THE FUTURE CEO

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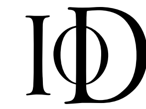

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LEADERSHIP

Mischief executive – delving into Elon Musk's problem with job titles

The self-styled techno-king of Tesla has questioned the validity of CEO as a meaningful designation. What truth lies beneath the maverick magnate's typically puckish assertion?

Sam Forsdick

Speaking at a *Wall Street Journal* summit for business leaders in December, Elon Musk claimed that, as a job title, CEO was meaningless. The boss of Tesla and SpaceX added that he'd just legally changed his role at Tesla to "techno-king, as a sort of joke" to underline his point.

Unsurprisingly, given that his audience mostly comprised CEOs, Musk's comments elicited a mixture of laughter and groans. But he explained: "There are only three titles that actually mean anything for a corporation: president, secretary and treasurer. All these others are basically made up. So CEO is a made-up title, CFO is a made-up title, general counsel is a made-up title. They don't mean anything… They're obviously just someone's marketing experiment."

For many business leaders, such views are easy to dismiss, especially given that Musk's self-coronation could be seen as a flippant gesture of defiance towards the US Securities and Exchange Commission, which had obliged him to stop serving as Tesla's chairman for three years in 2018 to settle a fraud suit. As a job title, CEO still holds a lot of meaning and is almost universally recognised, they argue.

Among them is Eliane Lugassy, co-founder and CEO of Witco, the Paris-based provider of a smart building app. "Elon Musk is the only person who could get away with calling themselves techno-king," she says. "The rest of us have to rely on language that everyone can understand."

In Lugassy's view, the CEO designation clearly identifies the person who is ultimately accountable for the performance of their business. In fact, the title, "with the structure and formality this term implies, carries more relevance today than ever", she argues.

Randall Peterson, professor of organisational behaviour and academic director of London Business School's Leadership Institute, believes it's easy for Musk to say that the role of the CEO is meaningless, given that his companies have gone from strength to strength. It's when things aren't going so well for a business that a good leader really demonstrates their worth.

Bloomberg via Getty Images

"When the tide is coming in and everything is aligned in your favour, being CEO is actually not much of a job," Peterson contends. "It can be pretty straightforward and it doesn't really justify the glory and money it brings. What he hasn't done is stick around when the tide goes out. Trying to save a business, for instance, is hard work – and I don't think he's seen that side of being a CEO yet. If you are producing electric vehicles at the point where many governments are making them mandatory, then the pieces will come together for you. That's when, by definition, the CEO role is at its minimum."

For David Sole, former captain of Scotland's rugby union team and now managing partner of the School for CEOs, this point cuts to the core of how an effective CEO should operate. He says: "In some respects, the person in that job shouldn't really be doing anything while the business is running well. They should simply be enabling everyone else to flourish."

To achieve this, CEOs must take on a multifaceted role, he argues. This requires them to manage up to the board and ensure effective governance while also managing down to motivate the whole workforce and inspire everyone to pull in the direction they have set for the organisation.

"The most impressive CEOs we have come across are those who are collaborative but at the same time recognise that they have ultimate accountability," says Sole, whose company offers a range of leadership development programmes. "The age of the dictator is well and truly finished."

So, as organisational structures in business place less emphasis on hierarchy and the traditional hallmarks of a good leader continue to change, is it time to reassess what 'CEO' really stands for?

Ludo Van der Heyden, chaired professor of corporate governance at Insead, believes that the nomenclature would benefit from an update. "The title is wrong," he argues. "The chief executive is not typically the one executing the work. They are the ones who are managing."

Although this may seem pedantic, Van der Heyden argues that it's important to have clear job descriptions. He suggests that "chief decision officer" may better reflect a business leader's key responsibilities, adding: "People do use the title CEO too much without knowing what it means. That can create confusion – and confusion is the enemy of good management."

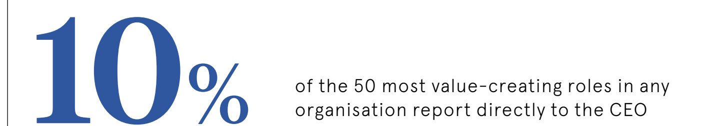
Despite his assertion that the CEO title should be changed, Van der Heyden disagrees with the suggestion that the role could be waning in significance. "I would be completely opposed to the idea that the CEO is becoming irrelevant," he says. "What is true is that we are coming to the end of the era of the heroic, all-powerful leader… Management, by essence, is a collaborative act, but it doesn't mean that you don't still need a captain."

This could be the reason why Musk was able to so casually say that the CEO title is meaningless. While his tenure in charge of Tesla has been an outstanding success, his style of leadership – where a single charismatic boss dictates their vision for the company – is becoming less common at the top of modern enterprises.

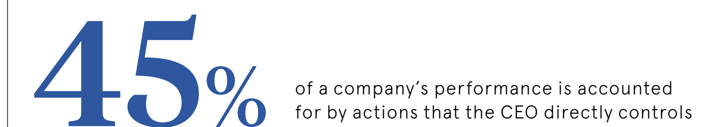
Peterson posits a different suggestion for a more appropriate job title for the times. "Chief culture officer provides a more positive description of what they do," he says. "The two elements that are crucial in business are culture and strategy. An effective leader needs to provide alignment between the two."

Rather than being inconsequential, the designation appears to have different connotations depending on the individual's interpretation of what a good leader should offer, from strategic decision-making to setting the appropriate culture. Although it's far from meaningless, given that the term has so many feasible definitions, perhaps Musk was right to say that CEO is a made-up title after all.

10% of the 50 most value-creating roles in any organisation report directly to the CEO



45% of a company's performance is accounted for by actions that the CEO directly controls



McKinsey, 2019

REGULATION

Called to account

The government has proposed placing greater responsibilities on directors for ensuring the quality of their firms' financial statements. Its planned reforms are likely to make extra work for many CEOs

Simon Brooke

Mike Kemp via Getty Images

As the Carillion, Patisserie Valerie and Thomas Cook accounting scandals continue to prompt questions about standards in UK corporate reporting and auditing, the government is putting pressure on boards to ensure that the information they give auditors is correct and complete.

The process started in earnest in March 2021, when the Department for Business, Energy and Industrial Strategy (BEIS) published a white paper entitled *Restoring Trust in Audit and Corporate Governance*.

The document suggested making individual directors, rather than boards, personally responsible for the accuracy of their companies' financial statements as they sign off on internal controls and risk management. The model it has proposed is similar to that adopted in the US under the Sarbanes-Oxley Act 2002 – which was a response to one of the nation's most notorious failures of corporate governance, the Enron scandal.

But business leaders soon raised their concerns about what they considered to be a radical proposal that would increase the risks faced by everyone sitting around the boardroom table. Would board directors overseeing departments such as HR or IT, for instance, be willing and able to accept an onerous new finance-related duty that they feel is beyond their expertise?

And would non-executive directors (NEDs) be prepared to take on the extra burden? The independent scrutiny that these experienced business leaders can offer boards has long been viewed as crucial in ensuring sound corporate governance and reporting. But 78% of NEDs polled in a survey published by EY in August 2021 reported that their jobs had become increasingly complex and time-consuming in recent years.

Given that groups such as the Institute of Directors (IoD) oppose the BEIS's suggested divergence from the principle of collective board responsibility, it is widely expected that its proposal that individual directors, whatever their role, should be required to sign off on a firm's internal financial reporting controls will be watered down, if not dropped entirely.

Weng Yee Ng is a partner at the Forensic Risk Alliance, a consultancy that helps clients to handle cross-border investigations, litigation and compliance requirements. She suggests that there's "a balance to be struck. Implementing heavy and overly burdensome legal requirements to catch a small proportion of misbehaving directors may end up deterring and, to a degree, penalising good and talented directors. Experience tells us that there'll probably never be a perfect equilibrium."

> It is entirely appropriate for directors to be held accountable for matters such as the robustness of internal controls and corporate reporting

CEOs should consider improving the quality of independent oversight, Ng advises. This should help to instil confidence and prevent under-resourced finance teams from becoming overloaded with legal burdens further down the road.

The BEIS has also proposed extending the definition of 'public-interest entities' to cover large private companies as well as publicly traded firms and financial institutions such as banks. If this recommendation were to be implemented, the CEOs of these private companies could find themselves taking on extra financial reporting responsibilities.

Despite its concerns about some of the white paper's recommendations, and the timing of the possible changes, given that the UK is still grappling with the Covid crisis, the IoD is "broadly supportive of the direction of reform proposed by the government", stresses Dr Roger Barker, the institute's director of policy and governance.

"It is entirely appropriate for directors to be held accountable for matters such as the robustness of internal controls and corporate reporting," he says. "But this is already the case. The primary change advanced by the reforms concerns the enhanced enforcement of these responsibilities by a new regulator, the Audit, Reporting and Governance Authority. Such a change would necessitate a substantial outlay by companies to provide the necessary assurance. We're questioning whether this is an appropriate juncture at which to impose such a regulatory burden."

It's likely that the planned Audit, Reporting and Governance Authority will have greater powers than the Financial Reporting Council – the accounting watchdog it's expected to replace next year – along with new statutory objectives. This would send a clear signal from the government about its intentions concerning directors' reporting responsibilities.

"Whether it's imposed by regulation or just corporate culture, there will be a greater need for CEOs to ensure the integrity of internal controls," predicts David Davies, a partner in the corporate and commercial team at law firm Kingsley Napley. "This will add to the pressure on them. They'll not only have to run their businesses; they will also have to demonstrate the robustness of its governance and internal controls regarding the finances."

Davies adds that CEOs will likely have to accept a new type of burden: accountability for the effectiveness of their company's corporate governance. This should include requiring other board members to take responsibility for providing proper checks and balances with respect to financial reporting.

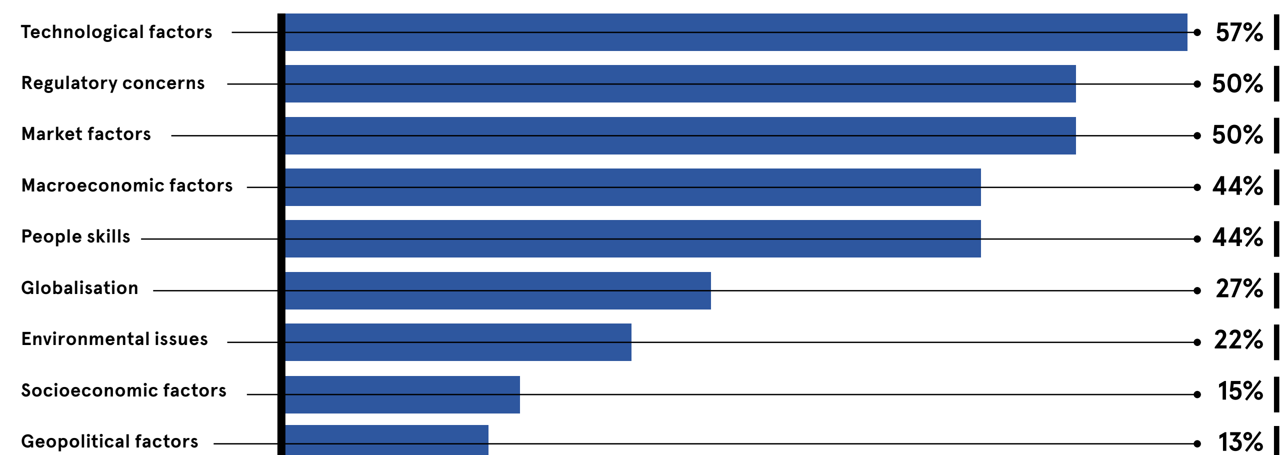
"Previously, if one board director were a little weak on finance, that person would feel protected because of the collective responsibility of the board," he explains. "Now, though, it looks more likely that the CEO will want to ensure that every member of the board has the appropriate degree of financial literacy."

Barker envisages that "CEOs will need to review their frameworks of internal control, corporate reporting and external audit. They may need to add to their internal resources in these areas and consider whether further external assurance will also be required."

CEOs would be well advised to start preparing for the most likely changes now. This could help them to avoid expending so much effort on meeting the heightened financial reporting demands that they are distracted from even more pressing business issues. ●

REGULATION IS AMONG THE TOP CONCERNS FOR CEOS IN THE SHORT TO MEDIUM TERM

What business leaders consider to be the most important issues affecting companies in the next two to three years



IBM, 2021

OPINION

'An emphasis on ESG creates a challenge for business leaders'

Environmental, social and governance (ESG) factors are increasingly important leadership drivers for UK organisations, not only as a means of winning the trust of stakeholders but also as barometers of a well-run company. In contrast, weak ESG performance is often seen as a red flag. It may suggest that the company's purpose is not well aligned with the interests of wider society – bringing its longer-term sustainability into question.

ESG factors are also instrumental in attracting investment. According to the Investment Association, asset managers attracted £4.3bn of retail money into responsible investment funds in the three months to the end of September 2021. And a recent survey by the Association of Investment Companies has found that two-thirds of self-directed investors consider ESG factors before deploying their cash.

Such an emphasis on ESG creates a challenge for business leaders: how can they deliver leadership in a way that fulfils the expectations of increasingly ESG-oriented investors and other stakeholders? The stakes are high. A CEO who can pull this off is likely to enjoy a higher share price, more motivated and loyal employees and customers, and a stronger reputation in the public arena.

To assist CEOs in developing their leadership strategy, the Institute of Directors has recently published its ESG priorities for 2022. These cover four broad areas – sustainability, inclusion and diversity, governance and executive pay – each of which plays an important role in defining a company's reputation with respect to ESG.

A key message under the sustainability banner is for companies of all sizes to publish an accurate and unexaggerated depiction of their current impact on climate change, both in their annual reports and elsewhere. CEOs should also develop a clear plan for how they intend to transition their enterprises to net zero. Ideally, they should publicly state their target date – and expect to be held accountable.

A key ESG factor relates to the creation of an inclusive and diverse business culture, both at senior level and in the wider workforce. CEOs will need to evaluate how they can monitor and measure this kind of issue, and whether there are appropriate targets that can be defined in order to motivate progress. Once again, stating a public goal can be a useful way to increase accountability and ensure clarity of message.

In modern outsourced organisations, the CEO has a bigger task than simply focusing on those colleagues who are legally defined as the company's employees. Economic groupings often encompass subsidiaries, suppliers, contractors and agents – often across a number of jurisdictions and product areas.

From an ESG perspective, this makes it crucial for the CEO to ensure that substantial due diligence of supply chains and business partnerships has been undertaken, to provide assurance that these are not implicitly supporting modern slavery, exploitative employment practices and/or bribery. The scale of this problem is frequently underestimated and, by its nature, it is often invisible. But the ethical, reputational and legal ramifications of turning a blind eye are substantial.

Lastly, a key ESG priority is for CEOs and their boards to no longer focus on short-term movements in their companies' share prices. Shareholder primacy was conventional business wisdom in the 1980s and 1990s. But it is increasingly viewed as an inadequate barometer of corporate success. The ESG perspective views the mission of business leaders as being to generate long-term value for stakeholders – particularly those essential to the sustainable success of their enterprises, such as long-term investors, employees, customers, suppliers and wider society.

