Q1 2016

Dialogue

AMONG LEADERS AND MANAGERS ACROSS THE WORLD

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The creativity myth

TAMMY ERICKSON
Five for the future

M.S. RAO
New era of soft

The Z Factor

Why the next generation will change the world of work forever

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Beat your bias
Banish distraction and make better calls

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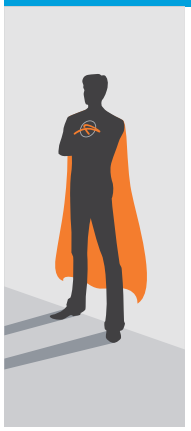

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Contributors

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TAMMY ERICKSON

Tamara J. Erickson is a McKinsey award-winning author and a widely respected authority on leadership, the changing workforce, collaboration and innovation, and the nature of work in intelligent organizations. She has been named three times as one of the 50 most influential living management thinkers in the world by the Thinkers50 ranking of global business thinkers.

PROFESSOR VLATKA HLUPIC

Vlatka Hlupic is a professor of business and management, director of the emergent leadership and development research group and director of the executive coaching and leadership development programme at Westminster Business School. Her groundbreaking book *The Management Shift* was listed by *Forbes* as one of the top eight business books in 2014.

PROFESSOR DURREEN SHAHNAZ

Durreen Shahnaz is the founder of Impact Investment Exchange Asia (IIX), the home of the world's first social stock exchange and the largest private placement platform for impact investing. She is also founder of Shujog, the impact accelerator and knowledge platform for social enterprises in Asia and Africa. Shujog and IIX's work has impacted lives of more than 10 million people across Asia.

TRACY WONG

Tracy Wong is chairman and co-founder of WongDoody, which has offices in Seattle and Los Angeles. The agency was recently named an Ad Age Small Agency of the Year, as well as one of Adweek's best agencies in the US. Its clients include Amazon, T-Mobile, Microsoft, Alaska Airlines, Scion, and The Seattle International Film Festival. Tracy has won more than 350 national and international creative awards, including work inducted into the Clio Hall of Fame.

NIKHIL RAVAL

Nikhil Raval is managing director of Duke Corporate Education India. He comes with two decades of combined experience in corporate, consulting and academia. He holds a Bachelor's degree in finance from Michigan State University and an MBA in Strategic Management from California State University. He teaches a range of finance and management courses in many reputed schools in India.

My edit

Leaders had better be ready for what's coming. The battle for talent has always been fierce, but it's just about to get fiercer. Every manager is familiar with that sinking feeling when a cherished member of staff tells them they are leaving. Imagine that happening on a global scale.

Sharmla Chetty, regional managing director of Duke Corporate Education South Africa, encapsulates the new landscape in nine short words: "The war for talent is over," she says. "The talent won." Her feature, on p16, is as good as anything you'll read on the entry into the workplace of a new generation of skilled workers, who are likely to be more powerful than their employers.

Get ready, too, for our "100-year experiment with job titles to come to an end" as forecast by Tammy Erickson, the eminent US management and business thinker (p18). The reason? Organizations will choose those employees with the right skills to lead projects, rather than those who are most senior. Could the age of hierarchy be coming to a close?

Certainly, power flows are shifting. The first of our quarterly series of interviews with senior executives from the world of management and leadership kicks off, on p30, with Kirstin Furber, people director of BBC Worldwide. It is a media giant that operates at a truly global level, and Furber's management model – empowering regional leaders the world over, by devolving power to them – is a blueprint for any executive trying to run their business across borders. Furber is brimming with HR wisdom born of working in an exciting, evolving and demanding sector.

The need to be culturally neutral is at the heart of the success of global leadership, but learning to overcome prejudices is important for all, not just for those with a worldwide remit. Our guide to beating your biases (p38) is recommended reading for any decision maker. The psychology behind it is, in essence, simple: clear decision making needs a clear mind. But applying the theory takes more effort than you might initially assume.

Meanwhile, Tracy Wong, a one-time TV face in the US thanks to his appearances on reality show *The Pitch*, uses his *Dialogue* slot (p62) to offer five tips for improving creative marketing. His guide will keep marketers on the right lines when pitching for work or delivering projects. Bookmark his article – this is evergreen advice from a master.

Could the age of hierarchy be coming to a close? Certainly, power flows are shifting

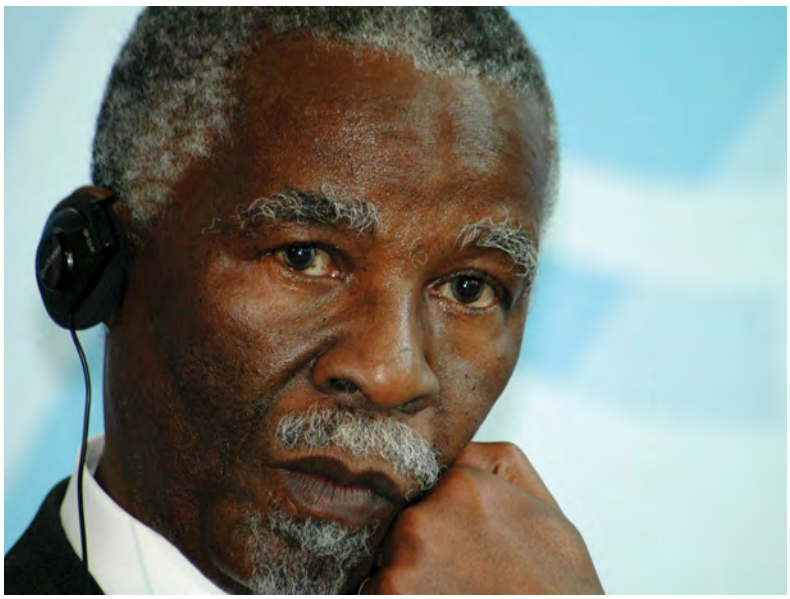
Talking of creatives, take a look at our review of a book that delves into the world of advertising (p80): *Dialogue* marketing columnist Andy Law read *Madison Avenue Manslaughter* and liked it – a lot. The book is a rip-roaring tour through advertising businesses which are, in the opinion of its author, no longer fit for the modern age.

That's the thing about changing times – you have to move with them in order to thrive. The trick is to keep doing the things you do well, but to revisit them every so often. And so it is at this journal: readers will notice *Dialogue*'s new look. A fresher design for a business world that is always on the move. Enjoy the issue.

Ben Walker is editor of *Dialogue*

Spark WHAT YOU NEED TO KNOW

Mbeki blasts African leaders



360b / Shutterstock.com

Sub-Saharan Africa is suffering from a leadership deficit. That is the verdict of former South Africa president Thabo Mbeki.

Mbeki, who served nine years as successor to Nelson Mandela in post-Apartheid South Africa, used a special event hosted by Duke Corporate Education – lead knowledge partner of *Dialogue* – to issue his warning.

Citing a pan-African survey, Mbeki said that 59% of African residents believe there is a lack of effective political leadership south of the Sahara. This figure rises to 68% of Africans who live outside the continent.

Mbeki questioned whether the African public believe their presidents are committed to their nations, rather than just to themselves and their families.

Oaths of office are seen as mere "formal rituals", he said. "When people are sworn in, this is what they do," the former South Africa premier added.

LIZ HONOURED FOR HR WISDOM

Dialogue editorial board chair Dr Liz Mellon has been named one of the UK's 50 most influential HR thinkers by business journal *HR*. Mellon, who is also a regular contributor to *Dialogue*, is one of the world's foremost authorities on leadership development. She began her career in the public sector and now works as a business educator to some of the FTSE 100's leading chief executives.

BE RESILIENT IN CHANGING TIMES

Maintaining high performance over the long term is of critical importance both to individuals and organizations, and can be challenging in times of ambiguity, rapid change, and information and communication overload. Duke Corporate Education's session will introduce a practical, engaging framework that enables teams and individuals to perform at their best, with greatest impact.

Resilient Leadership for Sustainable High Performance
19 January, 9am-12pm
The Inner Temple, London EC4
To sign up, email: joey.uppal-mustafa@dukece.com

Focus on high-achieving women

The Global Female Leaders Summit 2016 takes place next spring in Germany. Leaders who want to strengthen business connections and form lasting relationships with their peers from around the world should make their way to Berlin.

The summit – which is strictly limited to a maximum of 300 attendees – boasts senior-level delegates, a high-class venue, insight into the success factors of female executives, and access to a truly global and exclusive community of leaders.

Global Female Leaders
Berlin, 17-19 April
For details: www.globalfemaleleaders.com

THINK CUSTOMER!

Customer centricity is back. However, only 20% of companies succeed in becoming customer-centred, and more than 55% abandon the strategy before two years of executional failure; for many, it remains mission impossible! Customer centricity requires a company-wide effort involving strategy, decision making, matrix organization, process management, aligned performance measurements, collaboration, leadership... all at the same time. Duke Corporate Education – lead knowledge partner of *Dialogue* – has harnessed the powerful experiences of successful companies and top executives with its high impact, award-winning experiential learning event. Join Pepe González and Adam Pacifico for this session.

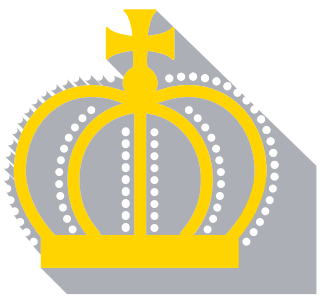
Customer Centricity: Mission Impossible
10 December, 9am-12pm
The Inner Temple, London EC4
To sign up, email: joey.uppal-mustafa@dukece.com

WOMEN'S CHAMPIONS

The International Alliance for Women has honoured female and male leaders who helped economically empower women, at its 2015 Global Forum and World of Difference Awards event in Washington, DC.

Award recipients hail from around the globe. The awards focused on economically empowering women from a local, regional or global level.

Forum speakers ranged from the winner of the prestigious Oslo Business for Peace Award to a woman entrepreneur who, after the decade-long civil war in Sierra Leone, took advantage of her passion for cooking to launch a business in the country.



