO framework, considers three critical elements:

- **Competence (C):** Your current skill level
- **Passion/Purpose (P):** Your natural enthusiasm and energy
- **Organizational need (O):** What your organization requires

When these three elements intersect, they create a leadership "sweet spot"—an area where you can make your most meaningful contributions while feeling deeply fulfilled.

INSIGHTS AND ACTIONS

- **Age Dynamics:** While older professionals often show greater passion for integrity and inspiration, younger leaders tend to be more passionate about problem-solving and relationship-building. This suggests the value of cross-generational mentoring and knowledge sharing.

- **Gender Perspectives:** Women often demonstrate stronger passion for collaborative and relationship-oriented competencies, while men typically show greater enthusiasm for strategic thinking and risk-taking. These different passion areas highlight the importance of diverse leadership teams.

PRACTICAL APPLICATIONS FOR MODERN LEADERS

01 IDENTIFY YOUR PASSION AREAS

Rather than viewing your natural enthusiasms as mere preferences, recognize them as indicators of potential excellence.

02 STRATEGIC FOCUS

You don't need to excel at everything. Research shows that leaders who develop just three to four areas of exceptional strength can achieve top-tier effectiveness.

03 TEAM COMPOSITION

Build teams that complement each other's passion areas, creating a more robust and energized organizational culture.

04 DEVELOPMENT PLANNING

Focus your primary development efforts where passion and organizational needs intersect, while maintaining baseline competence in other critical areas.

"By understanding and leveraging the connection between passion and performance, leaders can create more meaningful impact while finding greater fulfillment in their work." —Joe Folkman

CONCLUSION

The data tells a compelling story: leaders who combine empathy with drive rank in the 91st percentile for effectiveness. Those who align their work with their natural passions outperform their peers in nearly every competency. And organizations committed to sustained leadership development see dramatic improvements in their leaders' effectiveness.

As you move forward, remember that your greatest impact will come not from trying to excel at everything but from developing profound strengths in areas where your passion meets purpose.

The future of leadership is human-centered, technology-enabled, and purpose-driven. **By embracing these principles, you're not just preparing for 2025—you're helping to shape it.**

Get Started