Business leaders may also see the value of defining an explicit purpose for their organisation, which aligns its objectives with a positive social impact and is not purely concerned with objectifying financial return as an end in itself. The latter should arise as a healthy by-product of a responsible approach to business that's firmly anchored in the practice of ESG. ●

Dr Roger Barker
Director of policy and corporate governance, Institute of Directors

Commercial feature

Putting digital at the heart of company culture

Executives are placing digital solutions at the heart of their business strategy. As companies compete to stay at the forefront of the digital landscape, Fluxx and magneticNorth are helping business leaders coordinate and instil a digitally minded company culture

Companies have known for a while that digital needs to be at the heart of everything they do. However, since the pandemic struck this mission has taken on a new urgency.

Early in the crisis, the public showed great patience as firms struggled to adjust to successive lockdowns and the shift to hybrid working. But that goodwill is fading, customers now expect an exceptional digital-first experience from the brands they love.

This has sparked a flurry of digital innovation not seen since the 2008 financial crisis, but some companies lack the right strategies and are struggling to keep up.

Digital transformation is not just about procuring the right digital products and services or embracing innovation internally, as vital as those things may be. It is also about instilling the right cultural mindset across an organisation so that digital becomes an integral part of its DNA.

Such transformation is rarely straightforward. It often requires fundamental changes to the ways staff are managed and motivated, as well as the systems and processes underpinning the business. Unsure of how to proceed, many companies fall at this critical hurdle and miss out on the benefits.

Fluxx and magneticNorth, an innovation and design consultancy based in London and Manchester, helps firms to navigate the fast-changing digital landscape. The firm has worked with start-ups to top FTSE 100 companies, helping them to design distinctive digital services that boost customer satisfaction and the bottom line.

"If you don't keep up with the changing needs of your people, the digital products and services you have will fail no matter how good they are," chief executive Jenny Burns says. "To unlock true innovation, businesses today must transform themselves through both the digital and cultural lens."

> To unlock true innovation, businesses today must transform themselves through both the digital and cultural lens

Fluxx and magneticNorth are currently recruiting designers and consultants in Manchester and London

Last year, Fluxx and magneticNorth helped the UK insurance firm Legal & General (L&G) create a digital-first approach to its net-zero strategy. The firm is undertaking a series of projects to play a central role in the UK's journey to net zero, including helping to retrofit the buildings it invests in, promoting sustainable funding and supporting innovation in emerging carbon extraction and net-zero technologies.

However, to create an effective strategy L&G needed to survey its entire operations and unite teams from across the business. Working with Fluxx and magneticNorth, it identified gaps and opportunities in its current product portfolio, as well as high-potential new partnerships and ventures. It also uncovered associated barriers to change that would need to be addressed to unlock the new value.

"Collaboration across company divisions is never easy, but we knew bringing together the power of Legal & General's different business units would be the most effective way to create truly innovative products and have an impact on a crisis as big as climate change," says Burns.

"Eight months and many pivots later, 10 ideas had become two validated business cases – two key projects which support the billions of pounds investment into renewable energy required to achieve net zero. These are currently being built to go to market."

In another example, Fluxx and magneticNorth helped publishing house Condé Nast International to launch Vogue Business, an online publication and newsletter for global fashion industry professionals.

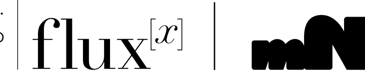
The publishing house had been looking to launch a business-to-business product for some time but was inundated with ideas and unsure where the real opportunity was. Fluxx and magneticNorth helped it create a five-stage innovation framework, setting out a repeatable process that the business could use to identify, assess, prioritise and resource their ideas.

Working together, the firms then tested the idea on Condé Nast clients and consumers before committing to a global launch in 2019.

"Two years later, Vogue Business is the world's leading business-to-business fashion publication," says Burns. "Condé Nast was also left with a powerful internal framework for incubating and executing ideas which it continues to use today."

Embracing change needn't be overwhelming, but firms can't afford to be complacent. Consumers increasingly expect seamless experiences and digital interaction with the brands they rely on, and even more so in 2022, companies must deliver.

For more information on Fluxx and magneticNorth's work download one of their free business books at fluxx.uk.com/books



SDI Productions via Getty Images

RETENTION

Bitter suite? How the big quit is striking at C level

Between July and September 2021, a million Britons changed jobs. Employers that overlook the effects of the great resignation on senior executives risk suffering a leadership crisis

MaryLou Costa

Thanks to the pandemic, business leaders have more on their plates than ever. The extra strain imposed by new concerns, such as managing remote teams and addressing the physical and mental health ramifications of the Covid crisis on employees, is starting to tell.

Of the 1,000 HR directors polled in a survey by HiBob and Fiverr in the US last month, 46% reported that managers and directors were leaving their firms at a faster rate than entry-level employees, highlighting how the great resignation is manifesting itself in the upper echelons of business.

Talent strategy consultancy the Chemistry Group has got through more work on senior leadership in the past 12 months than it did in the previous four years combined. Demand from clients for a better understanding of leaders and the issues they are facing is "going through the roof", according to its founder and director, Roger Philby.

He warns that businesses need to rethink how they support and develop their leaders, noting that the loneliness many people feel at this level is being underestimated.

"How the pandemic has disconnected leaders from their organisations is showing up in engagement scores, as people have taken this time to reflect on their lives, potentially choosing to do something else," reports Philby, who works with employers such as Experian and the Co-operative Group. "There has been a lot of talk about having leaders who are more empathetic with their people. That's all great, but it's also putting more demands on leaders who are actually going through their own problems."

Philby adds that simply enhancing executives' reward packages will no longer compensate for this. He argues that personal development at senior level has "fallen off a cliff" in the past two years, as the philosophy of "selfless leadership" has been blown out of proportion.

Leadership development practice needs to change radically, according to Philby. He believes that there has been a lack of focus in many firms on how managers need to change their behaviour to become leaders. In effect, this is leaving their prospects of ensuring the continued effectiveness of their senior teams to chance.

"Organisations aren't applying a systematic approach to developing leaders," Philby says. "They'll get them a coach, but how do they know whether that's having an impact?"

He continues: "There's a space for very personalised, individual development and then a metric which demonstrates the impact of that on business outcomes. But I don't see any evidence-based leadership development going on out there."

Joanna Swash is a strong believer in the importance of such an approach. The CEO of Moneypenny, an outsourced provider of customer services, she recently designed a training programme for her senior team to help identify leadership styles and align these with the organisation's vision and purpose using a bespoke set of tools and frameworks. Swash also plans to add training in soft skills to help develop attributes such as empathy and to prioritise "attitude over aptitude" in both recruitment and development.

"We will mentor our managers to develop their strengths and supply them with all the tools they need in these challenging times," she pledges. "People who are aligned with your culture, values and attitudes can realise their potential and that of the business."

Yet even such concerted measures may not be enough to address the disengagement that many senior executives are feeling. A recent poll of 200 UK leaders in investment, law and consulting by M&A tech provider Datasite found that more than a third were prioritising family time in 2022, while 17% wanted to accelerate their retirement plans, citing interests outside the workplace as a huge factor in their thinking.

Reshaping the parameters of the leadership position – from normalising part-time positions and job-sharing at senior level to embracing the 'side hustle' phenomenon – could enable more firms to retain talented leaders by offering them the best of both worlds.

Insurance company Zurich, for instance, has doubled the number of people it has hired as part-time employees since it began advertising all vacancies as potential part-time positions and/or job-sharing opportunities two years ago. Highlighting its success in recruiting and retaining more women in particular, the company has called on the UK government to legislate that all employers over a certain size advertise jobs this way.

Zurich's approach to recruitment would find favour with Angela Nyman, chief marketing officer at digital asset management platform Bright. She returned to her role on a part-time basis in September 2020 after a period of parental leave.

"If your company is behind you and it values outcomes – employee wellbeing and team productivity – rather than analysing the hours you're working, you'll stand a much better chance of finding a good work/life balance," Nyman says. "If I give people the right guidance and motivation, along with the tools and information they need to work autonomously and make the best possible decisions, it doesn't matter whether I'm sitting next to them every day or not."

Brian Dolan is the founder and CEO of WorkReduce, a marketing and media consultancy based in Boston, Massachusetts. He is openly supportive of people in his organisation who have side hustles, even those in senior positions. His vice-president of sales also runs a bike store, for instance, while his senior director for client success has a boat-chartering business.

Dolan stresses that finding fulfilment outside your primary workplace and achieving success within it are not mutually exclusive. "We want our people to be really happy and satisfied," he says. "As long as they're delivering the results, we'll jump through hoops to retain them."

Regardless of what approach a firm might take to keep its senior executives engaged, Philby recommends that corporate boards should be paying close attention to their leaders' needs, as the pressure they are under shows little sign of abating.

"The number-one focus of every board in every company right now should be: how are the people who are running this firm?" he argues. "They should literally be sitting down and asking these people how they are doing. When someone answers: 'I'm fine,' they need to say: 'No, how are you *really*?'"

8 in 10

CEOs have worked at their company for more than a decade

Forbes, 2019

6 in 10

CEOs have worked at their company for more than two decades

Forbes, 2019

3 in 10

CEOs have worked at their company for more than three decades

Forbes, 2019

35%

increase in CEO appointments between between H1 2020 and H1 2021

Heidrick & Struggles, 2021

Commercial feature

Lack of executive alignment can crush a CEO's change agenda

When every member of the C-suite has a different view of what change looks like, a chief executive's bold transformation agenda may already be doomed to fail, says **Ewan Main**, Daggerwing Group CEO

Great CEOs are often impatient visionaries. They know where they want to take the company, but are frustrated with the time and effort involved in the process to make it happen.

When Covid hit in 2020, thousands of rigid companies, which historically demonstrated massive resistance to change, were suddenly transforming overnight. They adopted virtual working models, figured out new supply chain solutions and opened up the range of sales channels.

It is reasonable for any CEO to want to leverage this newfound corporate adaptability for all kinds of new transformations in 2022. But they will discover the survival instinct that enabled employees to adapt to working remotely two years ago doesn't apply to new initiatives driving tech adoption, implementing new operating models or fixing the employee experience gaps that are undermining talent retention today.

Here's the warning all CEO's need to consider: only one in three transformation projects succeed in meeting business objectives, and the biggest and earliest failure risk is the lack of executive alignment.

Yes, all the CEO's direct reports may nod their heads in agreement to the four bullets on a PowerPoint slide outlining the specific implications for a major upcoming change management initiative, such as digital transformation or new environmental, social and governance strategy.

But, when asked separately, each executive is likely to have a completely different understanding of what's really changing for their department, employees and customers, and what they need to do to make that change happen.

Based on my experience working with many Fortune 500 CEOs and their teams, here are proven techniques to reduce the risk of executive misalignment.

Get detailed

Demand that the change management plan detail exactly what's changing and why for every impacted department and employee before it is brought to the executive team for consideration. Clarify how the company is going "from this… to this", so there is understanding of the current state and what will happen once successful change is in place. That way, leaders are more likely to be on the same page about the implications and benefits, making it hard to walk back in the future.

Engage executives in new ways

When executives are asked to review a fully baked transformation plan to offer their approval, we've seen some instances where they say, "This is a great plan for the business, but of course it won't work with my division."

> **Only one in three transformation projects succeed in meeting business objectives**

To get collective executive alignment on the change that will apply across the total enterprise, we've turned passive reviews of plans into active facilitations of decision-making on the specific transformation initiatives required to meet the stated goals. In these sessions, all executives have a say on all the "gap-closure" priorities across every function and division of the company.

Make it personal

Even when change is good, humans are hardwired to resist. It's natural. To get executives onside with change, it is critical they understand the vision in detail and can connect it to their own personal ambitions. On our change consulting engagements, we do one-to-one interviews with every single executive to make sure we deeply understand their lens on the business and their own drivers and motivations. Then, when we develop and present the plan for alignment, each executive can explicitly see how both corporate goals and, to some extent, their own goals are addressed in the plan.

Ultimately, every single CEO-led growth strategy depends on behaviour change of two types of people: your employees and your customers. Understanding and applying the psychology of why people do and do not want to change is foundational in making sure the entire executive team has the same understanding and enduring commitment to the transformation as the CEO.

For more information, please visit daggerwinggroup.com

daggerwing GROUP

Q&A

Ewan Main, Daggerwing Group CEO, reflects on successful change management

Q: Why is executive alignment such a challenging endeavour?

A: Every executive's view of a proposed transformation will be shaped by unconscious bias. They may believe there's no reason to disrupt the status quo, or the pain of the transformation will outweigh business gain. To get around this, it is critical to anticipate the reality of resistance and have arguments that are thought through. A CEO may tend to take a command-and-control approach, simply saying, "this is happening". But building in the time to address every executive's bias will help ensure an alignment decision gets made and it sticks.

Q: Why do so many companies simply accept such a high change management failure rate?

A: In our experience, change management failure is almost always caused by people factors. Leaders who failed to lead. Employees who weren't equipped with the right skills. Lack of effort in getting people to adopt new behaviours and stick to them. Surprisingly, when we did some research with people who buy change management consulting services, many said they disliked transformation projects because it required the hardest thing to do in any company: change people. It is a lack of attention to the people side of change; that basic understanding of the psychology of how human brains react to change and the successful techniques that turn resisters into advocates. Daggerwing's whole consulting approach is designed to break the cycle of change management failure. Unlike many competitors, we focus on the people side of transformation, so we can do change right the first time and make it stick.

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INTERVIEW

‘If it’s left to chance, we know that nothing happens’

Despite several efforts to balance blue-chip boards, the number of female FTSE-100 CEOs is in single digits. **Tara Cemlyn-Jones**, founder of 25x25, explains her plan to remedy the situation

Oliver Balch

Tara Cemlyn-Jones is a woman on a mission. The former investment banker wants to help almost triple the number of female CEOs in the UK’s largest companies – and quickly.

A quarter of a century ago, Dame Marjorie Scardino was appointed as CEO of media company Pearson, making her the first female CEO in the FTSE 100. Today, there are nine women leading the country’s 100 biggest plcs. Cemlyn-Jones wants that total to be 25 by 2025.

She is far from alone. Under the umbrella of the 25x25 initiative, a not-for-profit that she founded in March 2020, Cemlyn-Jones and fellow directors, Dame Inga Beale and Kerry Dryburgh, have the support of a dozen blue-chip firms, including GSK, NatWest and Unilever.

Cemlyn-Jones argues that diversity among CEOs, as the “public face” of business, matters immensely in setting expectations and shaping aspirations. If corporate leaders look “exclusively male – or white or heterosexual or not disabled – you’re not going to attract the broadest range of talent,” she says.

The 25x25 campaign is as much about making the business case for change as it is about ensuring fairness. Studies have consistently found that diversity in leadership teams has a positive effect on long-term profitability. Research published in October 2021 by US financial services firm Morningstar, for instance, found that the stocks of UK and North American firms with an equal gender split at board level achieved a 7.52% return on investment over three years, compared with an average of 2.09%.