Finance forum

Finance executives should head for the CFO Alliance Quarterly Roundtable on 13 January. Delegates will become a sounding board for peers on the pressing issues that you, as a finance executive, face daily. Topics for discussion are generated through an annual CFO sentiment study and include how strategy, human capital, competition, technology and risk affect top- and bottom-line performance.

CFO Alliance Quarterly Roundtable
13 January
The Pacific Club, 4110 MacArthur Boulevard
Newport Beach, California 92660
For more details: bit.ly/cfobreakfast

LEADERS ARE THE GREATEST LEVERS FOR WINNING IN AN UNPREDICTABLE WORLD...

To win in today's world, filling knowledge gaps is no longer enough. Yesterday's wisdom won't help leaders prepare for what lies ahead: more volatility and less predictability. Leaders must do more than simply learn. To be able to grapple with the unknown, they have to reorient and rewire. As our challenges become more global, social and complex, leadership is becoming more and more critical to business success.

Duke Corporate Education is the premier global provider of custom solutions that enable leaders at all levels to adapt and move the organization forward. With delivery in over 75 countries, we work together with clients to understand their context and craft the right educational solution for any level of leadership – executives, high potentials, directors or managers. We're here to help leaders get ready for what's next.

...WE GET LEADERS READY
FOR WHAT'S NEXT

Duke CE

LEADERSHIP FOR WHAT'S NEXT

canadean

Executing Shopper Insights

10th-11th February 2016, London, UK

Canadean Executing Shopper Insights 2016 will take place this year in London on 10-11 February. Featuring exclusive case studies, exciting panels and interactive roundtables this year's event will provide a perfect platform to maximise networking opportunities with established beverage brands including **Britvic**, **SABMiller** and **CocaColaEnterprises** and popular retailers including **Tesco**, **Brand Alley** and **mySupermarket**.

Some of Canadean's leading analysts will also be present and hosting a roundtable, and offering some exclusive insights of their own into new trends to look at for 2016.

For more information and to register please visit (quoting: MK-HJAD)

www.arena-international.com/execshopper

Michael Canning is chief executive of Duke Corporate Education

MICHAEL CANNING

Adversity breeds brilliance in a volatile world

Lean into disorder

Resilient people seem to share certain qualities. Studies show that optimism, confidence, strong beliefs tied to greater purpose, a sense that they can influence their own outcomes, and an ability to improvise, are common traits. Most of this work speaks to the ability to rebound from difficult or traumatic events, handle adversity or be robust under enormous pressure. While sound and helpful, these theories were developed in, and for, a more stable world, in which disruption and volatility were periodic events, rather than a way of life. They share a common thread of responding to, or overcoming, a particular adversity.

In a world of continuous disequilibrium, we need to rethink the theory. In his book *Antifragile: Things That Gain from Disorder*, Nassim Taleb suggests that to adapt and succeed in times of volatility, systems and institutions need to become "antifragile". Antifragile isn't the same as robust, or simply being able to take the knocks and bounce back. Antifragile means something actively seeks volatility and is actually strengthened by knocks.

Antifragile means something actively seeks volatility and is strengthened by knocks

Taleb gives an example of a vibrant dining scene with many failed restaurants, where their individual failures are far outweighed by the upside of a large number of innovative entrepreneurs experimenting with new ideas. Similarly, as individual leaders, fully engaging disorder will include some failures, but our ability to adapt and thrive is increased.

Of course, being able to withstand adversity helps to improve our overall physical and emotional health. There are a series of well-documented practices to assist with this. But becoming antifragile is less about finding balance and enduring adversity from time to time, and more about nudging ourselves closer to volatility and exploring new ways to engage, adapt and grow in the disorder.

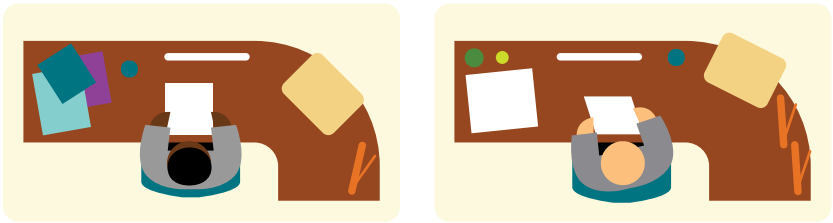
Increasing our ability to adapt dynamically and grow stronger from disorder requires a couple of steps:

— **Lean in.** Get comfortable "leaning into" disorder. As Andrew Zolli says in his book *Resilience: Why Things Bounce Back*: "Today we have to accept that we will make mistakes…We will be surprised, we will go over the cliff, and we have to deal with those situations…Whenever we saw resilience, it didn't stem from having a library of potential future catastrophes and finding the right answer, rather, resilience came in the form of the ability to dynamically react to the unexpected, to patch up holes as they appear, to keep things from spiralling out of control."

Accept it – avoiding risk isn't workable. Leaning in means proactively exploring and experiencing a new range of challenges and emotions. Experiment more, figure things out and become stronger for it as you engage with the flow of complexity.

— **Get connected.** Research shows that people who surround themselves with others are better positioned to overcome adversity. Connected community members' resilience is strengthened through access to people and social resources. It is the same in business – drawing upon a quality network brings diversity of thought, helps bust our personal biases and blind spots, lets us see more possibilities, and allows us to bring more resources to bear on a problem. As leaders, it is sometimes difficult to share when ambiguity is high and answers elude us. But building, and being able to tap into, a more interesting and diverse network of people is essential.

As volatility increases, so leaders' need for resilience grows. Becoming antifragile does not require each of us to become more rigid in order to withstand the storm, but to explore, more actively, the best ways to engage, adapt and grow amid the disorder.



Focus

The new world of work

Morgan Stanley says Piketty is history. Thomas Piketty, the superstar economist, holds that, because returns on capital exceed wage growth in the long run, business owners will continue to benefit at the expense of workers. But Morgan Stanley says simple demographics will see to that. The global workforce gained around 70 million workers in 2005. By 2039, that figure is forecast to fall to 30 million a year. Skilled labour is becoming a scarce resource. Yet the IMF fears that this skills premium, and persistent global technological divide, will compound inequality, making the skilled members of Generation Z richer, and the less skilled, poorer. The world of work is volatile and uncertain. How might it look 15, 30, and 45 years from now?

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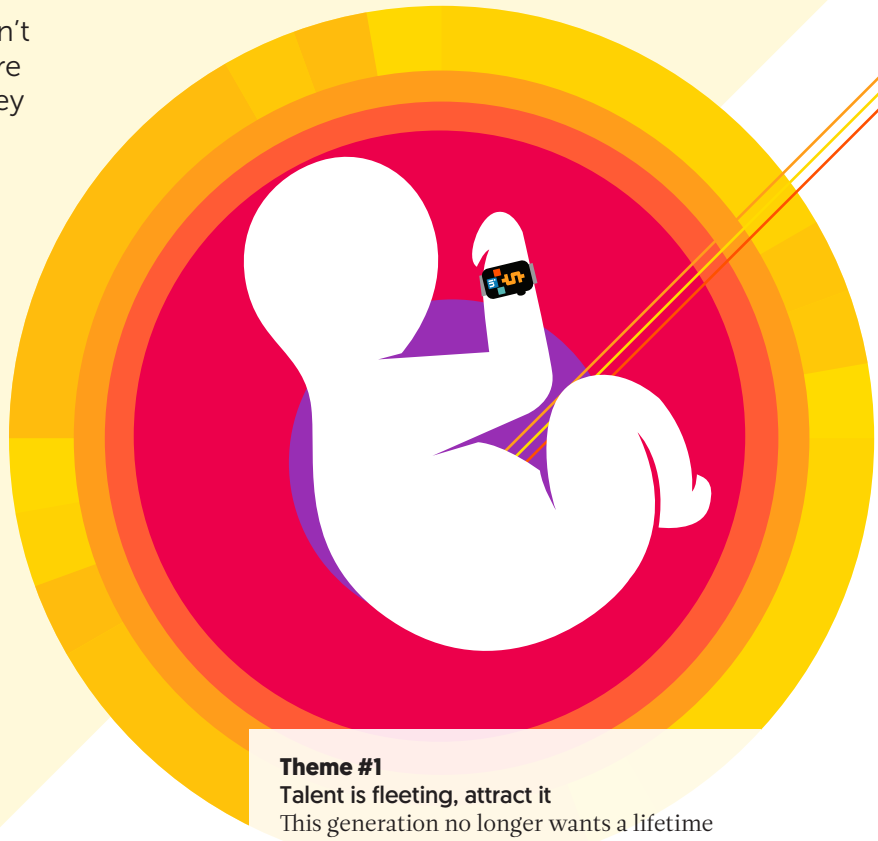
The war for talent is over. The talent won

The next generation of skilled workers won't stay at your company forever. So make sure they leave a legacy from the short time they are with you, writes **Sharmla Chetty**



Guess what? The world just changed. Within the next couple of years, Generation Z will enter the workplace. These guys – also known as the Homeland Generation – were born after we celebrated the coming of a new millennium and are too young to remember 9/11. They are the offspring of the new dawn, and they do things differently.

Employers, many built to reflect the needs and motivations of the Baby Boomers or Generation X, have quite a challenge on their hands. No longer do youngsters expect – or even want – a job for life. So sophisticated are their social and professional networks, they are able to screen every organization on the planet through digital conversation. Glassdoor, Facebook and Twitter mean there is no place to hide for businesses that haven't tuned their HR practices into the hopes and dreams of the next cohort of skilled labour. The war for talent is over – the talent won.

Duke Corporate Education South Africa ran a roundtable with chief learning officers to explore the potential impacts of Generation Z's entry into the workplace. The findings were instructive: the overall verdict was that few of the drivers so relied upon by employers for previous generations of employees are likely to be effective in the coming age. Five key themes stood out...

