



THE 2026 LEADERSHIP REALITY REPORT

***Three Realities.
Four Priorities.
One Imperative.***

It's just after sunrise in Phoenix. A long line of cars, trucks, and even a few mini-vans stretches through the drive-thru. Nurses, construction workers, and executives wait for a jolt of caffeine before their workday officially begins.

The person who oversees the 24,000 employees who make this happen at more than 1,000 locations is Jess Elmquist. He's the Chief People Officer of Dutch Bros. His assessment of the current moment confronting every organization is blunt: "In the thirty years I've been leading talent, this is the most disruption and change I've ever seen."

Jamie Dimon, CEO of JPMorgan Chase agrees. In his annual letter to shareholders, he warned of "considerable turbulence": geopolitical instability, tariffs and trade wars, sticky inflation, high fiscal deficits, and volatile asset prices among the realities facing executives. For leaders at all levels of the org chart navigating 2026, this turbulence isn't a temporary condition to wait out. It's the new operating environment.

Welcome to the new reality facing leaders. Each year, Lone Rock Leadership produces **The Leadership Reality Report drawing on our work with more than 180 organizations and 28,000 leaders.** The data, stories, and trends identified in this report come from our direct access to these organizations. This year's report identifies three defining realities and four priorities for leadership development and training. We specialize in taking the complex and making it simple. Our intent on these pages is to help you clearly see the conditions on the field and to identify specific skills and competencies you and the leaders you work with need to further develop to increase your value in this market.

The realities identified here are showing up in every organization we interact with across manufacturing, healthcare, financial services, retail, and every other industry. The gap is widening between leadership teams that are embracing change and those clinging to the past.

The contrast is striking. A senior executive at a Fortune 50 manufacturing company based in the Midwest told us recently, "We are in absolute crisis mode right now. We're a total mess."

The same day, we were part of a virtual town hall with 400 leaders where the business unit president was celebrating a record-breaking 2025 while pushing her leadership team to adapt even faster. The culture of agility she and her team has created is remarkable. She's not just shifting an organization so it can adapt. She's assembling a team that defines new markets.

The question becomes which team are you leading? The team in crisis mode?
Or the one defining new markets?

Part I: Three Realities Defining Leadership in 2026

Reality 1: Volatility Is the New Normal

The view from the C-Suite is striking. Nearly half of CEOs say their company will not be economically viable in ten years if it continues on its current path.

Volatility has always been part of business, but the level of today's volatility is different. It's not cyclical disruption that leaders can anticipate and plan around. It's structural unpredictability, driven by technological acceleration, geopolitical fragmentation, and economic policy uncertainty, that makes traditional planning horizons obsolete. The CEO who built a five-year strategy in January may find its assumptions invalid by March.

Consider what leaders have absorbed in just the past eighteen months: an AI revolution that moved from research curiosity to boardroom imperative almost overnight, supply chain reconfigurations driven by tariff policy that changes by tweet, a labor market that swings between "labor shortage" and "layoffs" depending on the sector and the month, and capital costs that have fundamentally repriced

after more than a decade of near-zero rates. Each of these forces alone would demand significant leadership attention. Together, they create an environment where the primary constant is change itself.

The most dangerous response to volatility is the one that feels most natural: waiting for clarity or stability. Leaders who pause major decisions until "things settle down" or "we know more" are making a choice. They're choosing to cede ground to competitors who move despite uncertainty. The leaders who will define 2026 are those who have internalized a difficult truth: clarity isn't coming. The ability of individuals and organizations to act decisively with incomplete information isn't a temporary necessity; it's the new core competency. This reality alone is already claiming victims.

Reality 2: Versatility Is Non-Negotiable

If volatility describes the environment, versatility describes what the environment demands of leaders. The skill set that made someone successful in 2019 is insufficient for 2026, not because those skills have become irrelevant, but because they're no longer enough.