The reason it pays to have more female CEOs isn’t that women have a different set of skills purely because of their gender, according to Cemlyn-Jones, who is “very loath” to suggest that women or men are anything but the same when it comes to their leadership qualities. Rather, the advantage of having more female CEOs concerns the greater perspective this offers. Gender aside, the more varied the top team is, the broader its range of experience will be, which reduces the likelihood of groupthink. (The fact that the FTSE 100 currently has no Black CEOs is another clear sign of the continuing lack of diversity on blue-chip boards and the risk this poses to the quality of their strategic decision-making.)

Cemlyn-Jones adds that women’s historically high representation in the HR function is also pertinent. With the economy becoming ever more service-oriented, the need for business leaders to be masters of people management is increasing quickly, she argues. Given her recent experiences of operating in the fast-growing fintech sector, she thinks this factor is something that big plcs, which have traditionally appointed leaders with strong financial skills, have been slow to grasp.

“When you compare big FTSE firms against tech companies, you suddenly realise that the skills required of a CEO have changed completely,” she says.

The appointment of Unilever’s former head of human resources, Leena Nair, as CEO of fashion house Chanel in December suggests that things might at last be changing. If so, female HR directors could be well placed to benefit.

Nonetheless, meaningful change won’t happen without a push. Before its official launch in November 2021, 25x25 conducted extensive research among business leaders. This found that entrenched cultural biases about who is – and isn’t – suited to the top job still run deep. Such attitudes persist despite a number of government-led initiatives – for instance, the Davies review in 2010 and the Hampton-Alexander review in 2016 – to improve the situation.

“There’s been quite a lot of work on gender representation in the boardroom, but it hasn’t moved the dial much in terms of CEO numbers,” Cemlyn-Jones says.

This is mostly because the responsibilities of the role are very specific, as are the routes into it. Just because boards feature more women, this doesn’t automatically translate into having more female CEOs. It’s why 25x25 has a strong focus on the concept of ‘pathways’ to the top job – in other words, how firms pick, prepare and promote internal candidates or recruit them from outside.

> **There’s been quite a lot of work on gender representation in the boardroom, but it hasn’t moved the dial much in terms of CEO numbers**

Some improvements to the selection process would be relatively simple to make. For instance, having an independent observer sitting in on job interviews could alert the company to unconscious biases, Cemlyn-Jones suggests.

But, in addition to any easy fixes, organisations need to ask tough questions of their talent development and promotion processes, she argues. Consider an oil major or a global engineering company, for instance. The CEOs of such firms tend to have gained broad operational experience in several areas of the business, which is fine on paper. Yet is the expectation on candidates to up sticks and move regularly from posting to posting really fair to women, given its implications for family life and the insecurity of certain overseas roles?

The 25x25 initiative has so far resisted proposing a set framework for companies to follow. Instead, its main request of them is to “continue to question traditional models, which may not be appropriate for the CEO of the future”, says CemlynJones, who adds that target-setting is also vital. Hard objectives can better oil the wheels of institutions and make change more likely. Putting it more bluntly, she says: “If it’s left to chance, we know that nothing happens.”

With this in mind, participating firms are encouraged to set targets for gender balance across the top two or three levels of management.

“It’s very easy for people to say: ‘I looked for a good female candidate and I didn’t find any,’” she notes. “If a senior person then tells them: ‘Look again, this is important,’ they will look again and they will find someone. It happens every time.”

Another 25x25 priority is for existing business leaders to start championing the cause of greater female representation more vocally. At present, a “handful of companies” are pushing this agenda hard, she says. Welcome as that is, if more don’t follow suit, “we will simply end up with the same problem”.

Cemlyn-Jones explains: “If a CEO steps up and says: ‘This is important to me,’ what we find is that proper work then gets done.”

It’s clear that several male CEOs in the FTSE 100 must become prominent cheerleaders for the campaign if it’s to succeed. Having already signed up as ‘lead ambassadors’ for 25x25, it’s an assignment that BP’s Bernard Looney, Unilever’s Alan Jope and BAE Systems’ Charles Woodburn have readily accepted.

So, fast-forward three years and imagine that Cemlyn-Jones’s effort to change the face of leadership in the FTSE 100 has succeeded. What fundamental differences would that make? Perhaps the most obvious impact would be on the sense of opportunity granted to half of the nation’s working population, she says. The more female CEOs there are, the more normal that situation becomes for everyone.

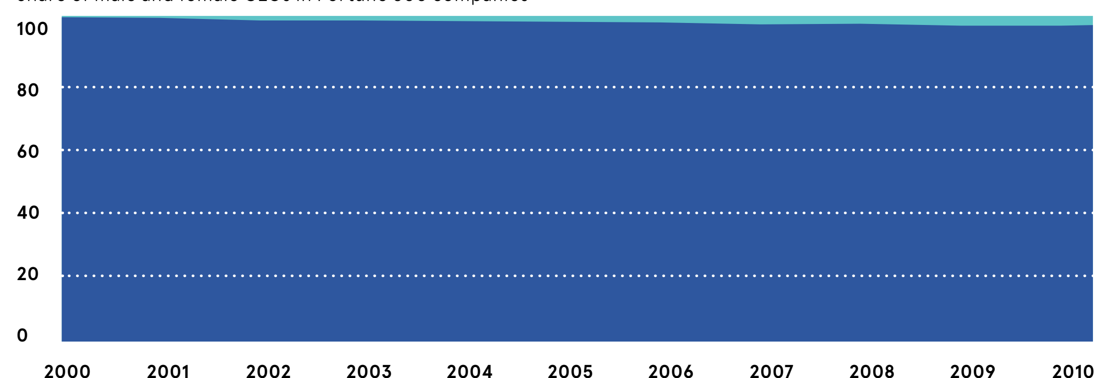
Cemlyn-Jones’s vision is that of a virtuous circle in which “everything seems to work together”: more open doors for talented women, better-balanced leadership teams, happier workers all round and so on. Furthermore, it would mean a more productive private sector in general. By encouraging greater diversity, firms will shake off old habits and start benefiting from an influx of new skills and perspectives.

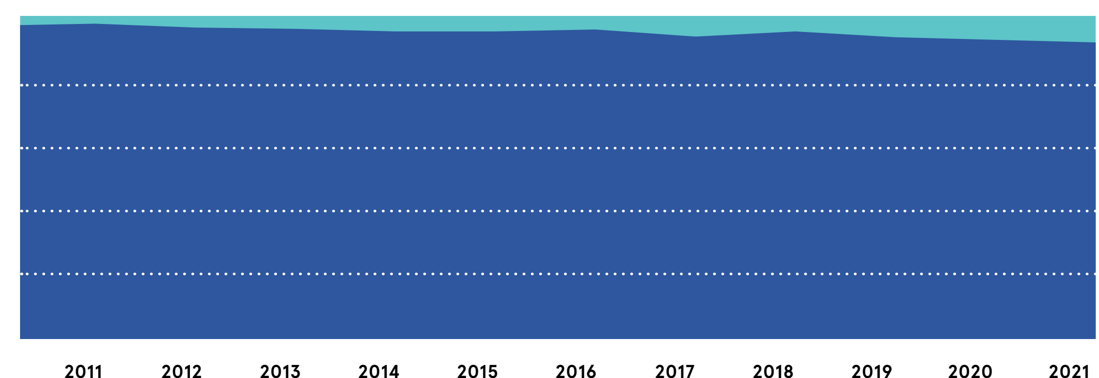
“We’re doing this because we do actually think [a higher percentage of female CEOs] will deliver better performance,” she says. “If you open up the talent base, you’ll get the skills coming through faster and you can accelerate growth.”

Being a blue-chip CEO is not for everyone, of course. The hours are long, the responsibilities are huge and the expectations are colossal. But everyone should at least have the chance of reaching the top of the tree. That’s only fair – and smart.

DESPITE SOME PROGRESS, BLUE-CHIP BOSSES REMAIN OVERWHELMINGLY MALE

Share of male and female CEOs in Fortune 500 companies





Male   Female

Fortune, 2021

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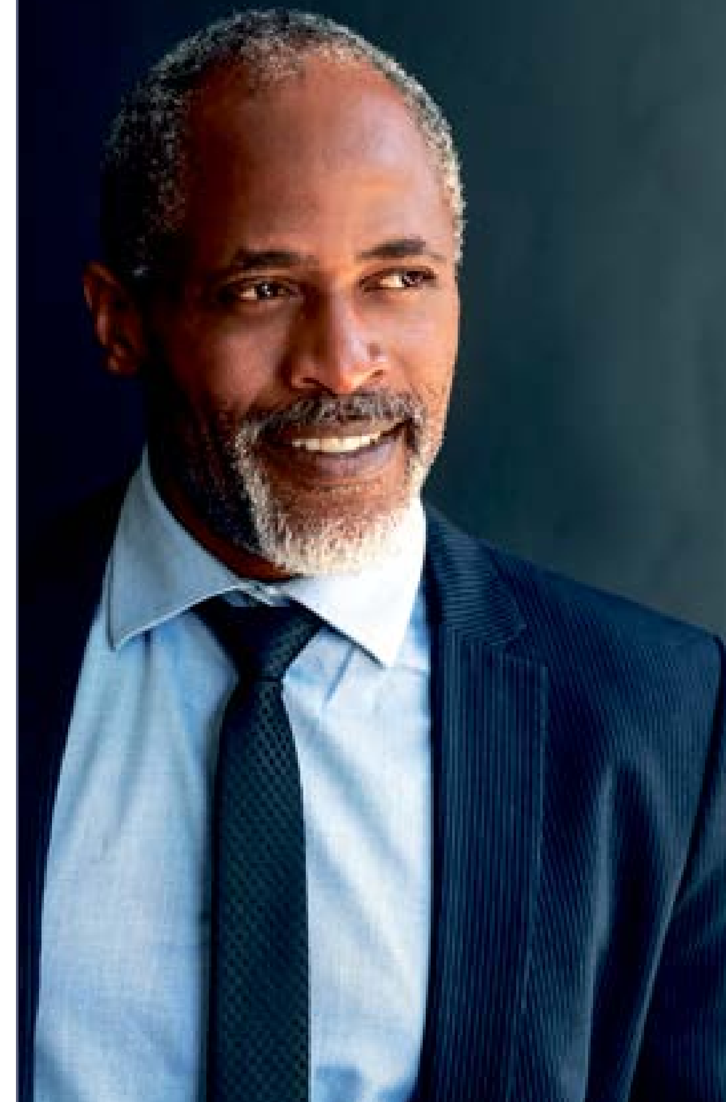
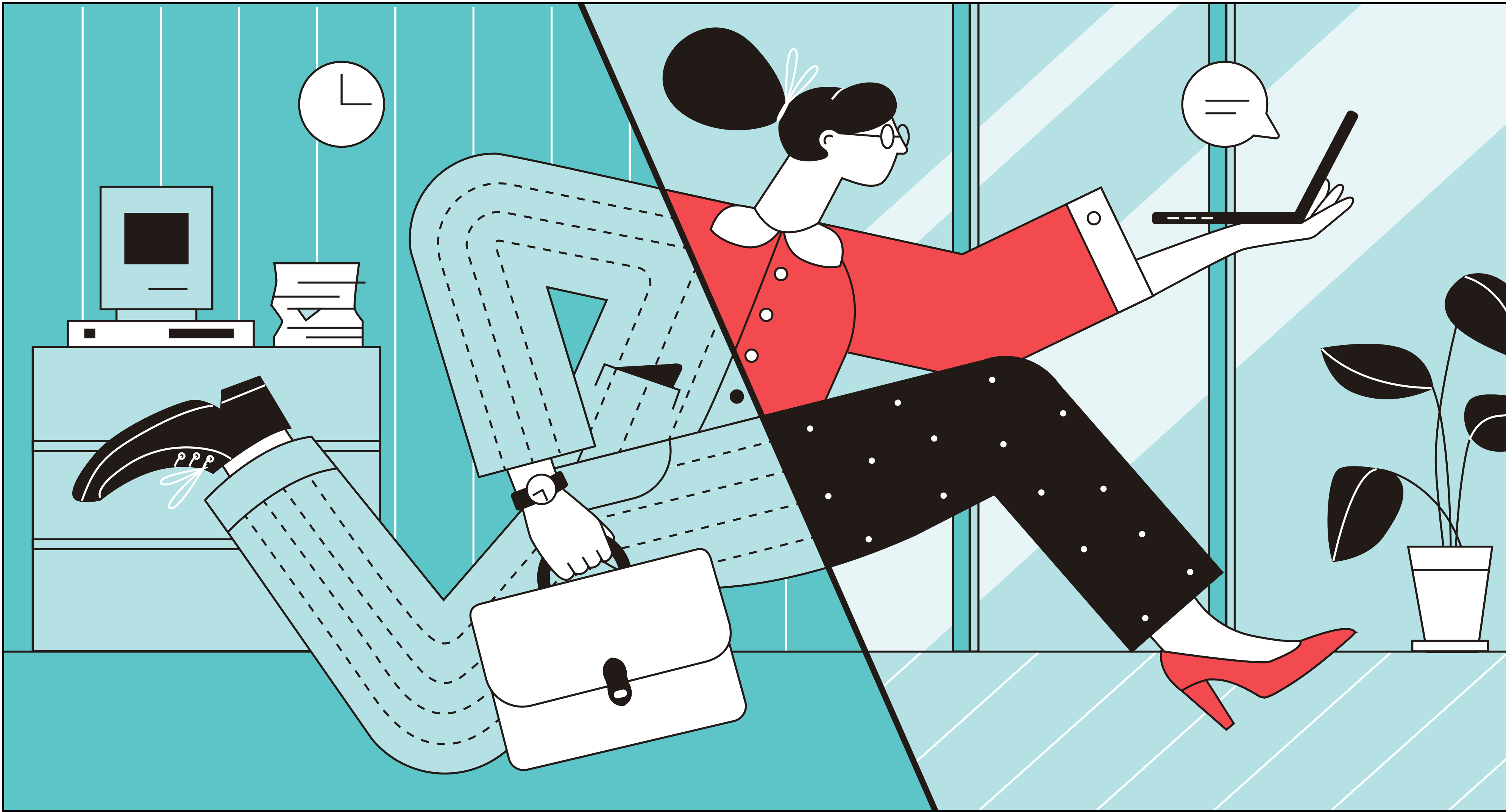




LEADERSHIP STYLES

All ears: the evolution of the attentive CEO

The days of autocratic decrees from the boss are long gone. The effective modern CEO leads through influence – and that entails being a good listener

Alec Marsh

Back in the dim and distant 1980s, the archetypal CEO might have looked something like the founder of Amstrad, Alan Sugar. The FTSE-100 boss had buckets of vision, was utterly focused on the bottom line and didn't suffer fools. Four decades on, we can decide for ourselves from watching the Baron of Clapton's tough-guy act on *The Apprentice* whether he's moved on at all since his company's heyday.

What is certain is that the business world has moved on, with effective leaders now wielding their authority in very different ways. While the CEO still needs to be the arch-strategist for their business and its prime motivator, how that role is performed will be virtually unrecognisable to most people who saw how captains of industry typically operated even 20 years ago.

Mark Freebairn is a seasoned corporate headhunter who leads the board and CFO practice at Odgers Berndtson's London office. He recalls that back when ICI, the former FTSE-100 chemicals giant, was "run by some of the great and good leaders of its past, these were people whom the queen might meet occasionally. But the rest of the business would never see them."