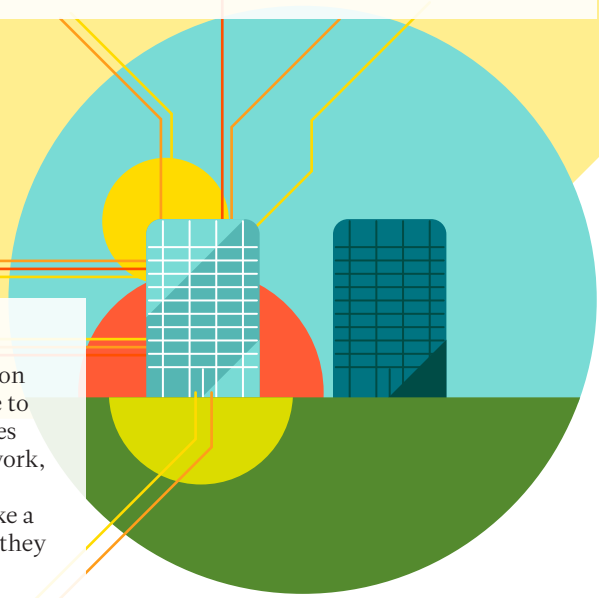
— Sharmla Chetty is the regional managing director for Duke Corporate Education, overseeing the Africa region. She serves on the board for Duke Corporate Education Africa

Theme #1

Talent is fleeting, attract it

This generation no longer wants a lifetime contract in its careers. Because of this, organizations need to make a mindset shift. Companies once had tremendous power over employees – they no longer have that control. People with in-demand skills are now flooded with targeted job opportunities online, and as soon as they see a new opportunity they move on. Organizations will have to recognize the need to work together to improve skills levels in whole economies – so that fluid pool of labour is both bigger and stronger. You won't hold on to Homelanders, so make certain you have a ready reserve of replacements. People are not going to stay, get used to it, and prepare for it. Organizations will have to rethink their recruiting practices to attract Generation Z, and now is the time to start.

Theme #2
Learning is agile, embrace it
Generation Z will find out what they need to find out. They know what they want to know. Whereas the generation before them – Generation Y – were, to some extent, dreamers on the crest of a technological wave, Homelanders are more realistic, pragmatic and practical. Many of them have seen their Generation X parents lose their jobs and homes in the global financial crisis and they don't want to repeat the misery. So they are keen on advancement and rapid, agile learning to protect themselves. These new workers are very good at teaching themselves the key things they need to know very quickly, by searching for the answers efficiently online. Old company courses won't cut it – your training should be experiential and practical, not theoretical. Homelanders can find the theory they need quicker than you can teach it.



Theme #3
Networking is powerful, anticipate it
There has been a tremendous transference of power. The next generation has access to an increased number of professional networks and is able to understand what is out there and to share information about companies like never before. This means that if your company is a great place to work, they will find out about it. But if there is no value proposition to your company why would they come? Employees are much less likely to take a chance on companies than they once were. Employers need to ensure they have impeccable – and widely known – credentials.

Theme #4
Labour is entrepreneurial, harness it
With the next generation of labour so footloose and fluid, you need to make sure great people deliver lasting results before they leave. Organizations should cultivate a culture of internal entrepreneurialism. Assign great people to lead innovation work, so that fantastic new products will be their legacy. Or hand logical thinkers the reins to reinvent your processes – so you benefit from more efficient systems long after they have moved on.

Theme #5
Cultures are changing, accept it
You need to provide opportunities for employee growth, rather than focusing so much on salaries. Workplace cultures are important – flexibility, as now, is key, but so is the opportunity to be involved. The guiding principle of organizations should be to talk with the new generation, not about them. Hear what they say, identify what drives them.

5 for the future

The way we work is changing. Make sure you know the new rules, says **Tammy Erickson**

We're moving to the drumbeats of change: amazing new technologies, including social media, search, gamification, cloud storage, mobile, and big data analytics are cutting the financial and time costs of communication to next to nothing. They make it possible to find almost anyone or anything, anywhere, quickly and easily. Already, we take for granted many of the changes we've already embraced at work – Google searches, social marketing, text communication. Yet we've barely scratched the surface of what these technologies can do; a far greater magnitude of change lies ahead.

The workforce, too, is changing in remarkable and unprecedented ways – longer life expectancies and lower birth rates combine to create an ageing population in many parts of the world. This upside-down population pyramid means that traditional career paths may be blocked to the young by the overwhelming number of older workers entrenched in the workplace. At the same time, our longer lives are allowing us to experience a new life stage – 'active-old'. Demand for ways to engage older workers productively will only intensify. And around the world, we encounter tremendous diversity – ethnic, racial, religious, and attitudinal – bringing differing expectations and preferences to the fore.

Harnessing knowledge

Throughout all of this, the nature of the work we do is also changing. Today, much of our most important and differentiating work leverages, in some way, the plethora of information that is now available. In some businesses, the key is harnessing small units of knowledge to detect patterns and provide insights or create new capabilities. In others, it's about innovation: combining different types of knowledge and expertise to come up with something better. We are challenged to detect and respond to market and environmental shifts, customize our relationships with customers and suppliers and evolve as we go; we are challenged to learn.

That these trends are happening is not in doubt, but their implications are still being discovered. Over the next few years, I expect five major trends to emerge...

The new upside-down population pyramid means that many traditional career paths are blocked to the young by the overwhelming number of those already entrenched

Change #1

How work is organized: a shift to tasks
Today, in most organizations, we allocate work according to job or role. Individuals are given a title, say 'vice president of marketing', and responsibility for a broad set of activities. This approach to organization worked well in the more structured manufacturing-based world of the past, where responsibilities were well defined and their scope stable. The pyramidal shape of the population, coupled with company growth, made promotion through a series of jobs an effective way of providing people with variety.

But shortcomings are becoming apparent in this approach to organizing work. Broad, prestige-based titles make it difficult for senior individuals to phase out elements of their job, since stepping away from one of their titles feels negative, and the options for further constructive contribution are limited. It's also difficult to give young employees the variety they crave, since existing middle-aged and older workers often block roles and career paths. Allowing people the flexibility many are demanding is difficult if all you have to offer are fixed roles, few of which are designed to be done at less than an all-out pace. And correlating pay is head-scratchingly hard.

All these problems become easier to address if you organize work by project or task, rather than by job or role. People still have titles, but they are time-bound and action-orientated: 'head of the xyz product launch', for example. Some people will take on multiple projects at a time. Some projects will be short (months); others very long (perhaps a decade or more, for example in the space industry). Compensation is tied to the project ("this project pays x amount"). And, ideally, people will have great flexibility in choosing or bidding for assignments on various projects – with the option of taking on a number of difficult and high-paying projects in years when their lives permit it, or signing up for fewer or easier ones when non-work demands take precedence, or they simply want to scale back.

Benefits of this approach include:

- providing variety and challenge to young workers through the opportunity for easy, natural movement 'horizontally'
- making effective use of experienced workers who want to contribute in meaningful ways, but not at the same pace as at earlier points in their lives
- enabling the use of contingent talent in 'as-needed' arrangements, providing businesses with the ability to use the best talent for each project and avoid the costs of maintaining talent not currently required
- allowing choice in many dimensions, not just time, place and pace, but difficulty, area of learning, and career path design (focused specialization versus broad capabilities)
- enabling meaningful performance reviews, by tying reviews to project milestones and enabling peer review, essential for effective collaboration

As we move to task-based organization, we'll naturally cut most ties to management based on time. The concept of a fixed nine-to-five workday didn't come into play until the early 1900s, as production processes became too complex and integrated to allow for individual latitude. With projects, the team may decide that it's important to be together at certain points, but the overall organization is likely to have many more flexible arrangements in play.

In short, our 100-year experiment with time and titles is coming to an end.

What do you, as an organization, need to do to prepare for and get ahead of this change? You could perhaps start with one functional area; for example, a number of the companies that have begun moving down this path have found that applying it in research and development is relatively straightforward and provides some immediate benefits. Then follow these lessons:

Key lessons

- Break work into activities or projects
- Eliminate or downplay broad, position-based titles
- Create ways of allocating projects that allow individual choice and tap the best expertise
- Allow teams to choose members and/or allocate compensation
- Create new performance review processes: task-based, aligned with task milestones, and reviews conducted by peers on the task team ▸

The greatest value today comes from discretionary effort

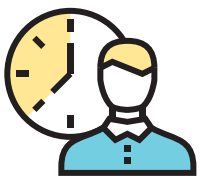
Change #2

How work is integrated: using real-time coordination

Have you ever watched young people go through the process of meeting face-to-face? Their approach rarely involves scheduling in advance or even planning a place and time. They're more likely to let each other know their current locations – to exchange coordinates – and then home in on each other like ships using radar.

This real-time, needs-based, location-driven approach will reshape many processes in business over the next few years. Just as we had to rethink things back in the 1990s, when computer systems first allowed us to re-engineer business processes, rethinking is required today to take advantage of the new communication and coordination tools that are available.

As we build processes around coordination, there will be a shift similar to that of the 1990s, when IT cut the costs of communication. These lower costs enabled companies to spin off non-core activities; decades-old notions regarding the need for forward and backward integration fell away as companies raced to focus on core competencies.



Today's lower cost of coordination will lessen companies' need to 'own' resources, including employing full-time workers. They will increasingly use coordination to find the necessary resource or talent when and as required.

Key lessons

- Look for opportunities to substitute some form of coordination
- Identify resources, including skill sets, that you don't need to 'own' full-time – prepare to tap them as needed
- In so doing, embrace a variety of flexible arrangements (share, rent, borrow)

Change #3

How organizations relate to those who work: new ways of staffing

Organizing by task, and using coordination to find the best resource when needed, drive the third major change: organizations will no longer be comprised primarily of full-time employees, but will constitute a flexible community of workers. These individuals will be in a variety of arrangements – full-time, part-time, contingent, outsourced, consultative, expert-for-hire and others. Companies will become adept at finding the best person for a specific task at a specific moment in time.

This shift will be accompanied by several interesting corollary changes. Companies will need a new function – along the lines of the role of staffing managers in professional service firms or talent agencies in the film industry – to serve as the 'home base' for this complex body of talent, working in diverse ways.