The numbers tell the story. According to the World Economic Forum, the skills required for jobs have changed by 25 percent since 2015, and are expected to change by 65 percent by 2030 due to AI alone. The half-life of professional expertise is compressing in real time, and the pace is only accelerating.

For individual leaders, this means the expertise that earned their current role will not be what's needed to succeed in it. Technical knowledge that took years to develop can be disrupted by a single technology shift. The functional experience that seemed like a permanent asset now requires constant updating. The leaders who will separate themselves won't be those who defend their existing expertise. They'll be those who treat learning as a continuous discipline rather than a phase of their career.

For organizations, versatility means building adaptive capacity at every level. It means hiring for learning agility alongside technical skill. It means creating development systems that can retool capabilities faster than the environment changes. And it means accepting that organizational structures designed for stability may be exactly wrong for an era that rewards fluidity.

This is the heart of the versatility challenge. Functional excellence is necessary but insufficient. Leaders need the ability to see across boundaries, to understand how a supply chain decision affects talent strategy, how a technology investment reshapes customer experience, how a policy change in one market cascades through global operations. The leaders who lack this integrative capacity will be perpetually surprised by consequences they should have anticipated.

Reality 3: Ambiguity Provides Less Visibility

Volatility and the demand for versatility create a third reality: pervasive ambiguity. Leaders face decisions where the right answer isn't merely unknown. It may not exist yet. The playbooks that guided previous generations of leaders assumed a level of predictability that no longer holds.

The data shows how executives are experiencing this ambiguity. According to the EY 2025 CEO Survey, 57 percent of CEOs expect today's geopolitical and economic uncertainty to last well beyond a year. This isn't a temporary fog that will lift; it's a permanent condition of reduced visibility that requires new ways of leading.

Traditional strategic planning assumed that leaders could analyze the environment, identify the optimal path, and execute against a defined plan. That model breaks down when the environment shifts faster than planning cycles can accommodate. The new requirement is for leaders who can hold multiple scenarios simultaneously, make commitments that preserve optionality, and build organizations capable of pivoting without breaking.

Consider the AI investment decisions facing every major company. How much to invest? Which use cases to prioritize? Build, buy, or partner? There is no analyst report that provides definitive answers, because the technology's trajectory and competitive implications are genuinely uncertain.

Leaders must commit significant resources based on informed judgment rather than conclusive analysis. Those who wait for certainty will find themselves permanently behind.

This reframe, from paralysis to action, from waiting to leading, captures something essential about navigating ambiguity. The leaders who navigate this well won't be those who've eliminated uncertainty from their decisions. They'll be those who've learned to act effectively despite it. Ambiguity isn't a problem to solve. It's the arena where leadership now happens.

Together, these three realities (Volatility, Versatility, and Ambiguity) define the leadership environment in 2026. Understanding them is the starting point. Responding to them is what separates the organizations that win from those that get left behind.

At A Glance



Volatility: Technological acceleration, geopolitical fragmentation, and economic policy uncertainty are creating structural unpredictability. The disruption is constant, compounding, and not waiting for anyone to catch up.



Versatility: The market now demands that organizations and leaders operate across more functions, more technologies, and more scenarios than ever before. What worked last quarter may already be outdated.



Ambiguity: The information available to make critical decisions is incomplete, contradictory, or doesn't yet exist. Playbooks can't be written when this much is unknown and shifting.

Let's address the specific skills needed to thrive in this reality. There are four that the data clearly shows are most important.

Part II: Four Leadership Priorities for 2026

Understanding the environment isn't enough. Leaders who can name the problem but not respond to it will be swept aside by those who can. The data and our unique access to a large number of organizations reveal four capabilities that are beginning to separate leaders who navigate this environment successfully from those whose value is plummeting. These competencies aren't genetic. They're developed.

Organizations that are prioritizing training in these areas are experiencing a direct ROI on business outcomes. Generalized soft skill training has been replaced by core competency building. Said differently: HR's job is to develop leaders who deliver results.