Yet if you were to visit a Royal Mail sorting office today, you might well find its CEO, Simon Thompson, walking the floor. How so? Because the most effective leaders run their businesses by influence rather than by diktat, according to Freebairn.

"The traditional command-and-control leadership model has been replaced by a much more discursive, consensus-seeking approach," he observes, adding that effective CEOs "have to be out there" in their organisations, forming, developing and maintaining meaningful working relationships.

At the heart of this change is a general increase over the years in the size and complexity of many businesses. As a result, CEOs have been obliged to hand over some of their traditional responsibilities. The people they delegate to are normally effective leaders themselves. And, as Freebairn notes, they are not the types to relish being bossed about. It therefore calls for a more open, collegial leadership style.

> There's a sweet spot: you have to be dominant enough to be noticed and get your own way at times, but not so much that you stop listening

"The skill of managing better talent – to influence rather than dictate – has become a much more powerful leadership characteristic than we've seen before," he says.

At the core of this approach is the ability to listen. So says Randall Peterson, professor of organisational behaviour and academic director of the Leadership Institute at London Business School. He reports that one of the best indicators of success for CEOs is whether their colleagues consider them good listeners.

Accompanying this is an unprecedented rise of another quality: agreeableness, characterised by Peterson as "go along to get along". Over the past three decades he has observed this style evolving from the old-school autocratic approach.

"It's now tipped over towards the more agreeable side, mainly as the challenges of collaboration have become more complex," observes Peterson, who adds that listening skills are key to resolving disputes. "How a CEO manages conflict is critical to their long-term success."

Arguably, agreeableness works against a key personality trait that nearly all CEOs display: dominance, which is also a good indicator of those most likely to become bosses in the first place. What Peterson has found particularly interesting, though, is that today's most successful CEOs are ones with lower scores than their peers on measures of dominance.

"This suggests that there's a sweet spot: you have to be dominant enough to be noticed and get your own way at times, but not so much that you stop listening to others and become a bulldozer," he says.

Nicola Wensley, a partner in executive appointments at Page Executive, reports that influencing skills are featuring more than ever on the wish-lists that her company receives from clients seeking CEOs.

"A key lesson that a lot of leaders have learnt during the Covid crisis is the importance of empathy and authenticity in keeping employees engaged and motivated," she notes.

Managing by influence requires CEOs to engage with staff at all levels like never before, Wensley says. They must even be prepared to share stories of their own humanity, such as "how they've overcome personal challenges or balanced the pressures of work and home life".

While they're becoming more open with their colleagues, they are also serving more than ever as the public face of their organisations, she adds. Blue-chip CEOs in particular have become "accountable for so much more than the financial performance of their companies. Everything they do and say is scrutinised. At times, their words and deeds will have an impact on their firms' share prices."

The modern CEO must also be able to assimilate the challenges of disruptive change. Once the Covid crisis finally ends, the most significant developments to stay on top of are likely to be rooted in technology, ESG and geopolitics.

For Wensley, technology is no longer a function that CEOs can simply delegate. "The shift is not so much to have a business strategy that's supported by technology, but almost to have a technology-led business strategy," she argues.

To achieve this, CEOs will need to listen to their chief information officers more closely than ever if they are to spot new opportunities and chart new strategic directions for their businesses. It also means that today's effective CEO must be highly curious about tomorrow's emerging trends.

Freebairn, who has served as a non-executive director on a plc board, says that CEOs have to "be on the pulse enough to know what's happening and good enough to know whether these are developments they should be following or not".

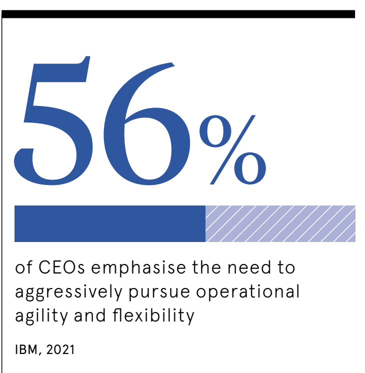
And tempting as it might be, this is not simply a question of following the data, warns Rory Sutherland, vice-chair of ad agency Ogilvy UK, who observes that the sheer volume of information available to CEOs can prove counterproductive.

Much of this material is "often highly unrepresentative of what's really important", he argues. "An awful lot of what is important probably needs to be captured in words rather than numbers... By putting something in a spreadsheet, you're in danger of actually losing more than you gain."

CEOs must always take account of where their intel is coming from, especially internal data, as the sources may have ulterior motives for editing the material that reaches the top. This is why leaders "need channels to lower levels of the organisation, where they'll get truly unsifted information, not stuff that has been filtered through the middle management", Peterson says.

If to lead is to listen, the best CEOs will exemplify another trait that's long been identified as important in effective leadership: humility.

"To lead the people, walk behind them," wrote the ancient Chinese philosopher Lao Tzu. Two and a half millennia on, his advice still holds true. You can probably hear better from there, too.

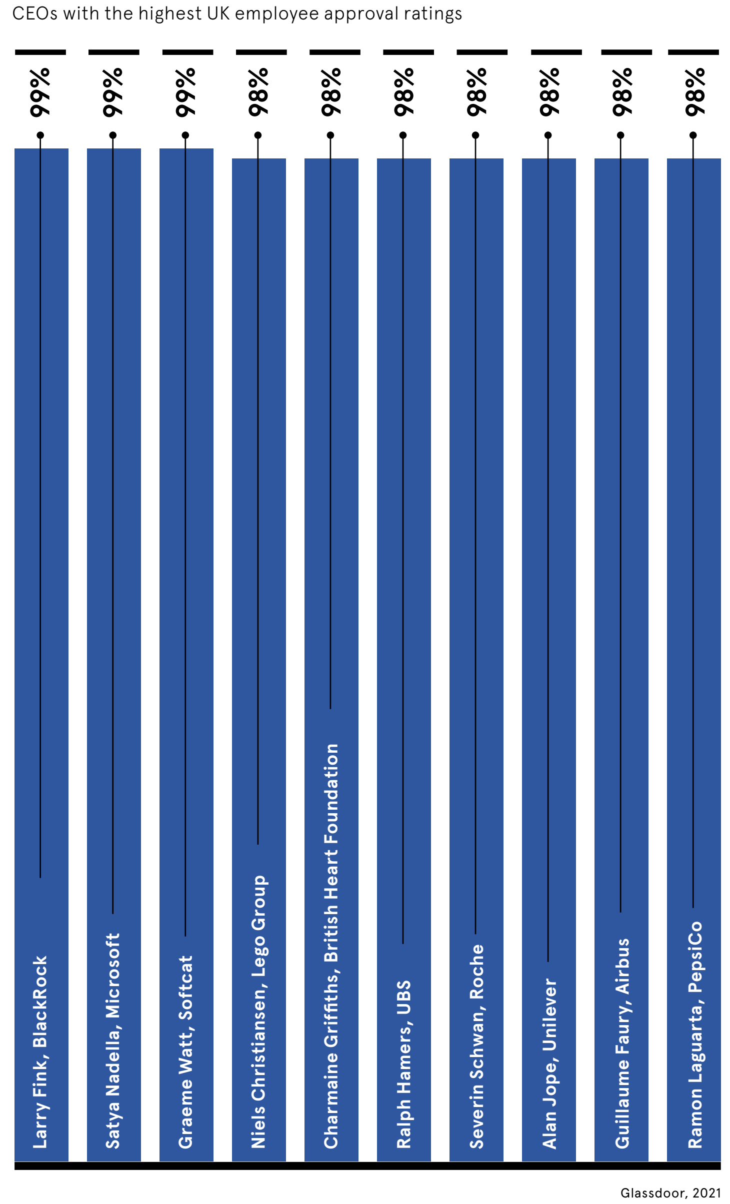


of CEOs emphasise the need to aggressively pursue operational agility and flexibility

IBM, 2021

WINNING THE APPROVAL OF THE WORKFORCE

CEOs with the highest UK employee approval ratings



Glassdoor, 2021

Commercial feature

Embracing continuous evolution

The key to maintaining a successful business strategy is understanding that constant change is a reality that's here to stay in today's business environment. Yonder Consulting is helping CEOs to better understand their customers and stay ahead of the trends, lest they be surpassed by the competition

It's a daunting prospect for most CEOs to navigate the complexities of change that have been both organic and accelerated over the past two years. But why?

Simply, organisations' long-term strategies, however well designed, are no longer always fit for purpose. Suddenly, there are many more moving parts that are difficult to predict. The attitudes, working speeds and capabilities of a CEO's teams may not be optimal, or necessarily what the market needs right now.

To counter this challenge, it is time for CEOs to see these challenges as opportunities, and to embrace 'continuous evolution'.

"The lifecycle of companies, from embryonic to huge success, can now be meteorically quick. However, chasing continued success is where companies often come unstuck, as they fail to embrace the concept of continuous evolution," explained Manfred Abraham, co-CEO of Yonder Consultancy, a company that blends strategy, insight and imagination to deliver customer-driven business success for organisations around the world.

Not everyone important to an organisation is data literate. But everyone is story literate. Every CEO needs to effectively convey their bespoke story to those both inside and outside of their company.

Abraham added: "Data is, and always has been, an important enabler of effective business strategy. And, to implement an effective strategy, you need a culture and business model that embraces continuous evolution and allows it to thrive."

The chain of actions - ongoing market and customer understanding, identifying strategic opportunities, communicating internally in an engaging and motivating way, driving and implementing strategy for business improvement, and measuring the success of the actions - should form a continuous loop that rolls on and on in real time as the market evolves. That speed of evolution is only getting faster.

> It is time for CEOs to see these challenges as opportunities, and to embrace 'continuous evolution'

It is this notion of 'time' that Yonder really taps into when working with clients, powered by an innovative solution called Yonder Clockface.

"Yonder Clockface interprets complex and multifaceted data, and translates it into deep customer understanding," explained Abraham. "CEOs need to know what their customers want now, what they want next, and – most importantly – why. This customer understanding needs to be delivered on an ongoing basis, around the clock; not just as part of three-year goals that are set in stone and reviewed at the end of that period.

"Once you've entered the continuous evolution circle, you must communicate your story strategically to give the company and its employees a clear direction of travel that your teams feel aligned to, and are excited by."

Abraham reaffirms that this improved forecasting and real-time adaptability only work if the second half of the equation is fulfilled, and the story is relayed effectively, internally.

He continued: "Storytelling (where you're going and why), combined with explaining the context of data, will bring people aboard your journey. Tim Cook of Apple, Sonia Cheng of Rosewood Hotel Group and Gary Freedman of Restoration Hardware are all excellent examples of how to do this right, and deliver huge value as a result."

Inherently, as companies grow and become more successful, the number of silos are likely to increase in tandem, and communicating effectively becomes more difficult. An example Yonder sees regularly is the KPIs of individual silos not actually adding up to the organisation's strategic direction of travel. That's when a CEO has a problem.

In that respect, interpreting the numbers from the individual silos and connecting them through storytelling to keep everyone moving forward together, are two key tools that future CEOs need in their armoury.

Abraham concluded: "As a CEO, it is increasingly difficult to be aware of all the moving parts that contribute to ultimate business success. Not only are customer expectations, employee demands, market dynamics, politics and societies changing, but they're doing so at a faster pace than ever before. This all has a huge impact on which stories people connect to, and why.

"Yonder Clockface helps CEOs monitor and forecast customer reactions. The resultant insights can then be used to tell coherent stories and to truly capitalise on the opportunities that today's fast-changing world presents. This is opposed to seeing such rapid shifts just as challenges.

"Because really, isn't it exciting to be operating in such a dynamic market? Constantly looking for those new opportunities surely makes it far more interesting to be a CEO now, and we hope more business leaders embrace that excitement in the future."

For more information please visit yonderconsulting.com

5 STANDOUT LEADERS

What makes a great CEO? Is there a particular mix of qualities that will best equip someone to excel in this hugely demanding position? The extra value that a brilliant leader can add to their business has prompted much analysis of the role. Research suggests that they can achieve remarkable feats using widely varying approaches. Showing that there's no set template for excellence in leadership, here are five exceptional CEOs from the past 50 years who have built lasting legacies at their respective companies by doing it their own way

1 ECO-ACTIVIST

YVON CHOUINARD, PATAGONIA

An avid rock climber and all-round outdoorsman, Yvon Chouinard founded clothing company Patagonia in 1973. He and his firm were exemplars of ESG long before the term was coined.

Patagonia's ardent environmentalism is, arguably, what he's best known for. Since 1986, the company has committed 10% of its annual profits, or 1% of its annual sales (whichever is greater) to eco-friendly projects.

The firm and its founder have also aimed to ensure the use of sustainable materials throughout the supply chain. Patagonia conducted its first environmental audit in 1994. Two years later, it had ensured that all of the cotton it sourced was organically grown.

Although Chouinard stepped down as CEO in 1999 to spend more time mountaineering and surfing, he has continued advocating for sustainability initiatives.

In 2002, for instance, he co-founded 1% for the Planet, which encourages businesses to commit 1% of their sales revenues to environmental groups.

Patagonia began operating a recycling and repair programme for clothing in 2005 and has since established the largest garment repair shop in North America, encouraging its customers to patch up their old clothes instead of buying new ones.

Activism aside, as CEO, Chouinard built his business into a globally recognised brand. Patagonia now operates more than 70 stores worldwide and has a presence on five continents. Despite the organisation's widely publicised stance against consumerism, its annual sales revenue reached $1bn in 2018. Last year, Patagonia pulled in $10m on Black Friday alone – and donated every cent of that to charity.

More than **3,000**

organisations are members of the 1% for the Planet movement

More than **$250m**

has been committed through 1% for the Planet in support of approved environmental enterprises

1% for the Planet, 2021

3%

The share of Patagonia's carbon footprint that can be attributed to its own facilities

Patagonia, 2021

2 STRATEGIST

INDRA NOOYI, PEPSICO

When Indra Nooyi was appointed senior vice-president of corporate strategy and development at PepsiCo in 1996, a victor had emerged in the so-called Cola wars: Classic Coke was the clear favourite among consumers. But fast-forward two decades and PepsiCo's revenue was more than double that of its rival. Here's how it happened.

In 1997, Nooyi took charge of PepsiCo's restructuring, which led to the divestment of the KFC, Pizza Hut and Taco Bell brands. With this spin-off, PepsiCo accelerated its share buy-back programme, clearing a path for a series of key mergers and acquisitions over the next five years.

The acquisition of Tropicana in 1998 initially encountered resistance from shareholders, but Nooyi recognised the opportunities for a competitive advantage in the chilled juice segment. In 2001, she led the purchase of Quaker Oats – a move that not only diversified the company's product line but also brought the Gatorade brand under PepsiCo's umbrella. Nooyi became CEO of the firm in 2006 and held the position until 2018.

Although PepsiCo lost the battle for America's favourite cola, its strategic diversification has produced an income stream that's more than double that of the Coca-Cola Company. Thanks to Nooyi's strategic foresight, PepsiCo now owns 23 individual brands and generates more than half of its global revenue from food products.