Nearly 20 years ago, management guru Peter Drucker predicted that the HR function was headed toward a radically new operating model. He wisely noted that the growing complexity of the workforce – the need to juggle a variety of individuals, with diverse preferences and needs and a dizzying array of relationships – would take the staffing function out of general management and into a specialized agency-like HR function.

A strong employment brand will also become essential. As the relationship with workers takes on an episodic nature, the need to provide continuity between episodes of work, similar to the need to maintain continuity with customers between purchases, will be critically important.

Several things will diminish in importance. Tenure will no longer be a metric applied to the overall workforce; it will, of course, remain important and be measured for some tasks, but not all. A more relevant metric will emerge, related to 'fit for purpose' – the extent to which individual projects are staffed by people with the ideal skill sets.

University degrees will diminish as a currency in the job market. Employers will seek task-specific credentials. In response, 'badging' – signifying and communicating on-the-job learning and achievements – will grow. Companies will compete for talent on the basis of the learning they provide.

Key lessons

To prepare for managing a portfolio of individuals:

- Create a wide variety of work arrangements
- Develop a 'people function' role similar to that in an agency
- Learn how to find and tap skills anywhere, anytime, matching talent from all over the globe with tasks
- Establish a reputation as a great place to work and maintain a long-term relationship with pools of individuals that you may need to tap in the future
- Emphasize learning and development; create a system to provide marketable credentials to those who excel in your organization; assist with future placement
- Develop an approach to understanding individual needs and preferences
- Adopt management practices required to support a mobile workforce across geographies

Our 100-year experiment with job titles is coming to an end

Change #4

How differentiating value is created: discretionary effort

Most of the work that adds the greatest value to our businesses today is not work that you can codify. It's not work you can force people to do well – or even necessarily know they're doing it to the best of their abilities. The greatest value today comes from innovation, collaboration, and customer service – areas that require individuals to dig deep and do their best willingly and wholeheartedly. It requires them to invest their own discretionary effort.

A core challenge for organizations, therefore, is to create environments in which people want to give their very best. Even individuals who have just come in for a brief, specific task need to be swept up in the sense of who you are and why doing this work is important and meaningful. They must be engaged.

Through studying companies that do this well, I've noted the common thread is a sense of confidence about who and what they are… and being comfortable with not being all things to all people. Excellent companies are quick to explain what it means to work in their organization, why they are special. They recognize that 'meaning' is the new money; it's what motivates and inspires today's workforce to create extraordinary value.

Key lessons

- Understand what makes your organization unique – and that you strengthen the work experience
- Identify your own powerful set of 'design principles' (values)
- Create a powerful, differentiating employee experience, orchestrating elements throughout the organization: leadership behaviours, people practices and processes, day-to-day work experiences, as well as corporate stories and legends

Change #5

How some companies will become this century's icons: lead to leverage intelligence

Leveraging intelligence calls for a very different form of leadership to that of past decades. Today's leaders require skill in stimulating innovation and collaboration, an openness to new ideas and the ability to invite all interested parties to engage around meaningful work. Leadership today must be deeply rooted in meaning, in consideration of the organization's values and the individuality of its mission.

Key lessons

- Rethink your approach to leadership selection and development
- Identify individuals who understand the importance of creating an environment in which many different people can contribute
- Develop the ability to engage with meaning; disrupt with new perspectives; connect by building collaborative capacity; and intrigue with great questions

Above all, recognize that leadership and the organizations we create must be geared to meet the specific challenges we face at this moment in time. As a result, leadership practices and organizational designs will evolve over time and are logically different among different businesses.

As you prepare for the future, focus first and foremost on identifying the most significant challenge your organization must solve. What will set you apart? How will you create extraordinary value? Then consider what will influence your ability to meet this challenge successfully: the nature of the work to be done and the characteristics of the workforce you will need to attract. Only then can you begin to wrestle with formulating your own answers to questions about how best to organize the work, relate to the people you'll need, and to function effectively as a leader through the ongoing changes that lie ahead.

— Tammy Erickson is a McKinsey award-winning author and a widely respected authority on leadership, the changing workforce, collaboration and innovation, and the nature of work in intelligent organizations. She has been named three times as one of the 50 most influential living management thinkers in the world by Thinkers50, is a frequent faculty member in Duke Corporate Education programmes, and an adjunct professor of organizational behaviour at London Business School

The remote working explosion changed the office too

As workers have grown used to working anywhere, the biggest physical change has been in the office itself, writes **Dave Ulrich**

Traditionally, we go to and return from work because work is a place. The workplace becomes a second home in which we interact with others, accomplish tasks, and create a new identity.

Through technology, work boundaries shift from place to values. Work can be done anywhere and anytime. We can go to work, but work can also come to us. Organizations are bounded less by space and more by networks of shared values. These values may be around defining and serving customers, meeting investor expectations, creating and distributing products and services, building relationships, and accomplishing tasks. Today, this work may be done in an office, at home, on a smartphone while on a train, in hotels, or in airports.

Collaborative space

But the dissolution of physical boundaries has led to a radical change in the bricks-and-mortar workplace, too. In the days when everyone worked out of a traditional office, the focus was on managing personal space, usually by dividing the space up into a series of cubicles. Today, in a time where offices are meeting hubs rather than weekday homes, collaborative space is key. There is a focus on interaction, openness and sharing, while breakout areas offer privacy and solitude.

The best new workspaces are organized around some key principles. These are:

- variety and choice – flexibility in work arrangement
- human connection – mix of private and public space
- social responsibility – social capital and environmental sustainability

A better workspace enhances employee productivity and wellbeing and communicates a company's culture and identity. Managing workspace begins by categorizing the types of work being done, then creating a living office environment that enables that work to be accomplished. When the work activity matches the work setting, a living office exists where employees want to go to work, not where they have to go to work (see box above). Employees who live in these evolving workspaces are more productive and more engaged.

Employees may also work outside formal work settings, at home and in remote locations.

MATCH THE WORK SETTING TO THE ACTIVITY

Herman Miller's work on the Living Office

WORK ACTIVITIES	WORK SETTINGS
Collaboration	Haven
Chat	Hive
Converse	Jump space
Co-create	Clubhouse
Divide and conquer	Cover
Huddle	Meeting space
Warm up/cool down	Landing
Show and tell	Workshop
Process and respond	Forum
Create	Plaza

In such places, employees share information with one another through technology links, but they are more formally connected to the organization through shared commitments. The commitments focus less on the means of doing work and more on the outcomes. These remote work locations are of benefit to most knowledge employees who can access and process information in most places.

Focus on outputs

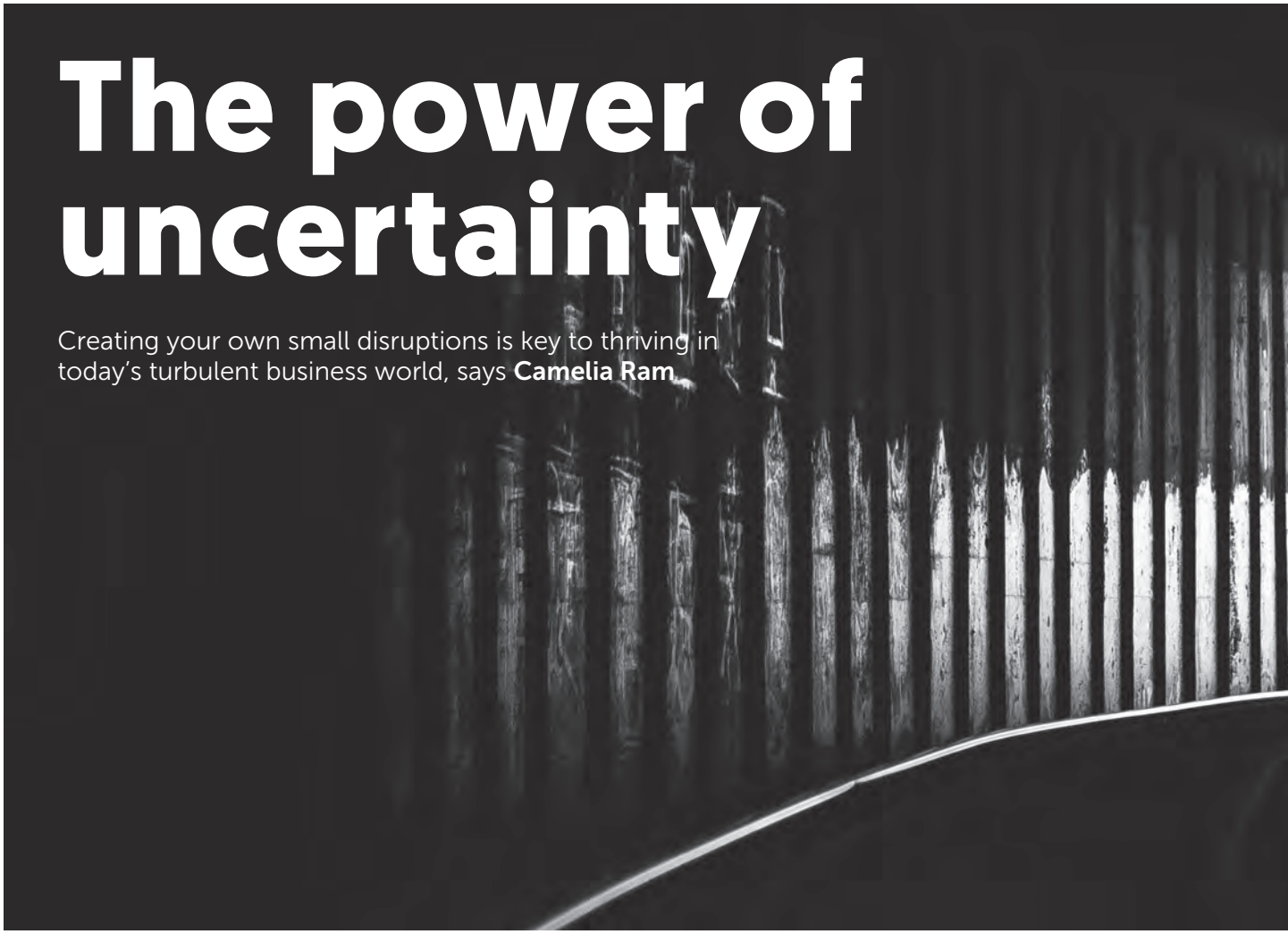
As a professor, consultant and author, I am a living case study of working remotely. I share the commitment to ideas with impact, and am passionate about accomplishing work. But where and how I work matters less than the outputs of the work I do.