Leadership Skill 1:

Adaptive Velocity

With all of this uncertainty and change, it won't surprise you that the leadership capability most in demand is Adaptive Velocity. Seventy-two percent of executives say their top concern right now is whether their teams are transforming fast enough to keep pace with change.

This isn't paranoia. It's pattern recognition. The disruption is structural, not cyclical. The data on what separates winners from losers is compelling: companies that reinvent well, adapting their business and operating models, achieve a 71 percent performance premium, a combined measure of profit margin and revenue growth. Standing still isn't just risky. It's expensive.

Adaptive Velocity is not about adapting to change. It's about driving it. Adaptive speaks to flexibility. Velocity demands urgency. Part of this is about mindset. But it's also about structure and ways of working. Centralized systems offer control, but they create bottlenecks that slow response times. In a volatile world, latency is fatal. We'll speak more about decentralized systems in a moment and how they allow teams to process data in parallel and accelerate decision making by spreading it horizontally rather than elevating it vertically.

Adaptive Velocity requires embracing new technology, especially AI. Leaders who are actively upskilling themselves, experimenting with AI tools, and understanding how the technology reshapes their function are gaining a compounding advantage. Those who are resisting, dismissing, or stalled by fear that their job might be replaced by a machine are likely guaranteeing their fate.

Marvin Ellison, CEO of Lowe's, captures the imperative: "The pace of change has never been faster, and it's only going to accelerate from here. We've seen surges in demand, strained supply chains, and constant market shifts that force leaders to decide quickly or get left behind. In the future, organizations that don't build resilience into their DNA, through empowered teams making fast calls, won't survive the waves coming at us."

The old leadership model rewarded conviction, longevity, and consistency. The new model rewards adaptability and velocity.

Leadership Skill 2:

Relationship Fluency

In a world consumed by Artificial Intelligence, the leaders who will thrive are those fluent in something no machine can replicate: relationships.

Relationship Fluency is the ability to read people, build trust quickly, and create the psychological conditions where people give their best work. It's what happens between a leader and another human. The one-on-one conversations, the intentional moments when someone feels seen, the trust that earns discretionary effort.

AI can analyze data, generate enormous amounts of research, and automate workflows. But someone has to provide the prompt. A human needs to deploy the machines, align the systems, determine where to spend capital, and ultimately decide on the strategy.

The math on innovation is simple: the best ideas come from collision, people with different perspectives connecting, debating, and building on each other's thinking. But in a dispersed work environment, those collisions don't happen by accident anymore. Engineering connection requires Relationship Fluency. Efficiency demands it. Organizations where employees report high trust and strong relationships earn dramatically more revenue per employee than the broader market. Sixty-one percent of employees working under empathetic leaders report being more innovative, while 76 percent report greater levels of engagement.

Google studied what makes teams effective and found that psychological safety was "by far the most important" factor. When people are invited to speak up they not only have higher levels of engagement, they also take greater accountability and contribute ideas.

Jess Elmquist sees this from the front lines every day at Dutch Bros. "Human connection becomes the real performance driver. Teams want to feel seen and supported, and companies that invest in genuine relationships will unlock resilience and loyalty no technology can match."

Relationship Fluency isn't a soft skill. It's a performance multiplier. Leaders who are fluent in relationships don't just build rapport. They read dynamics quickly, adjust their communication to the person in front of them, and build trust fast in new environments. Like fluency in a language, it can be developed, and like fluency in a language, it separates those who can merely function from those who can truly connect.

Leadership Skill 3: Networked Influence

The most successful organizations of the future will be those best equipped to create powerful and efficient networks. Networks of CPUs and networks of humans. Bandwidth is essential when speed and agility are required to win. And increased bandwidth requires strong networks.

Organizational structure must be more fluid than ever before. Who reports to you matters less than who is collaborating with you. Leaders concerned about titles are less valuable than leaders building influence. We call this skill Networked Influence.