$76.7bn

PepsiCo's revenue in 2021

Seeking Alpha, 2021

80%

The growth in PepsiCo's sales during Nooyi's 12 years as CEO

CNN Business, 2018

3 TRAILBLAZER

URSULA BURNS, XEROX

Raised in a low-income housing project in New York, Ursula Burns excelled at school. She gained a degree in mechanical engineering at what is now NYU Tandon School of Engineering and completed a master's at Columbia University.

In 1980, Burns was accepted to a summer internship programme at Xerox. Throughout the ensuing decade, she held a series of positions in product development and planning operations at the company, until 1990, when she became an assistant to one of the company's senior executives. She was appointed vice-president of global manufacturing in 1999 and then senior vice-president in 2001.

In July 2009, Burns became the first African-American woman to serve as CEO of a Fortune 500 company. Soon after her appointment, she led the acquisition of Affiliated Computer Services (ACS), the largest M&A transaction completed by Xerox in its history. During her seven-year stint at the helm, Burns transformed Xerox from an ageing hardware business into a diversified services company.

Burns stepped down as Xerox CEO in 2016. Two years later she was appointed CEO of multinational telco Veon, a role she held until 2020. She has also served on the board of directors for American Express, ExxonMobil and Uber. Burns has also held numerous civic positions, including leader of the White House's STEM education initiative.

$6.4bn

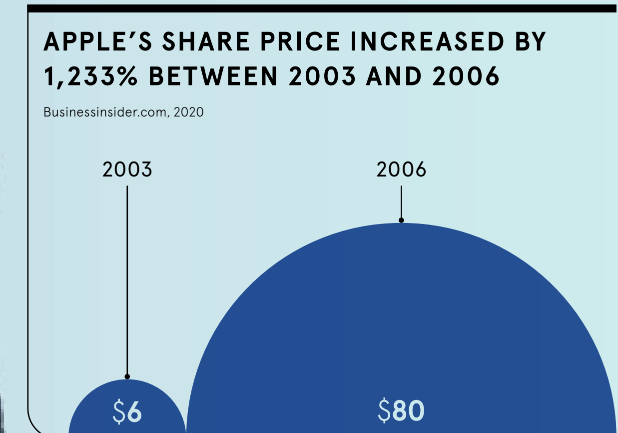
The value of Xerox's acquisition of ACS under Burns' leadership in 2009

World Finance, 2019

96%

of Xerox shareholders voted in favour of the company's 2009 purchase of ACS

Builtin, 2021



APPLE'S SHARE PRICE INCREASED BY 1,233% BETWEEN 2003 AND 2006

Businessinsider.com, 2020

4 INNOVATOR

STEVE JOBS, APPLE

When Steve Jobs returned as CEO in 1997 to the company he'd co-founded more than 20 years previously, the business was in dire straits. Before he catalysed the innovations that would make him world-famous, Jobs first simplified the product line and invested heavily in the design function. He also persuaded Bill Gates, CEO of Apple's all-powerful rival Microsoft, to put in $150m to keep his creation in business.

Jobs redirected underperforming R&D streams in Apple's product pipeline and used part of Gates' investment to reinvigorate the company's marketing strategy. Apple released the iMac in 1998, which became the company's first lucrative PC in several years. In 2001, it launched the hugely successful iPod music player. Then came the MacBook in 2006, the iconic iPhone a year later and the iPad in 2010.

But some of Jobs' most important innovations had come much earlier. In 1977, he and Apple co-founder Steve Wozniak launched the first successful mass-market PC, the Apple II. Jobs also served as CEO of Pixar Animation from 1986 until its acquisition by Disney in 2006. In fact, he was even credited as an executive producer of the 1995 classic family film *Toy Story*.

Although he died in 2011, Jobs' company and its products remain the industry standard. In August 2018, Apple became the world's first plc with a market cap of more than $1tn. Earlier this year, under the leadership of his protégé, Tim Cook, its valuation briefly hit $3tn.

5 INVESTMENT GURU

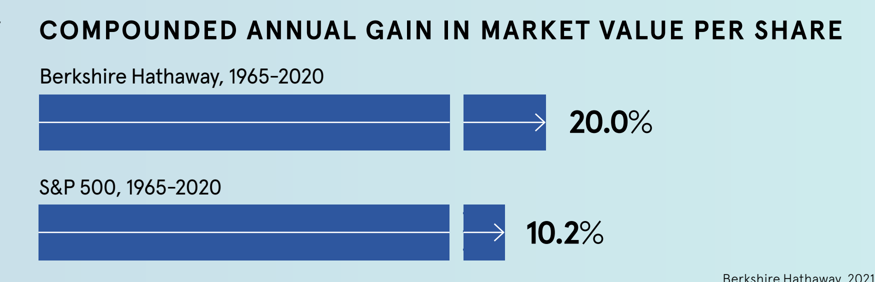
WARREN BUFFETT, BERKSHIRE HATHAWAY

Warren Buffett began investing in 1940 when he was 10 years old. Today, the Oracle of Omaha is widely considered one of the smartest investors in history. As CEO and chairman of conglomerate holding company Berkshire Hathaway, Buffett has produced incredibly reliable returns since he took control of the business in 1965.

Making a fast buck is not what Buffett, a strong advocate of value investing, is about. Indeed, his consistent success over decades has become a big part of his mystique. Over the 35 years to 2020, the total percentage return on investment in Berkshire Hathaway was more than double that of the S&P 500. His personal wealth also tells a story of long-term success. Buffett has been hugely successful for more than five decades, but 98% of his $82bn personal fortune arrived after he turned 60.

Buffett's business insights are so treasured that a 2019 charity auction offering the chance to have lunch with him at a New York steakhouse fetched more than $4.5m. Some of his most profitable investments include Apple, Bank of America, Coca-Cola and UPS.

Buffett is well known for his personal frugality and generosity. In 2006, he pledged to donate 99% of his wealth to charitable organisations, including the Bill & Melinda Gates Foundation, during his lifetime. Last year, Buffett donated $4.1bn of his Berkshire Hathaway stock to charity, pushing his total donations up to $41bn. Now 90 years old, he is halfway to his goal.



COMPOUNDED ANNUAL GAIN IN MARKET VALUE PER SHARE

Berkshire Hathaway, 1965-2020	20.0%
S&P 500, 1965-2020	10.2%

Berkshire Hathaway, 2021

Commercial feature

Why the world needs more enterprise leaders

Enterprise leaders are agile, transformative, and value-creating, but why are there so few of them?

In the past few years the world has undergone unprecedented changes. With that change comes the need for a new type of leader: the enterprise leader. This leader exhibits the humanity and agility to deliver a transformational impact on organisations, which aligns them with the demands of the new world. Yet, according to global organisational consultancy Korn Ferry the majority of leaders are not up to the challenge. Their research finds that less than 14% of today's executives could be considered enterprise leaders.

Olivier Boulard, head of Korn Ferry's EMEA CEO succession practice, says: "The enterprise leaders that make up that 14% are defined by their ability to both perform - to run the organisation - and to transform - to change the organisation. They influence in a non-hierarchical way across the organisation, and have an impact on all of the company's stakeholders. Their ability to think more expansively about the context in which their entire sector is changing, and to show discernment in how to react to it is the fundamental step change between strong executive leaders and strong enterprise leaders."

Leaders have always had to respond to multiple stakeholders simultaneously - shareholders, employees, and communities - but the social dimension is now more critical and visible than ever. They are handling challenges that are more complex, situations that are more ambiguous and paradoxes that are harder to resolve than the ones their predecessors ever had to face. And they must convey to their team and to the entire organisation a purpose for change that demands capability development, individually, collectively, and culturally, through a clear vision of their organisation's societal impact.

Development must start sooner

Neither 'performing' nor 'transforming' is enough on its own; knowing when and how to flex is the key. All of this translates into tangible results. According to Korn Ferry research, companies with strong performing-and-transforming enterprise leaders grow 6.74% faster than the average in terms of EBITDA growth.

However, leaders today are managing with far less autonomy and control than in the past. Instead of simply preparing leaders to succeed in known situations, organisations must create opportunities that allow future leaders to practice adapting to new and unfamiliar situations. The CEO role is not the first place executives learn to think, decide and act courageously across the organisation.

Lucy McGee, head of CEO and executive development EMEA at Korn Ferry, says: "Within many organisations, climbing the greasy pole has encouraged more competition than collaboration around the executive table and beyond. That will no longer work. Businesses need to deliver in demanding and constrained present circumstances, while striving to reinvent themselves to remain relevant in new future scenarios where competitors are partners and co-creators. The 'enterprise mindset', which unlocks a person's ability to pivot between those perform/transform dynamics, needs to be developed much earlier than board level and practiced around the executive table. What marks these leaders out is their ability to open themselves to growing and evolving as a fully authentic person."

Defining true self

Where Korn Ferry's enterprise leadership framework differs from other development programmes is its focus on the whole person, rather than on the individual in the context of their leadership role. Their program identifies three dimensions through which personal growth is crucial to becoming an enterprise leader: the 'I', learning more about themselves and self-imposed limits; the 'we', opening up to truly inclusive thinking and the power of the teams in which they participate; and the 'it', their impact on the wider organisation through vision and purpose that drives engagement.

Boulard says: "Reaching a very senior role often happens around the age when people usually have their midlife crisis, which is fundamentally about going back to your true self. The way that we work with leaders on the 'I', 'we' and 'it' elements is an acceleration of that. And it is a defining moment for them, a revelation that they've finally reconnected with who they are."

Acquiring five critical mindsets

Fundamental to enterprise leadership are five agile mindsets identified by Korn Ferry's enterprise leadership framework as critical to sustainable leadership: purpose, courage across and beyond, awareness of self and impact, inclusion that multiplies and integrative thinking.

In defining their purpose, a leader must define what they stand for as an individual, how that relates to their leadership role, and whether it aligns with the purpose of the organisation. Boulard recalls working with an executive prior to their appointment as a CEO in the consumer industry. "The day she defined her personal purpose she became a completely different leader," he says. "Suddenly, everything she was saying and doing became clear and made sense, because it was consistent with what she stood for."

Developing the 'include to multiply' mindset helped another executive deal more effectively with conflict. "His approach had always been avoidance," explains McGee. "While working on this mindset, he realised that having many different voices around the table enabled him to explore more deeply and clarify for others, rather than experiencing this as tension. After a lifetime of avoiding conflict he learned to embrace it and was willing to really listen and leverage the collective intelligence of the group to navigate a better path through thorny issues."

Ultimately, enterprise leadership development has to be sustainable; executives at this level are tested in new ways every day. The uncertainty and the threat of disruption from future global crises are here to stay. Boulard says: "For the last two years CEOs have been focused on crisis management, cost reduction, lockdowns, etc., and unless you have those five agile leadership mindsets, you cannot adapt and react effectively to such huge changes of context - never mind when the next growth curve hits us."

As the line between business and society continues to blur, organisations must step up to make their contribution to a better world. It is enterprise leadership that delivers the capability to make that vital collective and sustainable impact.

> "Unless you have those five agile leadership mindsets, you cannot adapt and react effectively to such huge changes of context

6.7%

How much faster organisations led by enterprise leaders grow than the average in terms of EBITDA growth

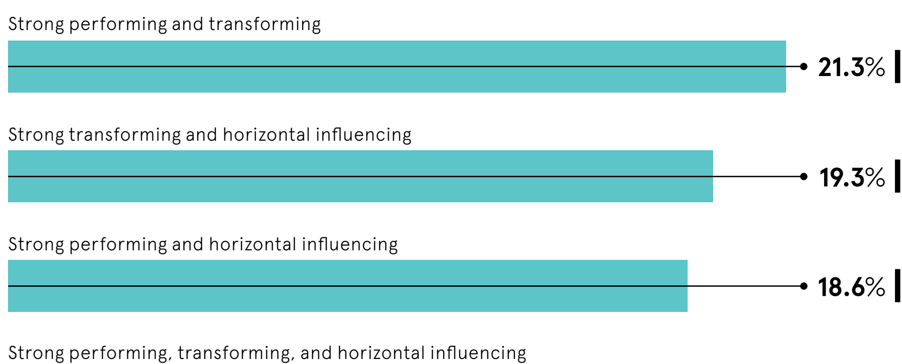
14%

of today's executives can be considered enterprise leaders

Korn Ferry, Enterprise Leadership Research, 2021

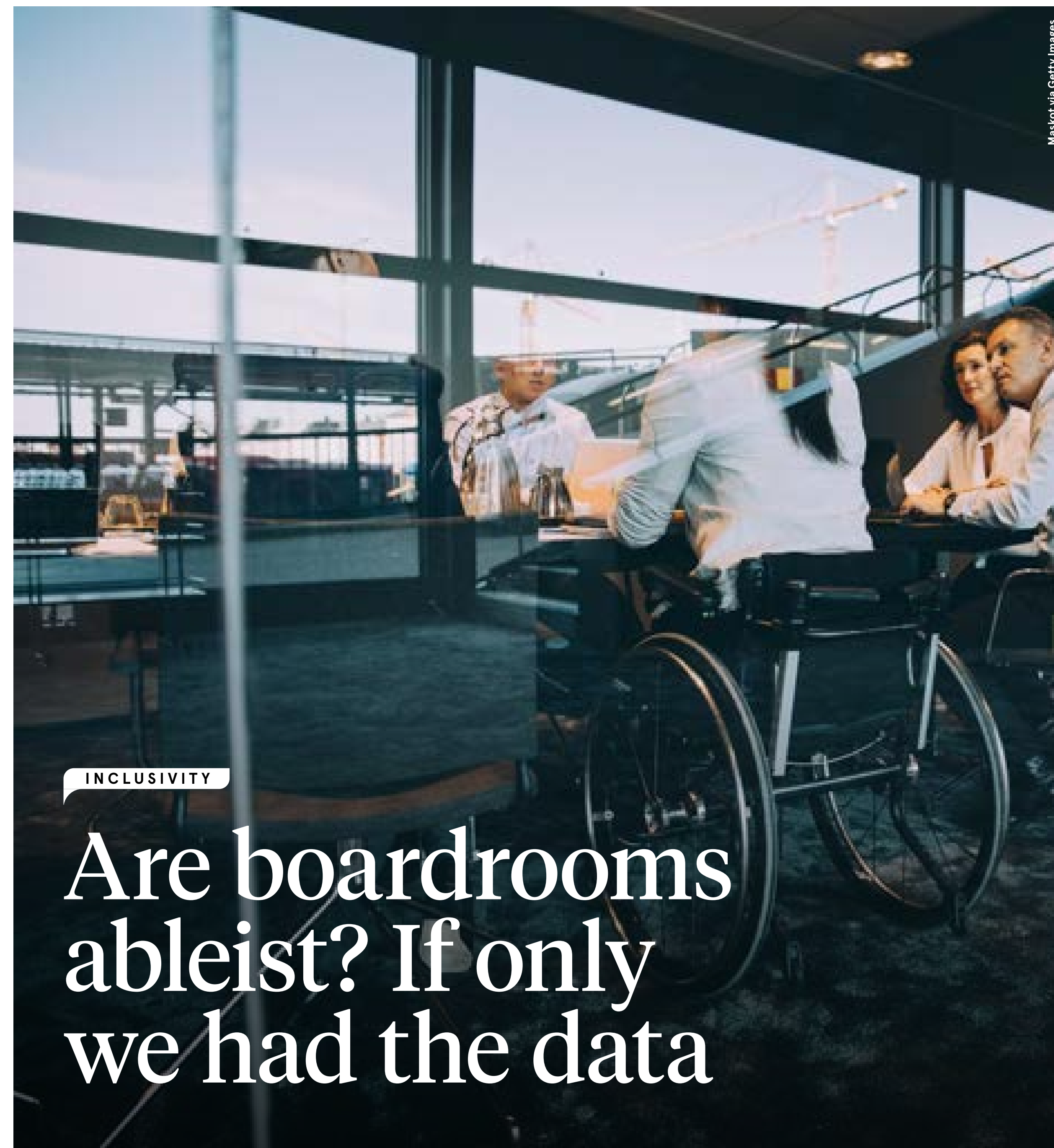
DISTRIBUTION OF DIFFERENT TYPES OF LEADERS

Enterprise leaders have strengths on all three areas: Performing, Transforming, and Horizontal Influencing. Horizontal Influencing contrasts against Vertical Power. Leaders who lead vertically are traditional leaders



Korn Ferry, Enterprise Leadership Research, 2021

To find out more, please visit kornferry.com/enterpriseleaders



Maskot via Getty Images

INCLUSIVITY

Are boardrooms ableist? If only we had the data

The lack of information about the number of CEOs with disabilities must be remedied if companies are to benefit from improved diversity at senior level

Sophia Akram

After Neil Heslop graduated with a law degree from the University of Newcastle in 1988, he conducted an experiment. Understanding that the fact he had lost his sight could have an impact on his employability, he made 20 job applications. Identical in every other respect, half of the CVs he sent out mentioned that he was blind and the other half did not. The 10 CVs with that disclosure landed him one interview, while the 10 without elicited nine.