Dale Lake and I dedicated my first book *Organizational Capability* to the Toshiba laptop computer that made it possible. We wrote the book, 25 years ago, while on aeroplanes, in hotels, and during off hours at home. This article is being written while I'm flying, will be submitted when I land, and will be read by *Dialogue* readers in a whole host of settings. My dean holds me accountable less for face time and more for publishing ideas that will have impact.

Likewise, line managers and HR professionals with widely distributed employees need to be very clear about the focus on outputs. Employees who deliver these outputs may be less visible, but more impactful.

The power of uncertainty

Creating your own small disruptions is key to thriving in today's turbulent business world, says **Camelia Ram**



While uncertainty can act as a source of inspiration for employees, it can easily become the root of anxiety. On the one hand, uncertainty can prompt engaged workers to draw upon a range of capabilities, ideas and people to develop cohesive solutions and coordinate timely action. On the other, being overwhelmed with information, or a lack of it, or the potential cost of making inappropriate choices, can make it difficult for employees to put their effort, ideas and passion into their jobs. This can lead to a failure to foster authentic dialogue between leaders and employees, and failure to stay focused on what matters to them both: their customers.

Uncertainty can be driven by many factors inside and outside the organization's control. These influence one another in complex ways. For example, an anomalous or disruptive event in the economic, social, regulatory or competitive landscape could challenge the organization's business model, just as the advent of digital technology impacted Kodak's camera business. Disruptive events could also lead to a lack of clarity or confidence in an individual's role in supporting organizational objectives.

For example, in the aftermath of the 2008 financial crisis, several banks underwent a series of restructuring exercises, leading to ambiguity regarding individual, team and divisional responsibilities and accountabilities. A prolonged period of uncertainty in the work environment can lead employees to feel unsafe about asking questions, challenging assumptions or even making plans.

So what can leaders do to inspire positive beliefs and actions among employees, in the face of uncertainty?

A prolonged period of uncertainty in the work environment can lead employees to feel unsafe about asking questions, challenging assumptions or even making plans

The key is to create small disruptions deliberately that bring opportunities for change without destabilizing the entire system. As small changes take root, they can transform engagement levels. Our case studies (opposite) show how small changes can boost engagement, and, thus, company effectiveness.

Uncertainty can inspire or drain energy from individuals and teams.

When disruption occurs, staff adapt by applying existing resources or modifying their behaviour to address new circumstances. Developing this degree of responsiveness during periods of uncertainty requires employees to be given clear success criteria and the physical, human and financial resources to explore alternative pathways to achieving business objectives. Such disciplined experimentation not only builds a cadre of future leaders, it ultimately makes the organization more resilient in the face of disruption.

Running questions: the case of Nike

Honing employees' ability to examine the extent to which the business's current strengths will position it for future success should be an ever-present priority in today's volatile environment. When critical thinking and constructive debate are supported by leaders who coach and inspire, employees feel a deeper sense of responsibility for current, as well as future, success.

For example, brainstorming sessions and group exercises were used with employees across sportswear giant Nike to define what its future could look like, and what employees' roles would be in delivering that vision. Scenarios reinforced the fact that simply maintaining the status quo was not an option. The exercise paved the way for several initiatives to address threats relating to constrained resources, including a waterless dyeing technique using carbon dioxide instead of water.

Driving autonomy: the case of BMW

Organizational challenges pose genuine opportunities for individual and collective progress. Offering employees the autonomy to debate and frame issues, and providing guidance on developing proposals for addressing them (from checking the quality of the idea to building business cases for execution), builds a sense of ownership.

For example, given the increasing demand for cars in developing countries and concurrent pressure to reduce emissions, the BMW Group spent 38 months and €2 billion creating the 'i' brand from scratch, building sustainable electric and hybrid-electric vehicles. Even though the director of the project, Carsten Breitfeld, said there were moments when they were unsure how to progress, the i8's carbon footprint is roughly a third of a conventional automobile's, making it a game-changer in the industry.

Network power: the cases of Apple and Google

Designing systems, processes and structures to enable lessons and experiences to be shared creates an environment in which there is empathy with diverse perspectives, honest review and ongoing experimentation.

These are vital components of employee engagement. For example, technology giants Apple and Google both encourage the best and brightest people to work together effectively via regular review meetings that involve multiple business units. These simple, yet effective, approaches have enabled both organizations to reimagine multiple sectors, from music to electronic payments to transportation.

Balanced energy: the case of Chevron

Embedding effective decision making in an organization requires a balance between thinking and acting. A focus on thinking may result in an analytically robust answer, but nobody might care. Conversely, a strong focus on acting may lead to agreement based on ignorance.

For the past 20 years, Chevron has successfully deployed decision-analytic approaches to manage risk with the right level of analysis. Selected employees have been trained in these techniques, which have been embedded throughout the organization to support complex decisions. Embedding a clear process drives capability transfer, plus greater transparency, accountability and trust.

— Camelia Ram is a consultant with Decision Strategies International

The motivational spirit

How can a global Scotch whisky company make its guiding principle – of a great psychological work contract – operate just as well around the world as in the auld country? **Liz Mellon** reports

Do Scottish theories of motivation work abroad?

A poor psychological contract at work damages personal resilience. It has a detrimental effect on commitment to work, job satisfaction, motivation and organizational citizenship – the willingness to offer effort altruistically and more than just meet the job specification. A good psychological contract, on the other hand, makes an employee feel valued and in control.

The concept of the psychological contract was developed by organizational scholar Denise Rousseau and represents the mutual beliefs and informal obligations between employer and employee. An international company has to find a way to motivate people of different nationalities with a wide range of drives. Is it possible? Ian Curle, chief executive of Scotch whisky producer Edrington, believes it is.

Scottish heartland

Edrington has two distinctions in its home territory of Scotland. The first is that it is a privately owned company. This has allowed it to play the long game, investing for future success across people development, systems, distribution, and operations. The state-of-the-art Macallan distillery and visitor centre, under construction, designed by Rogers Stirk Harbour + Partners, exemplifies this approach. Being free from the short-term buffeting of the stock market doesn't mean Edrington lacks business focus in any way – it is a very commercial and competitive business.

The second distinction is that it has a proud record of long service in Scotland, uncommon in most businesses today. In June, chief executive Ian Curle attended a long-service lunch, handing out 28 awards for 25 years' service – the minimum threshold for an award – and four awards for 40 years' service. People are proud to work for the company and job security is a strong foundation for a healthy psychological work contract. But what happens when the business goes global, as it now is? To paraphrase social psychologist Geert Hofstede: "Do Scottish theories of motivation work abroad?"

The global market

Edrington's offices now spread from its headquarters in Glasgow to Fifth Avenue, New York, to Singapore. It employs more than 3,000 people, and it is impossible to offer the same working conditions overseas as in Scotland because employees in different countries have different drives. In emerging economies, one way employees improve their personal job prospects is by regularly moving between companies. Long service tends to be anything over six years and it's not much better in the Fortune 500.

For example, PayScale does a regular survey of tenure: Eastman Kodak scores highest with a median tenure of 20 years, but by the time you reach number six on the Fortune 500, General Motors, the median figure has already halved to 10 years (see box, p29). So Edrington cannot rely on long service as a global motivator.

Chief executive Ian Curle explains: "In Scotland, we encourage people to hang about, but long service also means good and effective long service. Now, with 800 employees in Scotland and more than 3,000 in total (including joint ventures), we have tipped into being an international company based in Scotland, rather than a Scottish company trading overseas. In our international distribution companies spread across Asia, the US and Europe, we find that employee turnover is higher, expectations are different and we employ younger people. In Taiwan, long service is five years. So our big question was how we could play out our values and culture on an international scale?"

Edrington found one aspect of what it does that works on a global scale – charitable giving.

The Robertson Trust

Charitable giving has a long tradition for Edrington dating back to 1961 when the three grandchildren of William Robertson, affectionately known as 'the three Robertson sisters', handed over their entire shareholding to a new charitable trust, The Robertson Trust.

The Robertson sisters wanted to ensure the long-term independence of the business and safeguard the culture they had created. They wanted employees to be treated like family and strived to create an environment where people were cared for, had development opportunities and where long service was rewarded. After all, whisky is a long-term industry – whisky can lie in a cask maturing for 10–15 years, sometimes longer – so continuity must be embedded for the distillation process to be successful. This founding outlook permeates the business today, but Ian Curle emphasizes that caring works hand-in-hand with a strong business focus.

The Robertson sisters also believed in philanthropy. To continue their tradition of ▸

charitable giving, the sisters donated their shareholdings to the trust, which is a separate entity. Today, it is the largest independent grant-making trust in Scotland, with the majority of its income derived from Edrington dividends. The Robertson Trust aims to improve the quality of life and realize the potential of people and communities in Scotland. Every year, it funds and supports charitable organizations of all sizes. In 2014, the trust awarded over £18.2 million to charities in Scotland. Since its inception in 1961, it has given more than £150 million to charities.

We have tipped into being an international company based in Scotland, rather than a Scottish company trading overseas

Giving more

This works for Scotland – but what about the rest of the Edrington international world? The trust mainly gives in Scotland as mandated by the sisters. "We were getting feedback that employees everywhere liked the idea of charitable giving, but wanted to know what they could do outside Scotland," Curle tells *Dialogue*. "So four years ago, we rolled it out across the world. The impact has been incredible. You don't have to ask people twice if they are motivated, it just happens. Our approval ratings on surveys are very high and the business keeps on growing. This wasn't a calculated business move, it was underpinned by genuine philanthropic purpose, but it gives us all a real sense of purpose."