In a world where customer demands shift monthly, technology options multiply weekly, and competitive threats emerge from industries that didn't exist five years ago, functional expertise alone isn't enough. The leader who understands marketing but not supply chain, who masters finance but ignores technology, who optimizes their department while the organization fragments, that leader is already falling behind.

The premium now is on leaders who can see across boundaries and orchestrate value across a network of teams, functions, partners, and platforms.

Job postings requiring cross-functional orchestration or systems thinking have increased 44 percent year-on-year. Leaders who can connect specialized outputs with broader business strategy now command a significant salary premium over deep-domain specialists, and nearly two-thirds of organizations are now hiring specifically for "technical-functional hybrids." Organizations are paying more for leaders who can see the whole board.

This isn't just about individual capability. It's about how organizations structure themselves. The traditional model of vertical departments passing work between silos was built for a slower, more predictable world. In 2026, that model creates dangerous blind spots. A product decision made without visibility into supply chain constraints. A technology investment disconnected from customer experience implications. A cost-cutting initiative that saves money in one function while destroying value in three others. Organizations with aligned and effective leadership teams are nearly twice as likely to outperform peers financially. The dysfunction costs real money.

We saw this firsthand at Kenvue, the consumer health company spun off from Johnson & Johnson that distributes products like Listerine and Neutrogena. When retailers couldn't keep Children's Tylenol on shelves, the old approach would have meant months of cross-departmental meetings, escalations, and finger-pointing between supply chain, manufacturing, sales, and retail operations. Instead, cross

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functional teams solved it in hours. The stakes weren’t abstract. Children needed medication, and the solution directly impacted Kenvue’s revenue and its vendor ranking with retail giants like Amazon, Walmart, and CVS. That’s what Networked Influence looks like in practice: leaders who can mobilize across boundaries when it matters, not leaders trapped in functional lanes waiting for someone else to connect the dots.

Mary Barra, CEO of General Motors, captures the mindset required: “In our industry, it’s so complex, you can’t be an expert on every piece of it. If you think you can make every call, I think it’s potentially going to go down some bad paths. It’s getting the right people with the different experiences together so you can debate issues and put the direction forward for the company.”

Networked Influence isn’t about knowing everything. It’s about seeing how everything connects and having the credibility and relationships to move people across boundaries you don’t control. It’s the discipline of asking second-order questions: What happens downstream if we make this decision? Who else needs to be in this room? What are we not seeing because of where we sit in the organization? The leaders who win are those who think in networks, not silos.

Leadership Skill 4: Focused Execution

The first three priorities mean nothing without this one. Adaptive Velocity, Relationship Fluency, and Networked Influence are capabilities. Focused Execution is where they convert to results.

Leaders have never faced more demands on their attention, or more pressure to say yes to all of them. The data on organizational noise is alarming. The number of meetings has tripled since 2020. The vast majority of those meetings are considered unproductive by senior managers, and most employees say meetings keep them from doing real work. The average employee now receives well over a hundred emails and chat messages per day, with interruptions occurring every two minutes during core hours. This isn't collaboration. It's congestion.

The cost of this noise isn't just frustration. It's failed execution. Organizations that reduced meetings by 40 percent saw a 71 percent increase in employee productivity. But the meeting problem is a symptom of a deeper issue: too many priorities competing for finite capacity. When everything is urgent, nothing gets the focus it needs to succeed. Initiatives launch with fanfare and die quietly from neglect. Projects drag on months past deadline because teams are spread across too many workstreams to finish any of them well. The research on AI adoption illustrates the pattern: despite massive investment, 40 percent of AI-generated work requires significant rework, often because organizations rushed to deploy without the disciplined focus required to implement properly.

Focused Execution is a leader's ability to protect priorities, eliminate noise, and ensure that effort converts to outcomes. It's not about working harder. It's about working on fewer things with greater intensity. It's the discipline of saying no to good ideas so great ideas get the resources they need. It's understanding that in an environment of infinite demands, the leader's job isn't to do more. It's to ensure the right things actually get done.