Heslop went on to spend 25 years in the telecoms industry, serving as CEO of US company Cincinnati Bell moving into the third sector, where he currently works as CEO of the Charities Aid Foundation.

He stresses that his success is far from typical for blind people. "For anyone with my disability, it's pretty unusual even to be in paid work. And it's extremely unusual for them to have the kinds of careers that I've been fortunate enough to have."

Heslop is probably right. When it comes to achieving ethnic and gender diversity on boards, numerous studies have suggested that some progress has been made and more work is still to be done. But it seems that disabled people are so under-represented at the top level that the data is barely monitored. Experts believe that both measurement and management are needed to change the situation.

Going by what few studies there have been, it is bleak. The Valuable 500, a global collective of 500 CEOs working on disability inclusion, surveyed FTSE-100 companies last year and found that not one senior executive or manager in these firms had disclosed a disability. Research conducted by EY in 2018 concluded that 7% of CEOs had some lived experience of a disability, yet 80% of these were hiding that fact.

Reasons for the dearth of data vary from country to country, but non-disclosure is a key contributing factor, while many disabilities are invisible. Where firms do publish information on the subject, there are trust issues.

"Disability is a characteristic that people won't always be comfortable about disclosing," observes Sophia Moreau, an award-winning anti-discrimination campaigner and diversity, equity and inclusion (DEI) consultant. "But that's not necessarily a fault of the individual concerned. It's on their organisation. People have understandable fears that their competence may be questioned by their employer if they disclose their disability."

Ethical arguments aside, there is a strong business case for having more disabled people in leadership roles, especially when it comes to identifying with disabled consumers and their families. This is hard to ignore, given that KPMG has estimated their global spending power to be more than £5.8tn. McKinsey & Co has also found evidence that more diverse and inclusive businesses outperform those that aren't. But another argument for widening the net is that people with disabilities are inherent problem-solvers – crucial for steering an organisation through testing times.

After Steve Ingham, CEO of recruitment firm PageGroup, suffered life-changing spinal injuries as the result of a skiing accident in 2019, resuming his role was never in question once he was fit enough to do so. Returning to work as the pandemic hit the UK, he found that thousands of employees were looking to him for answers.

Ingham wasn't fazed by the weight of expectation. He believes that the key lesson he learnt from his accident, "when I was lying in a river with a broken back, bleeding heavily and close to death with hypothermia, was 'do not panic'. If I had panicked then, I would have died."

PageGroup went on to thrive amid the Covid crisis. "Our results today are higher than they've ever been in our history – with fewer people," Ingham reports.

Reputationally as well, good DEI attracts talented people for whom such values are becoming increasingly important. That's one of the conclusions of *Staying Ahead in a Changing World: the skills leaders in financial services need*, a research report published in November 2021 by industry group the Financial Services Skills Commission (FSSC).

Despite the strong case for getting more people with disabilities on boards, there are clearly still factors preventing this from happening, which could be down to a lack of understanding. Moreau points to the social model of disability, which holds that people are disabled by barriers in society – other people's prejudices and limited access – not by their impairment.

Reporting the relevant data would be a good starting point for tackling the problem. Industry bodies such as the FSSC, the Confederation of British Industry and the Construction Industry Council encourage members to disclose their performance on diversity metrics, including disability, but it's clear that not all employers are on the same page.

"We're conscious that some of our members are very small – they don't have many resources and they may be new to this," notes Claire Tunley, CEO of the FSSC. "But that's no excuse for not looking at the issue."

Meanwhile, the Valuable 500 is seeking to lobby stock market indices to make reporting on disability metrics a criterion for listing.

Businesses are also piloting solutions. Microsoft is encouraging self-identification through employee resource groups rather than the HR department, for instance, while EY is establishing a centre of excellence designed to harness the skills of neurodivergent employees.

Ingham says that, because his executive board is not as diverse in its composition as he would like, the company has created a more diverse shadow board to challenge its strategic decision-making.

Solutions can be as simple as ensuring best practice in fair and open recruitment at senior level. The wording of job descriptions is important in this respect. Moreau warns that even stating that board experience is desirable could deter applications from perfectly good potential candidates in under-represented groups.

The private sector may have made some advances in recent years in recruiting, developing and promoting disabled people to leadership roles. Despite this, it's still uncertain whether Heslop would be spared the same level of discrimination today if he were to repeat the CV experiment he ran more than three decades ago.

The need to accelerate progress is urgent, as research indicates that age and disability are closely linked. Given that workforces worldwide are ageing, many people could be leaving employment prematurely when they should be preparing to become CEOs.

> "People have understandable fears that their competence may be questioned by their employer if they disclose their disability

7%

of executives have some lived experience of disability

90%

of organisations say they're passionate about inclusion

4%

consider disability in their inclusion initiatives

EY, 2021

Westend61 via Getty Images

YOUNG LEADERS

Junior seniors – why you're old enough if you're good enough

An emerging cohort of talented and passionate young founder-CEOs are proving that a lack of experience is no barrier to running a highly successful business

Celia Silvani

At most of the world's well-established companies, CEOs have grey hairs and the wisdom associated with gaining them. But, while reaching the top of the corporate ladder is often the result of many decades of toil, a significant number of under-30s are showing that it's possible to lead thriving enterprises long before the greying process starts.

These young CEOs clearly don't have the experience of their FTSE-100 counterparts, whose average age is 55, but is time served such an important factor in effective business leadership?

Whether leadership is an inherent skill – something a young CEO may be predisposed to – has long been debated. Several studies have considered the effects of someone's genetics, education and cultural experiences on their potential to lead, but Connson Locke, professorial lecturer in management at the London School of Economics, notes that the research suggests that "no particular trait will make you a good leader in every single context".

Locke recently wrote a book entitled *Making Your Voice Heard: how to own your space, access your inner power and become influential*. It looks at the deep, authentic passions that have been a key part of many young CEOs' stories. In it, she argues that, to be an influential person, you must start by looking within yourself. In other words: "If you don't know what you stand for and care for, what are you going to try and influence people about?"

Onyinye Udokporo, 23, is a CEO who found her passion far sooner than most. She founded Enrich Learning, an online education platform that supports young people around the world, four years ago while she was an undergraduate at King's College London. This had actually been a long time coming: she'd started tutoring children when she was only 12 years old herself. By the time Udokporo turned 18, she had helped hundreds of students.

The catalyst for starting the business was her experience of attending a summer school at Tsinghua University in Beijing. "The time I spent there opened my mind. It enabled me to see how education could be offered in a unique, cost-effective and more accessible way," recalls Udokporo, who adds: "My record shows that, in some cases, I have gained more practical experience at the age of 23 than older CEOs."

Are there any particular attributes that tend to be lacking in young CEOs? According to Locke, all leaders need to get better at asking, listening and learning. The realisation that you don't always know what's best often develops with age, so youthful business leaders should pay extra attention to developing these skills, she advises.

The demands on businesses are increasing and there are limits to one person's ability to deal with these, Locke adds. "There are so many stakeholders now – it's not just about profitability. You also have to take care of the environment, ensure that the community is supported, consider diversity issues and so on. A leader has to admit that they won't know the answer to everything."

Young CEOs may not always have high levels of humility – an important leadership quality that often comes through bitter experience – but an early failure can certainly accelerate its development.

Joel Gujral, 28, is CEO of Myndup. It's already his third business, following short-lived forays into software and tea. Established only two years ago, the mental health platform already has tens of thousands of users. His company has won contracts with several large employers, including the NHS, to provide services for their staff. It matches users with expert practitioners who can provide one-to-one video sessions offering help ranging from counselling to career coaching.

Gujral reports that one of his biggest achievements to date has been building a team with specialist strengths and then seeking advice from its members, even if this has meant having tricky conversations.

"As a CEO, I'm always open to feedback. You have to be able to adapt to different environments," he says.

Leadership styles are often classed as either agentic or communal. CEOs in the former category tend to be independent, assertive and strong influencers, whereas those in the latter tend to be warm, caring and good listeners. Locke says that, if agentic can be considered left-handed and communal right-handed, "a good leader is ambidextrous". CEOs should try to balance the two styles, she suggests: inspire people with your ideas and passion, but also consult them and truly heed those with expertise.

> My record shows that, in some cases, I have gained more practical experience at the age of 23 than older CEOs

Sankalp Chaturvedi, professor of organisational behaviour and leadership at Imperial College Business School, is interested in the relationships between leaders and followers at work. He observes that the digital transformation of business; people's changing expectations of work; and environmental conditions such as the pandemic and the climate crisis have all had an impact on followers. Leaders must be both resilient and open to new ways of working to ensure that the leader-follower relationship continues to be as effective as possible, he argues.

"Since the nature of followers and types of jobs are changing, the leader's role needs to adjust to these changes," Chaturvedi says.

Younger (or aspiring) CEOs may seek education to prepare for the challenges such adjustments will present. Chaturvedi likens leadership education to swimming, where a teacher guides the student in the right techniques, but the learner must jump in themselves, practise and hone their new skills on the go.

Natasha Eeles, 27, is the founder and CEO of Bold Voices, a company that works with schools, pupils and parents to tackle gender inequality. Along with Gujral, she is a graduate of the New Entrepreneurs Foundation (NEF), a leadership programme that matches young business leaders with experienced mentors.

"As a founder, I have learnt most things on the job, but there have been elements of education that I would probably be lost without," Eeles acknowledges. On the NEF course, she took "the opportunity to learn practical skills alongside other founders, learn from entrepreneurs and have people to bounce ideas off. That has been invaluable."

Stef Williams, 29, CEO of clothing brand Sefi and fitness app WeGlow, is mainly self-taught. She believes that the rise of social media has "broken the mould of entrepreneurship". Its platforms have enabled creatives without any formal leadership education to have a shot at starting and running successful businesses.

The youngest CEOs are digital natives who may well have a better understanding than their older counterparts of how the latest tech can work for them commercially. Williams is an Instagram influencer who has amassed 1.5 million followers. This has helped her to convert her interests in fitness and fashion into a pair of businesses, each with a team of 10 employees.

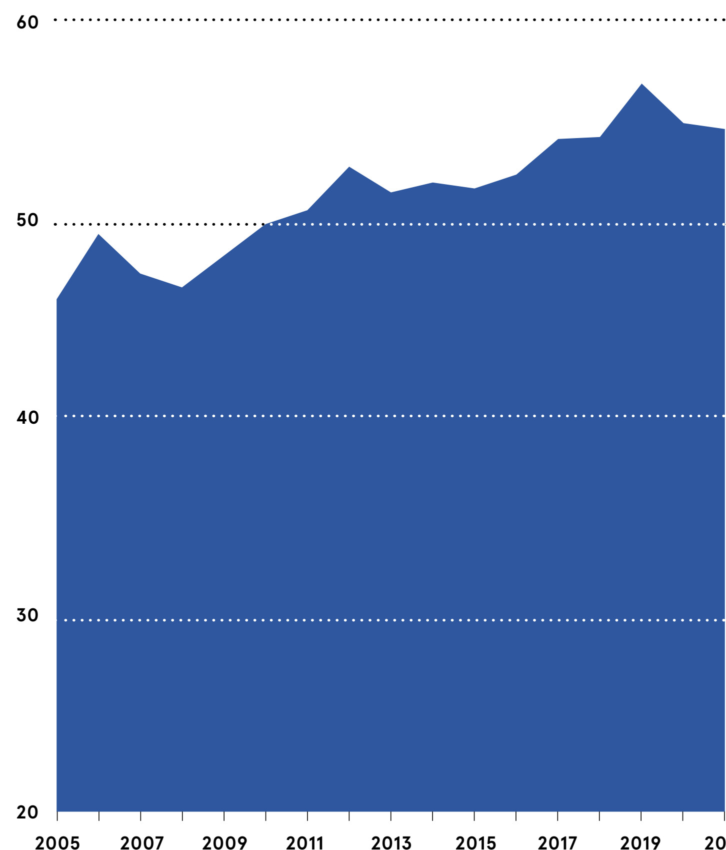
Williams stresses that she is open to furthering her knowledge in a more formal setting. "I'd definitely be interested in taking some courses in the future," she says. "There is always room to grow."

She and many other young CEOs are showing that there are ways for under-30s and even gen-Zers to enter what was once deemed the domain of their elders and become effective bosses. Good leadership is a mix of several attributes – and it's clear that experience is by no means the most essential of these.

WITH AGE COMES EXECUTIVE RESPONSIBILITY

Average age of incoming CEOs in the US

Crist Kolder Associates, 2021



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CORPORATE SOCIAL RESPONSIBILITY

The only way is ethics: setting the ESG agenda from the top

Visionary founders can build a business on the strength of their convictions, but how easy is it for a CEO to join a well-established firm and balance profit with purpose?

Sam Haddad

Westend61 via Getty Images

While the average boy in the early 1990s might have spent much of his adolescence playing football, the guitar or video games, the young Tom Kay was far more interested in swimming, surfing and sailing around the chilly coastal waters of Norfolk. Given that he passed most of his free time on or in the sea, it was no surprise to his family when he studied marine biology at university.

"I was always aware of the value of my connection to the sea, what it brought to my life and the importance of protecting it," says Kay, who is the founder and CEO of Finisterre.