Today the company donates 1% of pre-tax shareholder earnings each year to its International Giving More fund which supports good causes. Employees work in local committees to nominate which charities should benefit. Through its work, Edrington is committed to sharing its profits with the communities in which it works. "We pay well, we offer good career prospects and high-quality brands, just like our competitors," Curle adds. "Younger people have a broader value set and we seem to offer them something others don't. It's too early to say whether enhanced motivation is leading to better retention in the emerging markets, but we do have amazing employees."

Supporting people's aspirations

In reality, it's a whole business philosophy. Alongside Edrington's charitable work run its founding values with a modern twist. Its new narrative is great people, leading brands, giving more. 'Great people' builds on its long-standing principle of giving people opportunities for development. The Edrington Academy has been set up to support people's aspirations to be as good as they can be.

"Employees were asking about career development and we realized that the business had got ahead of us and we had to respond," Curle says. "So, for example, we now have interns and graduates on proper development schemes through the academy. We fast-track gifted employees to keep them engaged, put them on interesting projects and assignments and send them on secondments all over the world. We have 50 different nationalities

THE EDRINGTON STORY

Edrington is headquartered in Scotland, but today, more than 60% of its staff is located overseas. The origins of the company go back to the mid-nineteenth century, when William Robertson founded the Robertson & Baxter company in Glasgow. The Robertson family also founded Highland Distillers in 1887 and, ultimately, in 1999, Edrington acquired Highland along with its well-known brands The Famous Grouse, The Macallan and Highland Park. Today, these famous brands are distributed across international markets by a network of Edrington's own distribution and marketing teams and distribution partnerships.

In 2008, Edrington acquired a majority shareholding in Brugal & Co, the leading producer of golden rum in the Dominican Republic, diversifying its portfolio beyond Scotch whisky for the first time. In April 2010, Edrington acquired the Cutty Sark brand from Berry Bros & Rudd. The company values are independence, integrity, involvement and innovation.

AULD AND NEW

Scottish workforce

800

Total global workforce

3,000

BIGGER FIRMS, SHORTER TENURES

Median employee age and **median tenure in years** of Fortune 500 top six

1. Walmart	30	3.3
2. ExxonwMobil	37	6.5
3. Chevron	37	4.8
4. Berkshire Hathaway	41	1.5
5. Apple	31	2.0
6. General Motors	41	10.3
Top six average	36	4.73

Source: PayScale

working in the business, we are more and more like the UN. Generation Y wants to see a career path and be developed – we have never experienced this before, but we are trying to give them what they need. We want to give them meaningful work."

In addition to listening to people's development and career path aspirations, Edrington is intent on its employees really living the company values. It's not just *what* people are asked to do, it's also about *how* they do it. Four years ago, it established the Edrington Achievement Award, which is never profit- or sales-related. It's for going the extra mile, for service excellence and for teamwork – peers nominate one another for the award. It's recognition for good behaviour. There is one annual overall global winner. In 2015, it was awarded to the team that set up the Singapore office and it was awarded for collaboration across teams in three jurisdictions, Singapore, Scotland and the global IT team.

Veronika Gunn-Boesch, who is described as a new hire – she's been with them three years – is director of human resources at Edrington. "A big priority for my team and the company is how we develop employees across the world," she says. "An important first step is to ensure that their work is meaningful and connects well with Edrington's strategy."

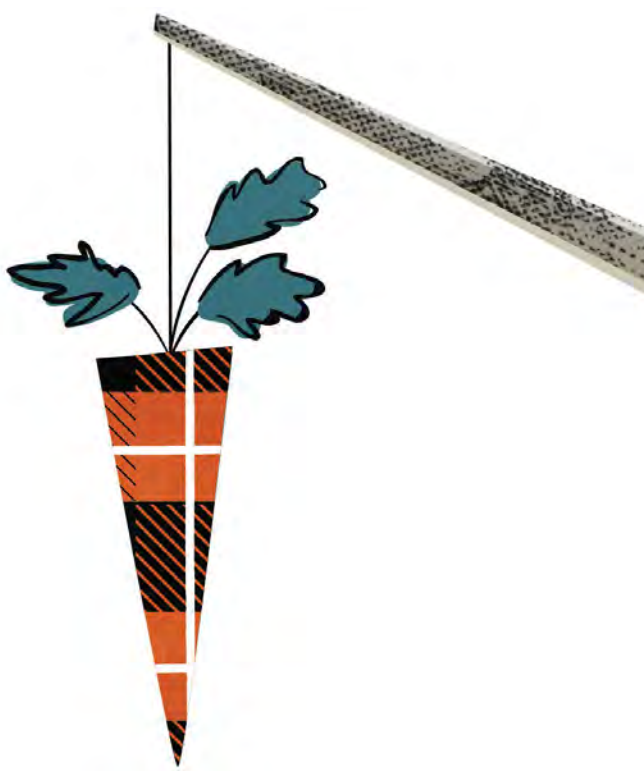
Where next?

Lest all this sound too idyllic, Gunn-Boesch is realistic about the challenges facing the company from the viewpoint of her role. "We have had an engaged, but not necessarily aligned, workforce in the past," she says. "People need to understand more clearly how they contribute to the new strategy. Moving people around helps this, but we are still a culture where it can feel personal if someone leaves, so even as we move people on, the culture finds it hard to accept.

"We are aiming hard to be consistent overall, but we do need to behave differently in different employment markets. For example, titles and regular pay enhancements matter more in some cultures, younger employees want to move faster while older employees tend to like to stay put. I think in some areas, we could do with higher turnover." She is equally honest about the company's distinctive advantages. "We are small enough for people to be entrepreneurial. And I do think our charitable giving makes us very special. The Robertson Trust is a differentiator and I don't think we make enough of it."

Whatever Edrington undertakes, it tries to do so with authenticity. For example, its board membership doesn't currently reflect the 'UN' nature of its employee base. It doesn't plan anything unnatural, fake or box-ticking to address this, but it will be addressed over the next five years or so. It is intent on keeping changing, keeping the storyline fresh and up-to-date and listening to its employees.

"We have a unique business model that has enabled us to invest for the long term and to grow internationally," says Curle. "The organization certainly feels different as a result. Our values, especially our Giving More commitments, have helped Edrington welcome and settle many new employees. We know that there are some challenges out there but I'm excited about how our great people will respond to them."



Life through a lens

BBC Worldwide's Kirstin Furber says there's more to global leadership than great videoconferencing. Meet the people director who lets her teams lead themselves

WRITING
Ben Walker

PHOTOGRAPHY
Sam Chick

Kirstin Furber knows something of the world. She makes a mental note of countries she'd like to visit but hasn't, and makes it her business to get there as soon as she can. Once in a new territory, she wields her camera with enthusiasm. Her latest photographic travelogue was to Cuba, her likely next targets are Sri Lanka and Jordan. "I love taking pictures around the world," she says. "It's my interest in people and cultures. I find different perspectives and different ways of looking at things fascinating. You can always look through one lens that you know, but through travelling quite a lot in my personal time I try to meet people, understand what's going on for them, and find out what their life looks like. You then come back home and think, 'oh that's interesting, I didn't think about things in that way'."

I think Saturday afternoon is the only time of the week we're not doing business

It's useful to have this global eye – BBC Worldwide, the commercial arm of the UK's public service broadcaster, stretches from one end of the planet to the other, with offices around the globe. "From an international business perspective there's a real opportunity," says Furber. "We are in a world that is competitive, we need new ideas. If you bring things in from all these perspectives, that's where these conversations can start."

We meet at the BBC's London HQ, but could easily be in Singapore, Sydney or New York. "I can't be up 24/7, that wouldn't make sense, but my team operate 24/7," she says. "I think Saturday afternoon is the only time we're not doing business, if you work out the clock." The breathtaking geographical scope of the operation is a major challenge, but something is working: BBC Worldwide does business in more than 200 territories, and boasts annual sales of over £1 billion. It returned a record £226.5m to the BBC in 2014/15. That is a useful contribution to an organization that is funded in the UK by a modest television licence fee, and carries no advertising on its domestic output.

Culture club

Given the not insignificant challenges of handling varying cultures and time zones across the world, Furber plays the role of orchestrator, setting a clear global strategy and direction for BBC Worldwide, and then letting her global lieutenants get on and find local ways to those goals. "You have to devolve in order to work at speed," she tells *Dialogue*. "If everything keeps coming back to the centre, then it's just too slow." She calls her global leaders the 'Top 100', a network of 100 senior people who have been trained and developed to understand and hone their own leadership styles, and who check in on a quarterly basis to show how they are doing against global goals. "But importantly, employees are hearing from *their* leader that they connect with – and that leader can translate the model into their culture and their way of doing business," Furber says.

Culture is important to Furber. She's acutely aware of how it differs worldwide. She's developed a sixth sense honed on countless trips across Europe and Russia when she was at Fox, and through Asia, with another of her former employers, Discovery. "I had a very funny ▸

We go straight into, 'what's the strategy? I haven't done that email, I haven't spoken to that person'. And we forget about the purpose

experience where I ended up singing *Yellow Submarine* in the house of the MD for India," she recalls. "I wasn't prepared for it and I'm not a great singer... But you go out in the evening with Indian colleagues, meet their family and have dinner with them – and you don't talk about work."

Furber's emotional intelligence is a major strength for any HR director, but for one working on a global scale, it's imperative. She has learned to translate messages from her global teams, asking gently for more information when she feels business clarity has been masked by cultural mores. But she's careful not to run her people too hard, nor to forget that as an HR chief she has to manage people's energy as well as their time. "If you are speaking to Australia in the morning you are fresh but remember that it's the end of their day, and they are tired. I'm good in the mornings – but they have a bit of... 'well can we just wrap up because I want to go home?'. So you have a different feeling on either end of the call, which is a challenge."