The difficulty is that focus doesn't happen by default. It requires pursuing the right conversations, not more meetings, but the ones that produce clarity. It requires asking the right questions: What does success actually look like? What moves the needle and what just feels productive? And it requires giving your team the clarity they need to prioritize, while simultaneously reducing the noise that clogs the system. Organizations naturally drift toward diffusion. The leader's job is to fight that drift, creating the conditions where directed energy can replace raw activity.

Jon Moeller, Chairman and CEO of Procter & Gamble, models this discipline: "Every Sunday I sit down and ask myself two questions: How is the business going to be stronger next week because of what I do? How is the organization going to be better off as a result of what I do this week? Everything else is just noise."

The best leaders treat focus as a resource to be protected, not a luxury to be sacrificed. They build systems that filter noise before it reaches their teams. They kill projects that aren't working rather than letting them consume capacity. They understand that in a world that rewards speed and adaptability, all that motion means nothing if it doesn't produce results.

At A Glance



Adaptive Velocity: The ability to move fast and drive change rather than react to it. Not just flexibility, but urgency paired with agility.



Relationship Fluency: The ability to read people, build trust quickly, and create the conditions where others give their best. What happens between a leader and another human.



Networked Influence: The ability to see across functions, orchestrate across boundaries, and move people who don't report to you. How a leader operates across an organization, not just within their team.



Focused Execution: The ability to identify priorities, reduce noise, and convert effort into outcomes. Not about working harder but focusing others on high-ROI activities that drive efficiency and results.

Meet the Moment

The three realities outlined in this report (volatility, the demand for versatility, and pervasive ambiguity) aren't predictions. They're the operating environment leaders face today. And the four leadership priorities (Adaptive Velocity, Relationship Fluency, Networked Influence, and Focused Execution) aren't abstract competencies. They're the capabilities that will determine which organizations thrive and which fall behind.

The path forward requires a shift in mindset and approach in HR and L&D departments: acknowledging that the leadership development content created in the past doesn't meet the demands of this moment. The leadership training industry must take ownership as well. Most vendors don't embody the competencies outlined here, let alone have courses, content, or methodology to offer clients.

The answer certainly isn't AI-powered training tools. Think of the irony of having individual managers silently sit at computers alone reading about how to build trust, communicate more effectively, or collaborate better.

The four competencies required in this moment are best trained demonstrating the very skills they are teaching. The training approach must be agile, urgent, give people the opportunity to ask questions and feel seen and heard while offering them the opportunity to connect and network with peers and connect it all to business outcomes.

The training itself not only teaches the skills. It embodies them.

This is a moment of enormous opportunity for HR and L&D teams to redefine their role in organizations. They can be viewed not as support functions but rather strategic partners enabling the organization to thrive in this new vastly different environment. Those who demonstrate an understanding of the three realities facing senior executives that have been outlined here and take the lead in helping managers build the four competencies spoken of here will see their value increase dramatically not only at their current employers but in the market overall.

HR and L&D leaders who fret about the impact of AI and take a wait and see approach or stick with the training approach and vendors of the past are justified in their anxiety. Those who adapt and mobilize to meet this moment don't feel anxious but instead energized and optimistic.

**Our team at Lone Rock Leadership has never been more energized or optimistic.
We can help you meet the moment.**

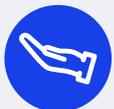
At A Glance



Acknowledge the shift: The leadership development content and training approaches of the past don't meet the demands of this moment. The era of generalized soft skill training is over.



Deploy the new method: The four competencies required today are best developed through training that embodies them: agile, urgent, connected, and tied directly to business outcomes.



Become strategic partners: Redefine HR and L&D from support function to strategic enabler. Upskill leaders at scale to drive business outcomes.

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