Kay's business, now based in the Cornish surfing resort of St Agnes, started in 2003 and primarily sold sustainable outdoor clothing. But he also wanted to inspire both consumers and the wider apparel industry to care more about the marine environment – and consider how their actions might be harming it.

"I wasn't a businessman," he says. "It was more that I had a passion and a belief."

It's an ethos that, through Kay's continuing leadership, now informs Finisterre's every move.

It is easy to see how entrepreneurs such as Kay, who lives and breathes his brand's ideals, can build organisational cultures based on their strong ESG values. Patagonia's Yvon Chouinard, whose firm has become a byword for corporate sustainability, is another example of an inspiring and influential founder.

But there are also chief executives who have joined long-established multinational plcs and introduced bold and far-reaching sustainability agendas that have gone way beyond what their companies' dedicated ESG departments had ever achieved. Paul Polman, who led consumer goods giant Unilever from 2009 to 2019, is a case in point.

"When the CEO is committed, things happen," says Boris Saraber, director of operations at Earthworm Foundation, a not-for-profit enterprise that works with businesses to protect ecosystems at risk from their supply chains' activities.

"It's critical to get CEOs activated, because they can cut through the politics and red tape to drive much more change," he says, especially if they can be encouraged to get out of the boardroom and see what is happening on the ground.

Darian Stibbe is executive director at The Partnering Initiative, an organisation that facilitates collaboration among governments, NGOs, businesses and the United Nations. For him, the role of the CEO in embedding ESG in a firm is crucial primarily because it's an organisational development challenge.

"Leadership is an essential part of that, because you're trying to transform an organisation," he explains. "When there is inertia, especially at senior management level where people get used to a certain way of working, you need a driving force to demonstrate to all stakeholders that this has to happen."

Ensuring the whole organisation takes ESG seriously requires a cultural shift, supported by appropriate policies and processes, including how budgets are assigned, employees are incentivised and outcomes are reported to shareholders, Stibbe argues. The CEO, or a board-level director at the very least, should take responsibility for a transformation of that scale.

> One way you can tell a genuine statement on ESG from one that's less genuine is if it talks about challenges and admits to errors

But he warns that the downside of having a CEO who regularly extols the virtues of ESG on the speaker circuit is that they may not achieve enough progress internally to give their rhetoric much credibility.

"If the company isn't delivering, that's an issue," Stibbe says. "There is often lots of PR fluff in corporate annual reports. One way to tell a genuine statement on ESG from one that's less genuine is if it talks about challenges and admits to errors."

It's an approach that consumers appreciate too, notes Kay, who adds: "This is not about saying we're perfect or we have all the answers. It's about having an open dialogue with our community, where we're saying: 'We're going as hard and fast as we can in this direction, but there will be difficulties along the way.'"

There's also a danger that the CEO may deliver on their ESG objectives at the expense of the bottom line, because balancing purpose and profit can be difficult. Polman was widely admired during his 10 years at Unilever because the company stayed profitable while he focused on improving its ESG performance.

But Emmanuel Faber, CEO and chairman of Danone, was not so fortunate. In March 2021, he was ousted by investors, many of whom blamed a decline in the firm's shareholder value on his pursuit of an ESG agenda, which included adopting the bold carbon-adjusted earnings per share metric.

Having a CEO linked to a company's ethical purpose also raises the question of what happens when they leave, says Stibbe.

"Have they shifted the organisation sufficiently, so that it doesn't simply revert to what it was before? This is like any systemic transformation: it needs to stick there for long enough, so that the changes get fully embedded," he says.

Kay is convinced that his company would actually go on to do better things without him there. "The idea of Finisterre is obviously far bigger than me now," he says.

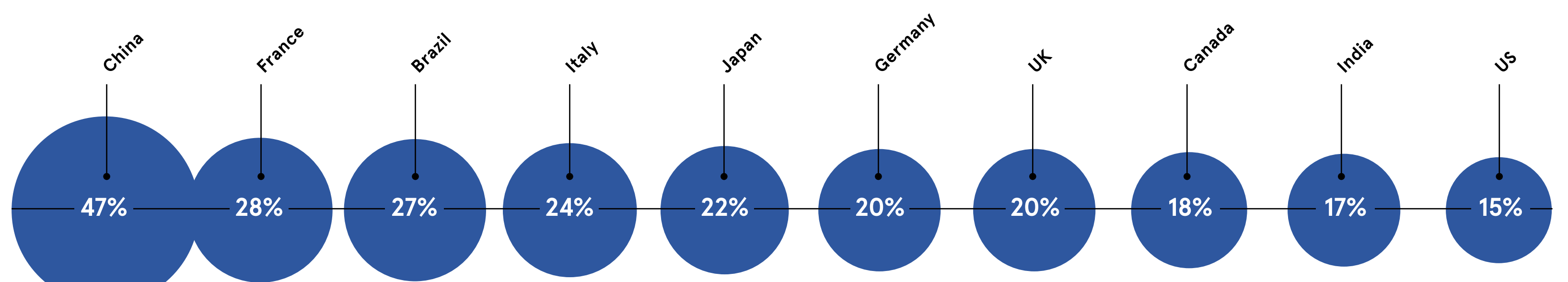
Kay also believes that the fact the firm has been a certified B Corporation since 2018 has helped to cement his legacy by providing a solid and measurable framework from which to balance profit and purpose.

Stibbe agrees that becoming a B Corp and changing the company's articles of association to include ESG values is a positive step that can help in building internal momentum. He would also encourage any company to grant more prominence and status to its ESG team.

"I've heard people in sustainability departments talking about how they're seen as a sort of mini-NGO inside their company instead of an integral part of it," he says. "These teams should not be seen as luxury add-ons that advocate changes that others are resistant to. On the contrary, their members should be seen as high-flyers – the internal experts whom others consult, seeking the know-how to improve their work and meet their targets." ●

CLIMATE CHANGE AND BUSINESS OPPORTUNITIES

Share of CEOs who see climate change as an opportunity for new products and services



PwC, 2020

Commercial feature

How to win the war on talent

Jamie Sanger and **Wendy Colvano** of Daversa Partners explain how fast-growing tech companies can find Material Impact Executives

As the market in Europe continues to accelerate at an unprecedented speed, current and future founders, CEOs, operators and VCs are all faced with the same challenge - how do you build a company optimized for long term success in a rapidly competitive landscape? The answer is simple, win the war on talent.

Creating global outcomes

For three decades, we have recruited top-tier candidates for the most sought-after roles in hyper-growth tech companies. We place industry-leading C and VP-level operators who make an immediate and lasting impact across product, engineering, finance, operations, people and marketing functions, including CEOs and non-executive directors (NED).

Daversa Partners has worked in Europe for over a decade with a long list of founders and CEOs including Deliveroo, Miro, Zego, Klarna, Farfetch, Bloom & Wild and Trade Republic. We also recently placed the chief technology officer at Trainline.com.

With consecutive record-breaking years in European technology investments and an influx of American venture capital firms, the geography is producing opportunities at a level we've never seen before. Beyond the capital, there is a palpable sense of inspiration, community and ambition bringing many European companies to the forefront of the global stage. There is a record number of unicorns and decacorns being produced. While the market is flourishing and the pool of homegrown talent is developing, the roster of executives that have played roles in major growth stories is still limited. Innovative, ground-breaking, well-funded companies have to work harder than ever to attract those executives. In this candidate-driven, multi-offer market, there is a great need for creative, relationship-driven search. More importantly, pattern recognition of what drove those executives to great success is key to uncovering the next generation of leaders.

The Daversa Partners model: the future of EU search

At its core, Daversa operates a model of recruitment focusing on fluidity, agility and collaboration that is becoming a global standard. Our process is one that has been key in building the executive teams of the most successful companies in Silicon Valley for nearly 30 years, and we have brought this style to Europe. What sets us apart from the more traditional EU search models and firms is that we do not limit our client relationships to the traditional, transactional headhunter cycles. Our work fosters strategic partnerships that are built to last decades.

Our methodology is unique. To maintain this distinctive approach, we have grown our firm 100% organically. Many search firms have approached new markets by way of acquisition which we believe would ultimately compromise our quality and consistency. Additionally, the archaic EU search model, which involves the shortlist, is ripe for disruption. We believe that momentum throughout the process is absolutely crucial for ensuring successful outcomes for both candidates and clients.

> Material Impact Executives are hard to find and even harder to recruit, but they are the ones that help companies achieve major breakthroughs

Identifying material impact executives

There are only three things that define a company's success: the people, the timing and the idea. We are strongly rooted in the belief that the first of these accelerates the rest. We look for those rare individuals who are able to make a material impact upon arrival, adding immediate and significant value to the company. This ideology and approach are why we created the term 'material impact executive' nearly 30 years ago. These material impact executives are hard to find and even harder to recruit, but they are the ones that help companies achieve major breakthroughs and capture the essence of the types of operators we engage.

As every successful company expands into new markets, the need to identify, engage and connect founders, CEOs and investors with top talent becomes increasingly challenging. Daversa Partners is the only search firm globally that has a state-of-the-art data and analytics complex dedicated to tracking diverse talent, vertical heat mapping, data analysis and research. This specialized team is strategically focused on cultivating relationships with the top 10% of current and future material impact executives that we believe will drive unparalleled results for groundbreaking companies disrupting the ecosystem.

Operating with intentionality and inclusivity

Modern technology is one of the greatest opportunities for societal impact, and we see that in the breakout start-ups from each generation. So, what sets the transformative companies apart from the rest? It starts with the search process and mission-driven leaders who are dedicated to building a company that is intentional and inclusive. Diverse executive teams make companies better. They increase key performance metrics, productivity, trust, decision making and opportunities for all employees. Moreover, bringing in a variety of backgrounds, experiences and cultures which undoubtedly fosters innovation.

Our commitment to diversity starts from within and is deeply ingrained into every search process we run. At Daversa Partners, women make up 64% of the staff and 58% of the leadership. Moreover, in 2020, Paul Daversa and the rest of our team considered ways the firm could uniquely and effectively make an impact and be a catalyst for change. The result is Dreamscape, the largest standalone business unit we have ever built. Dreamscape is dedicated to ensuring there is Black representation on the boards and executive teams of the most impactful, mission-driven companies of our generation.

In the end, tech companies need every edge to win the war on talent. At Daversa Partners, we help ambitious firms understand the landscape and identify executives able to make a material impact. Be it consumer or enterprise, at any stage of a company's growth, success really does come down to people.

To find out more, please visit daversapartners.com

daversa partners

DARE TO BE LEGENDARY

Commercial feature

Why brand should be front and centre of the M&A process for CEOs

Amid a blazing hot M&A climate, CEOs have a responsibility to ensure their brand remains one of their most valuable assets during - and after - the acquisition process. So, smart marketing management, underpinned by technology, must be high on the agenda

2021 was a historic year for mergers and acquisitions activity with global M&A volume hitting $5.9tn, shattering previous records. So far, 2022 looks to be just as robust.

The red-hot market brings with it a host of challenges for the C-suite– from driving value for stakeholders to ensuring cultural compatibility internally. However, in the midst of navigating the M&A maze CEOs can often lose sight of the most critical factor in ensuring success: the value of their brand.

The value of brand in the M&A process and beyond

A target company's brand is often a key consideration of attractiveness to management, shareholders and investors. In a post-Covid-19 world, brand is ubiquitous. It touches everything within a business.

There's also the prevailing theory that ongoing brand investment is the only way to weather economic storms. As per the Institute of Practitioners in Advertising (IPA), brands that invested in growing excess share of voice by 8% during the 2008-9 downturn grew their market share by an average of over four times more during the recovery phase.

$5.8tn

Global M&A value in 2021, up 28% compared with the previous record high in 2007

JPMorgan, 2022

45%

The share of revenue growth that is expected to come from M&A over the next three years (up from 30% over the past three years)

Bain & Company, 2021

With Bain and Company predicting that M&A is expected to spur 45% of revenue growth over the next three years (up from 30% over the past three years) modern CEOs must learn to balance the needs of commercial success alongside long-term brand building and management.

Effective and efficient brand management, by those who understand all aspects of it during these transitions, should not be underestimated.

The CEO brand challenge

Decisions relating to a merger or acquisition can be very complex; one huge one is to rebrand or not to rebrand. For Ross Haxton, commercial director at GLIMMA, a full-service global brand management agency, this means brand and business strategy are inseparable, with the future success of any union reliant upon selecting an appropriate model for managing the brand's key M&A objectives.

Haxton says that in M&A situations it is vital that brand is considered early in the integration process. "This will help to speed and smooth the acquisition process, protecting the value of investment."

He argues that when the branding and corporate values of so many takeover targets are developed quickly in "startup mode," there is risk that buyers are working with "inherently flawed" brand blueprints.

"CEOs often need to bring it back to basics, audit their new purchase to establish the core brand offering and key positioning. From that, they can develop marketing and physical branding that will drive success."

The CEO, he states, is the driving figure in this whole process, working with HR and the marketing department to involve the whole business in an internal brand engagement programme.

According to Annie Brown, associate at Brand Finance, "good CEOs are those who nurture relations with all stakeholders, and enhance the reputation of their brands as a result". This is evident in the recent results of the 2022 Brand Guardianship Index, the annual report on the world's top 100 CEOs. Emerging on top for 2022 is Satya Nadella from Microsoft, who has been credited with the successful acquisition and integration of major brands including LinkedIn. Since joining the business he has also instilled a growth mindset, evolving the brand's purpose from "putting a computer on every desk and in every home" to "empowering every person and organisation on the planet to achieve more.

> CEOs often need to bring it back to basics, audit their new purchase to establish the core brand offering and key positioning

The CEO plays an increasingly important role in managing brand amid an M&A, with Haxton seeing it as their duty to steer two marrying companies through any potential "cultural clashes".

"CEOs need insights to understand the 'successful elements' from each brand, but they also need to navigate the politics of how brands are taken forward into the new scenario."

Seamlessly integrating brand into the M&A process

So, how do CEOs seamlessly integrate brand into the process? The answer lies in smart brand management, underpinned by technology.

GLIMMA works with clients such as FedEx and Delta to make this a reality, offering end-to-end solutions which combine brand consultancy with on-the-ground implementation. Their team of consultants offer digital solutions that help CEOs rollout brands efficiently and cost-effectively.

"What we're seeing is that, especially when they've just undergone an M&A, many companies don't fully understand the assets they have - whether that's digital or physical. We can audit brands and provide a single gateway to all their brand data."

"We integrate systems which can standardise products and processes and deliver high volumes of data that allow them to clearly understand their assets and govern their brand more easily."

For some clients, this can yield a 20 to 30% saving in efficiency. By switching from manual to automated processes, introducing global specifications and seamless ordering and payments, GLIMMA can work quickly and with large volumes, significantly reducing the costs and even the environmental impact typically associated with global brand management.

When it comes to branding and rebranding post-M&A, Haxton says companies often need additional support and specialist expertise, as well as resource, to effectively manage their brand. Failure to do so carries a huge risk to the success of not only the union, but the business too.

"The brand is the North Star for the full organisation, led by the CEO. We can help CEOs work top-down and create impetus for a big brand push or rebrand, but also bottom-up - using data to inform key decisions and drive success."