Emotion matters

Much of what she is listening for from her global leaders is the emotional response to a conference call, to an email, to a new idea. "That's really very important," she says. "We are in the relationship business." A recent survey drew a gushing response from her world team, she says. "It was really emotional – in a really happy way!" I note that singing is becoming a theme of this interview: "In one of the regions someone actually sang their inspirational story about working for the BBC!" she recalls. "I was blown away by how inspired and proud people were working for BBC Worldwide. I know that sounds a bit weird but it was really good to say, 'wow, it's off the scale'. We were in one meeting and I could see in the room that there were tears. And I was facilitating and I had tears in my eyes too and had to get myself sorted again and get ready to talk about the next thing."

This surprise outpouring of staff emotion taught her that companies need to do more to ask their teams to consider why they are working there. "We don't do that enough," she says. "We go straight into, 'what's the strategy? I

KIRSTIN'S FIVE SECRETS TO A GREAT VIDEOCONFERENCE

1. Be clear about objectives
2. Identify ahead the decisions you need to make
3. Chair must tease out attendees' points of view
4. Embrace debate and disagreement
5. Listen out for new ideas

haven't done that email, I haven't spoken to that person'. And we forget about the purpose."

So what's her personal purpose? To convey company goals, and to inspire people to meet them. "If you are clear as a company where you are going and your employees understand it and have bought into it, that's your first step," she says. "In the last two years we have gone on and on about the BBC Worldwide strategy. The test is, if you go around the world and say, 'what's the strategy', people say, 'oh, it's three things... bom, bom, bom'." Clarity of message is something that is close to her heart (see right). "Don't make it complicated," she says. "Make it really simple – if you said, 'tell me what the strategy is', 'it's 55 PowerPoint pages', aaargh! No, it's three things. And then you can ask your team, 'what's your contribution to those three things?'"

The second step, she says, is creating what she calls a "development focus" in the organization. "You come to BBC Worldwide because you can make a piece of history," she says. "That's why you choose Worldwide. It was very clear that should be our overarching message." Furber has just launched a global development portal which allows anyone to access videos and discussions that will help them develop during their day-to-day work.

BBC Television Centre is looking more inspiring these days, the last time I came here was a few years ago – as an audience member on a TV show – and in those days it was looking a little dog-eared and past its best. The site has been regenerated, and is now an open-plan mecca of zing, the sort of shiny, spacious workspace designed by creatives, for creatives. Furber is big on environments: "We want to be world-class, and that's what this building is about," she says. "It's not a static office, you can go and work anywhere. You can go to private areas on the fourth floor – people might want to go up there. The great thing about this building is that you don't have to wait to talk to someone about an idea, you can be walking down the stairs and say oh, 'by the way, what about this idea?' rather than saying, 'oh we better remember that and let's have a meeting about it next week'. You would forget it by then because you move on to something else. So how do you keep that flow and energy going? It really is about the environment."

KEEP IT SIMPLE

The BBC Worldwide strategy

Clarity of message is crucial for BBC Worldwide – that's why it comprises just three key points:

- Premium content company
- Building global brands
- Focused use of digital

Silent messages

But little of this would work, Furber suggests, unless you follow the golden rule of HR success, which is to listen actively to what people say – and what they don't say. "Sometimes people don't say things that they want to say, so listen out for it and you can tell it." How? "It's just a sense you have. I know that's not very factual." Is it learnable? "Yes, I think it is."

She's a big advocate, too, of HR people being commercially minded, understanding finance so they can extend their listening to finance teams and communicate usefully with the wider operation, grasping that much about good business is about trade-offs, not absolutes. Perhaps most of all, though, she's a proponent of 'being real'. "What I mean by that is not being 'a figure' and being theoretical." Give examples, she says, of how you overcame a problem, rather than reading rote from the textbook. "Don't say, 'this is how HR does it!' Say how you have done it!"

Perhaps her human touch will help her achieve her ultimate goal: her preferred legacy is to create an environment with her executive team where people want to come to BBC Worldwide and "do the best work they can". She's a third of the way towards completing her mission, she says. "We know what we need to do, now we need to embed it in the organization," she says. "Not by making a PowerPoint slide and asking, 'can you remember it?'... but so people are just doing it."

ABOUT BBC WORLDWIDE

BBC Worldwide is the commercial arm of the BBC – the UK's state-owned public service broadcaster. Despite the fact that it is a profit-making, revenue-generating body, it is within the public sector, and returns its profits to the domestic arm of the BBC. The profits are then poured back into programming. As part of a wide-ranging review, the UK's centre-right Conservative government is considering a range of options which includes privatization or part-privatization of the Worldwide arm, although proposals to privatize any part of the BBC have in the past met with resistance from the organization – and the public at large.

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Kate Cooper is head of applied research and policy at the Institute of Leadership & Management

KATE COOPER

How do leaders lead and serve at the same time?

Effective leaders create a culture of service

"The servant leader is servant first." So wrote former AT&T executive Robert K Greenleaf in 1970. "It begins with the natural feeling that one wants to serve, to serve first. This conscious desire brings on the aspiration to lead. That person is sharply different from the one who is leader first, perhaps because of his need to assuage an unusual power drive or to acquire material possessions. The leader first and the servant first are two extreme types. Between them are shades and blends that are part of the infinite variety of human nature."

But of what is the leader a servant? Although eluding a clear definition, most of our understanding of leadership is connected to ideas of hierarchy, power, orders, instructions and following. How does a leader lead and serve at the same time? And what might this mean for the practice of everyday leadership?

The answer lies in considering of whom the servant leader is a servant. The servant leader is not the servant of her followers. She is the servant of a higher ideal, the servant of the purpose of the organization, the good it intends to do and the stakeholder interests it respects and protects. The servant leader does not seek leadership positions for his own advancement or simple material gain – but to help and encourage others to share his ideals.

A servant leader seeks to create a culture of service, supporting and helping her followers understand their own higher purpose and use their full potential in contributing to the achievement of the organization's higher purpose.

A servant leader may be charismatic and followers may be drawn to that charisma but the essence of servant leadership is not charisma, it is a recognition that, just as the leader is doing, people work for more than material reward. People come to work to give meaning to their lives, to belong to a community, to enjoy the company of others, and to feel proud of the contribution they make.

The servant leader is not the servant of her followers. She is the servant of a higher ideal

A servant leader works towards creating a culture where such aspirations are normal and commonplace, where empowering others to succeed and where facilitating the growth and development of others are essential functions of the leader's role. A servant leader also recognizes that there are many stakeholders in the work of an organization, and that service extends beyond the relationships with those he or she leads – and includes the firm's customers, suppliers, investors, the environment and the wider community. The servant leader recognizes the interconnectedness of these relationships and acknowledges that long-term relationships where all parties benefit are the only genuinely sustainable ones.

Servant leadership puts ethics and stewardship at its heart. Servant leaders hold the torch of the greater cause, but look to pass on the torch to their followers, to ensure that the cause continues.

A six-shooter for better business

The 6 Box Leadership Model is an evidence-based approach to transforming performance, writes **Professor Vlatka Hlupic**

Many readers of *Dialogue* will be familiar with the depressing statistics on employee engagement and productivity.

There is an illogical dynamic: the link between superior people management and better business performance is clearer than ever, yet this newfound clarity has failed to trigger any significant progress.

In the UK, for example, a 2012 report by the Chartered Management Institute found that some 80% of managers in high-performing organizations report that their own line manager is effective or highly effective. This compares with just 39% in poor-performing workplaces (see graphic, right).

The quality of management has failed to improve in the past ten years

The overall figure is worrying. The proportion of those rating their managers as ineffective was more than 40%. Would we tolerate such failure in any other profession?

Recently, the Chartered Institute of Personnel and Development reported that the quality of management had failed to improve in the past ten years. Approaches to maximize productivity, innovation and employee autonomy were "still not the norm", it said. My own research reaches similar conclusions. Drawing on the evidence, I have sought to create a practical programme for improvement, now tested and proven in more than 20 workplaces, and currently being rolled out to others. It is described in the book *The Management Shift*.

WHAT THE 6 BOX MODEL DID FOR US

City slicker

At a City of London insurance company, the 6 Box Leadership analysis revealed a strong culture and work ethic, but also a tendency towards short-termism and risk of employee burnout. Implementing the programme helped improve training programmes, boosting engagement and performance.

Heads up

A US management consultancy transformed its performance using the Management Shift, doubling its headcount and increasing revenue fivefold in just 18 months.

Hot 100

At a FTSE100 company, use of the 6 Box Leadership Model revealed ways to improve engagement and innovation. Two years later, there was a 33% increase in revenue and an increase in net profit of 213%.

Healthy organization

One National Health Service trust in the UK used the approach to reduce 'command and control' style leadership with a more participative style. This led to a considerably more people-focused culture, with the clinical director reporting a better organizational climate and treatment for patients as a result.

More comprehensive case studies are found in Chapter 6 of The Management Shift *book*

The central finding of my research is that a significant improvement in performance cannot come about through piecemeal approaches; and that the mindset of managers is every bit as important as the strategy and tactics. The most substantial improvements start with the leaders themselves: their beliefs, conduct, ways of handling people and understanding of strategy.

Leaders spearhead the change, but a step change in performance eventually encompasses everyone in the organization. A key part of the altered mindset is to perceive the organization as a dynamic entity, not an inert set of assets.

You also need good intelligence. Leaders need to understand their own weaknesses and strengths, and be in possession of information on how all the business units are operating. Hence the Management Shift is divided into two categories: individual and organizational.

For the Individual Shift, people learn about their impact on their teams. Research supports the concept of levels of engagement and performance, from Level 1, which is apathetic, through to Level 5, passionate and unbounded (Figure 1). This Emergent Leadership model draws on social neuroscience and complexity theory, as well as empirical research on employee engagement and organizational behaviour.

Each level is characterized by distinct mindsets and behaviour (see Figure 1). With coaching and facilitated discussion, people can improve. A significant change occurs moving from Level 3 to Level 4; this is the key moment: the point at which high-performance begins.