To find out more, visit glimma.com

Delivering your brand vision

SUCCESSION PLANNING

From seeder to conceder

Jack Dorsey recently stepped away from Twitter to let the business 'move on'. When is the right time for a founder-CEO to entrust their creation to a new leader?

Sam Forsdick

For a founder-CEO, the decision to relinquish control of a business that they may have spent decades building from scratch is unlikely to be easy.

At the end of November 2021, Jack Dorsey announced that he was leaving Twitter for good, citing the company's need to "break away from its founding and founders" as one of the key factors behind his move.

In an all-staff email that he later tweeted, Dorsey wrote: "There's a lot of talk about the importance of a company being 'founder-led'... I believe that's severely limiting and a single point of failure."

It actually marked the end of his second stint at the helm. After the company's spin-off in 2007 from the Obvious Corporation – a startup incubator and investment vehicle run by Dorsey and Twitter's other founders, Evan Williams, Biz Stone and Noah Glass – he became its first CEO. He was ousted by Williams the following year, but stayed with the business as its chairman, eventually being restored as CEO in 2015.

His replacement this time is Parag Agrawal, who's stepped up from the role of chief technology officer. In his resignation message, Dorsey added: "It's really important to give Parag the space he needs to lead... It's critical a company can stand on its own, free of its founder's influence."

The founder-CEO of an even bigger US tech company made a similarly momentous move last year. In July, Amazon's Jeff Bezos handed the reins over to Andy Jassy, who'd led the company's cloud computing subsidiary, although he remains as executive chairman of the business he created in his garage in 1994.

Working out the right time to move on can be crucial for ensuring the continued progress of a business. This was something that Jeff Lynn, co-founder and CEO of crowdfunding platform Seedrs, considered after the firm's successful series-A funding round in 2015. After this investment, the company expanded quickly. Lynn felt that he was no longer the right person to address many of the new challenges awaiting it in its next chapter.

"The skills and talent required to take a business from zero to one are vastly different from what's needed to take it from one to 100," he says. "I don't tend to get bogged down in analysis and planning. I act on instinct and move quickly, which proved crucial in Seedrs' early days. But you need to be far more methodical and comprehensive when you are running a bigger business. Some people out there can provide both, but I'm not one of them."

After an extensive search, Jeff Kelisky was brought in as CEO in 2017, enabling Lynn to move to his current role as executive chairman.

"Because I took control of the situation by recognising soon enough that I needed support, I was then able to carve out another role for myself," he recalls. "It meant that no one had any great concerns about me as a problematic former boss."

Barry McNeill, founder and MD of executive coaching company Work Extraordinary, believes that many scaleup businesses will reach a point where they need an injection of new ideas and energy at the top to ensure their continued expansion.

"As you grow an enterprise and bring other people into the organisation, it can take on its own sense of identity," he says. But, if the founder-CEO remains "fixed on their earlier vision, that can be problematic. That will be the point where the founder might need to step aside to let new leadership come in and take the organisation to the next level of development."

Ultimately, if a founder-CEO gets to the point at which they're weighing up whether to stay or go, "it's probably time to step away", according to McNeill.

But ego can cloud a person's thinking, he adds. "Founders sometimes see themselves as heroes, because they have been able to take their organisation from nothing to where it is today. It can require a level of maturity to recognise that it's time for someone new to take the business forward."

> It can require a level of maturity to recognise that it's time for someone new to take the business forward

Any founder-CEO stepping down from a position of power will want to ensure that their baby remains in safe hands. Agrawal, who has been at Twitter since 2011, was not only Dorsey's first choice. His appointment was unanimously backed by the board of directors – a clear sign that Agrawal had built an excellent reputation inside the organisation, notes LaDawn Townsend, founder and CEO of management consultancy VOS Group.

When seeking a successor from within the enterprise, members of the board need to consider people "who challenge us in a healthy way and don't always say 'yes'", she advises. If no internal candidate fits that description, "they may want to look externally for someone who believes in the culture of the company and what it's doing".

Promoting from within has clear advantages, but there are times when bringing in a new perspective and more appropriate attributes from outside the company is likely to be more beneficial, says Townsend, who adds that the latter option is especially relevant for firms that "want to expand internationally. The leadership skills required for this will be different. The founder-CEO can either grow into these or choose to bring in another person."

For Lynn and his board at Seedrs, this proved the better choice. But he admits that entrusting the business to an outsider – even someone who'd already served in CEO roles for well over a decade – made him anxious.

He explains: "My nervousness was less about the principle of handing over than it was about ensuring that I was doing so to the right person. Hiring the wrong CEO is the kind of thing that can kill a business."

Ultimately, his choice turned out to be a sound one for Seedrs, which was acquired by US investment platform Republic for £75m at the end of 2021, four-and-a-half years after Kelisky had taken the reins.

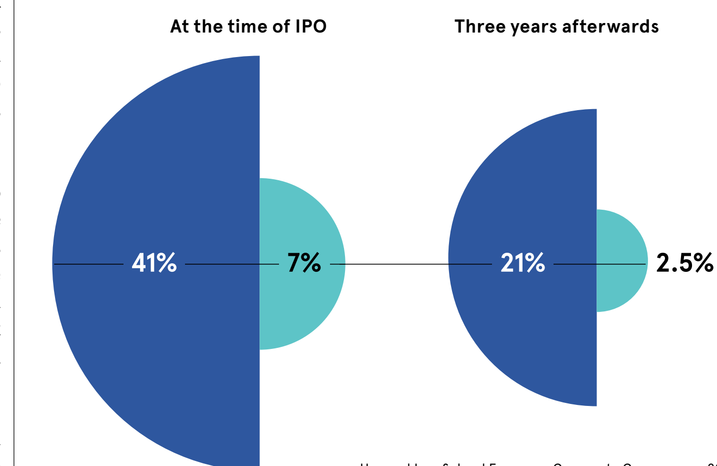
"I don't think we ever would have reached that point without his leadership," Lynn says.

For Twitter, which turned over $1.28bn (£940m) in Q3 2021 alone (the second-highest quarterly revenue in the firm's 15-year history) the stakes are considerably higher. But, as with Seedrs, only time will tell whether its founder-CEO's decision to step down when he did will prove the right one for the business.

FLOTATIONS MARK THE END OF THE FOUNDER-CEO'S CONTROL

Amount of control retained by company founders at IPO and three years after

Founder's role: CEO only; CEO and voting interest of at least 30%



Harvard Law School Forum on Corporate Governance, 2018

FG Trade via Getty Images

TALENT MANAGEMENT

Down with the kids – learning to lead gen Z

The high expectations and self-confidence of those new to working life are unnerving many CEOs. How can they deal with this and get the best from their youngest employees?

Cath Everett

In days gone by, junior workers may have been wary of their bosses, but the boot now seems firmly on the other foot. In October 2021, the *New York Times* published a feature entitled "The 37-year-olds are afraid of the 23-year-olds who work for them". The article contained interviews with numerous CEOs who had been taken aback by the assertiveness of their gen-Z staff. Their youngest employees cared little for hierarchies and were all too ready to manage upwards, expecting their leaders to align their organisations behind political movements such as Black Lives Matter.

Alex Bodini, CEO of Spin Brands, can relate to this. He is a millennial, while about 70% of his employees are from generation Z. The average age of those working at the social media marketing firm is 24.

"I agree overall that there's a fear around gen Z," he says. "There's such a difference between them and millennials that it can seem intimidating at first. Everything, from their views and use of language down to the way they dress, can feel totally alien to people of my generation."

Bodini observes that "high-profile cases of cancel culture" – in which people airing views that are widely deemed unacceptable are shunned – is another reason why gen-Zers "can seem scary on the surface". The risk of being publicly criticised or even ostracised can make you "walk on eggshells, in the belief that anything you say will be taken out of context and you'll be seen as tone-deaf or potentially insulting".

Fiona Gordon, CEO of ad agency Ogilvy UK, argues that gen-Zers are the first "purely digitally native generation", which makes them more inclined than their elders to use powerful tech such as social media to broadcast their views and influence the world.

"When we were young, we probably would have loved the ability to make such an impact too, but they are probably the first generation for whom this is truly happening, owing to their ability to be global citizens," Gordon says. "Combined with the curiosity of youth, being so well informed and hyper-connected makes gen Z uniquely powerful."

Henry Rose Lee, an expert in intergenerational inclusion, agrees. Many young people avidly follow social media influencers whose careers they aspire to emulate, while they're comfortable using such networks for commercial ends such as selling second-hand goods, which means they are often "very entrepreneurial in their heads", she says.

A survey that Lee conducted of people aged 15 to 19 found that 98% wanted to start their own enterprise. On polling the same respondents a year later, she discovered that 2% had actually done so and only 1% were still running their business.

"Research shows that, when gen-Zers are taught how to be entrepreneurs, their aspiration, idealism and optimism clash with reality. They find it's too hard," Lee says. "But this entrepreneurial disconnect, which wasn't there with past generations, does have an impact when gen-Zers enter the workplace, as they can sometimes feel as though their drive is being ignored."

Another important way in which social media has had an impact, she believes, is that "loyalty and connections to the workplace" are weaker among gen-Zers.

"Family is their first tribe, but social media is their second. Work may be third, but it's also sometimes sport or music," Lee observes. "It's not that gen-Zers are disloyal. It's simply that work isn't as embedded in their lives as it was for many people before social media came along."

Lee adds that younger workers have a stronger tendency to be influenced by peer groups on social media into jumping ship if they don't receive the rewards they feel are warranted. This, she accepts, can be a source of "irritation and frustration" to their seniors, who are less in thrall to the "voice in their ear".

Emma Parry is professor of HR management and head of the Changing World of Work group at Cranfield School of Management. She says that traits commonly associated with gen-Zers, such as their propensity to stand up for their rights and quit if necessary, actually started with gen Y, partly because of shifts in parenting styles. But Parry is generally wary of categorising people based on their age, not least as it "lends itself to stereotyping".

There's a lack of empirical research evidence to support the view that distinct categories of people based on age alone have different values and expectations, she says, adding that there are generally "more differences within generational groups than there are between them".

> Combined with the curiosity of youth, being so well informed and hyper-connected makes generation Z uniquely powerful

Nonetheless, Parry accepts that personal and societal attitudes do shift over time. These are shaped by the context in which each generation grows up and will change according to each individual's stage of life. Such factors can lead to intergenerational misunderstandings.

So what can business leaders do to get the best from their younger workers? Bodini's approach has been to immerse himself in their world. This has included studying the language trends and emojis that gen-Zers use on social platforms such as TikTok. He has found that, while millennials typically use a small number of key news sources to stay informed, gen-Zers tend to frequent many more, channel-hopping in the process.

With this factor in mind, Bodini feels that he needs to channel his young employees' energy carefully. Otherwise, "they're likely to go off in a million different directions without understanding the key outputs required of them".

He continues: "To harness their talents, you need to ensure that each role offers a degree of creativity and initiative without giving people free rein. You must therefore be clear about your objectives and priorities. Say how you'd prefer things to be done, but leave about 25% wiggle room for their own interpretation."

It's also important to set clear boundaries when it comes to issues such as pay and promotion prospects, Bodini adds. "At Spin Brands we stress that hunger is good, but impatience is bad. People here know they can't expect promotions every six months. They must spend a couple of years mastering a role first."

Another effective way of harnessing gen-Zers' entrepreneurial urges while giving them a meaningful voice is to set up an innovation centre. Lee recommends staffing this with people from a mix of age groups, who will work together on a particular project for three to six months before rotating out.

Ogilvy UK calls its version of this approach the SideBoard. The aim is to enable young employees to interact more meaningfully with senior executives and give them the chance to work on projects that will affect the whole business – for instance, designing its hybrid working model. Reverse mentoring is also used.

Bodini agrees that it's important for leaders and their youthful staff to engage in such relationships and discuss everything from commercial objectives to cultural matters such as work/life balance and inclusivity. The goal here is not only to ensure everyone has a voice but also to engender a sense of purpose by helping the whole organisation to see the bigger picture.

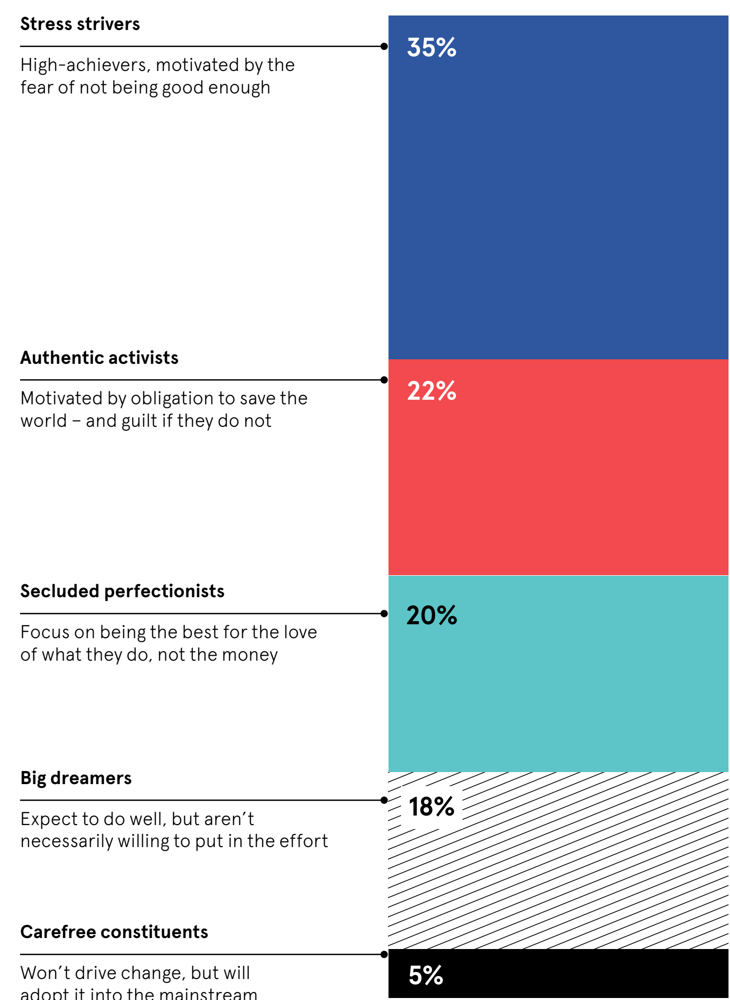
When it comes to handling issues of staff loyalty and retention, Lee believes that leaders who focus on the so-called five Cs – cause, community, collaboration, contribution and career – will encounter the fewest problems.

"You could sum this all up in one word: 'culture'," she says. "If you get this right, it'll have a positive effect on every generation in your organisation, not just gen Z." ●

UNDERSTANDING GENERATION Z

EY, 2021

Five segments of gen Z, their defining characteristics and their share of the gen-Z population



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VISTAGE

A Life of Climb

Why some CEOs go further and higher

As a business leader, you know that the hardest climb isn't Kilimanjaro, Denali or Everest. It's the CEO's leadership journey, and it's fraught with all kinds of challenges and opportunities, setbacks and advances. The good news is you don't have to go it alone. You can travel with an experienced guide who knows the lay of the land and an elite team of peers who've got your back.

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