— Vlatka Hlupic is professor of business and management at Westminster Business School. For more, visit www.themanagementshift.com

FIG 1

FIVE LEVELS OF THE EMERGENT LEADERSHIP MODEL

LEVEL 1

Traditional Lifeless mindset • Apathetic culture • Fear-based culture • Isolated/disengaged employeees/leaders

Typical phrases

Lifeless/Apathetic "I am demoralized/There is nothing I can do to change this situation."

LEVEL 2

Traditional Reluctant mindset • Stagnating culture • Blame culture • Disengagement • Autocratic leadership • Overwhelmed employees

Typical phrases

Reluctant/Stagnating "I am frustrated/There is no point trying too hard."

LEVEL 3

Traditional Controlled mindset • Orderly culture • Vertical leadership • Micromanaging • Self-centred relationships

Typical phrases

Controlled/Orderly "I need to be in control/ I'm reluctant to share information."

LEVEL 4

Emergent Enthusiastic mindset • Team ethos • Collaborative culture • Inspirational leaders • Horizontal leadership • Passion for work

Typical phrases

Enthusiastic/Collaborative "We can achieve great things as a team/I respect myself and others."

LEVEL 5

Emergent Unlimited mindset • Strong team cohesion • Unbounded culture • Inspirational leaders • Strong sense of purpose • Passion for work

Typical phrases

Unlimited/Unbounded

"I inspire others to achieve their unlimited potential/I am living a fulfilled life."

The concept of such developmental levels is also applicable for organizations. Here, because one is dealing with a multi-dimensional entity, I have developed a 6 Box Model, to encompass all major elements. Three of the six dimensions relate to people – Culture, Relationships, Individuals; and three to business processes – Strategy, Systems, and Resources (see Figure 2).

THE LEADERSHIP DIVIDEND

80%

proportion of managers in high-performing organizations who report that their own line manager is effective

39%

proportion of managers in poorly performing organizations who report that their own line manager is effective

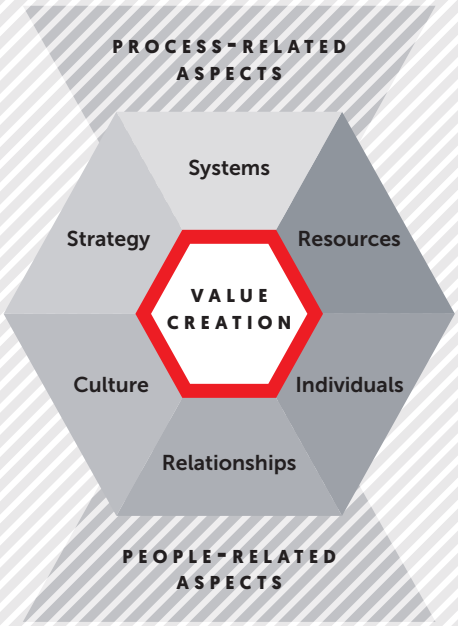
43%

overall proportion of managers who report that their own line manager is effective

Source: Chartered Management Institute (UK data)

FIG 2

THE 6 BOX LEADERSHIP MODEL



The programme begins at the level of individual leaders, where they undergo assessments to determine how they are operating. The next phase consists of data collection and analysis, against the dimensions of the six boxes. Each dimension gets a ranking for performance and engagement, expressed as a percentage (Figure 3). From this intelligence, advisers can draw up a development programme. The next phase is the action plan, to leverage the strengths and address the weaknesses, accompanied by monitoring of the impact.

FIG 3

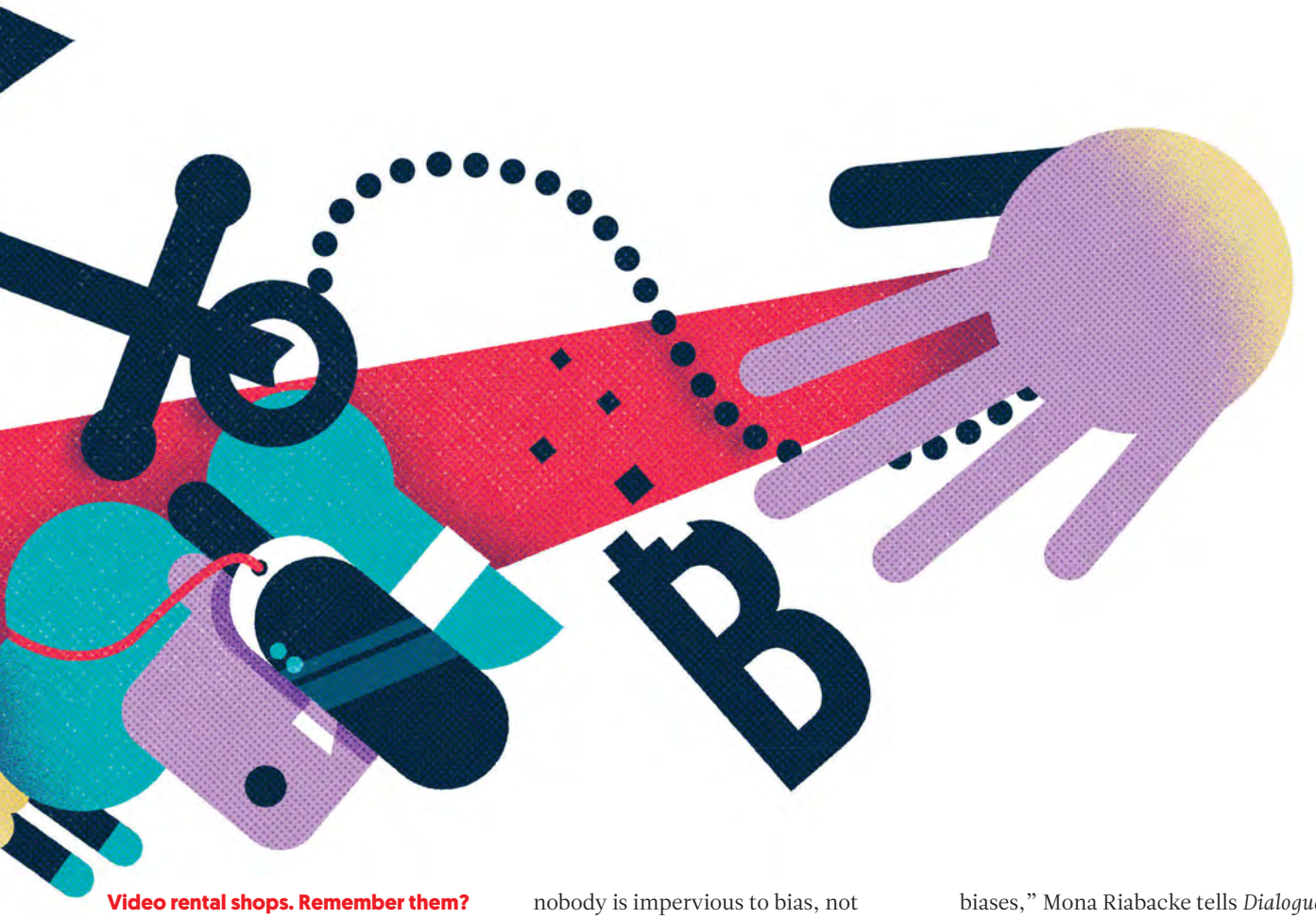
AN EXAMPLE OF AGGREGATE SCORES OF THE 6 BOX LEADERSHIP MODEL

Key to putting this together is to understand the links between personal and organizational development. When people and their teams become more empowered, this in turn ripples out through the organization, transforming under-performing teams and units into highly engaged and efficient operations.

76% Culture	**82%** Individuals	**79%** Systems
81% Relationships	**75%** Strategy	**75%** Resources

Bin your bias

Thinking clearly is harder than you might assume, writes **Ben Walker**



Video rental shops. Remember them? It's possible that you don't. While they were once commonplace on Western high streets, the concept of going out to select a movie to rent, then having to trudge back to the store a day or so later to return it, now seems faintly absurd. Digital technology soon saw to that.

Now cast your mind back to the early 2000s. In those dark days, soggy Saturday afternoons spent trawling through a limited range of rental DVDs was still normal. Streaming video, meanwhile, was rare. Blockbuster, the video-shop market leader, had a chance to buy the – then nascent – Netflix for $50 million. Despite frequent approaches from the streaming service – which craved Blockbuster's wide range of films – Blockbuster repeatedly refused. The rest is history. Blockbuster filed for bankruptcy in 2010, having lost more than $1 billion. By that point, Netflix's valuation had risen to a cool $13 billion.

Blockbuster's decision not to buy Netflix at the turn of the millennium ranks as one of the worst business calls of all time. It is also a classic example of status quo bias – assuming the current situation will endure and therefore being resistant to making even small bets on change. Students of leadership should take careful note: nobody is impervious to bias, not even the decorated, multimillionaire businesspeople that lead the world's most popular brands.

For their book *Freestyle Decision Making*, Drs Mona and Ari Riabacke set out to discover the key influences – environmental, social and biological – that trigger bias and prevent leaders from making cool, clear, dispassionate decisions. If leaders can identify what is affecting and biasing their thinking they are more likely to be able to shrug off those forces. "It's crucial, because otherwise their organization's future is in the hands of 'hidden forces' – their biases," Mona Riabacke tells *Dialogue*. "It's important that leaders acquire awareness of what triggers people to act as they do when they make decisions. Today, many companies seem to believe that it's all about acquiring more information and better technology. However, in many cases, the most important building block contributing to the resolution of decisions – the human being– is more or less totally forgotten. Gaining an understanding of our biases is a crucial component to improve our decision-making. Leaders should take a step back to move forward."

THE ANATOMY OF A LEADER

Leaders, as a rule, have better decision-making power than the average person. They tend to exhibit three key traits:

- they are more willing than average to take decisions on behalf of a group
- they are more determined than average to make the right calls, even when these are unpopular
- they are more prepared than average to combat inertia and push through their changes

Yet even the greatest leaders are susceptible to bias. Social conditioning, environment, and resistance to change are evergreen drivers of the human psyche.

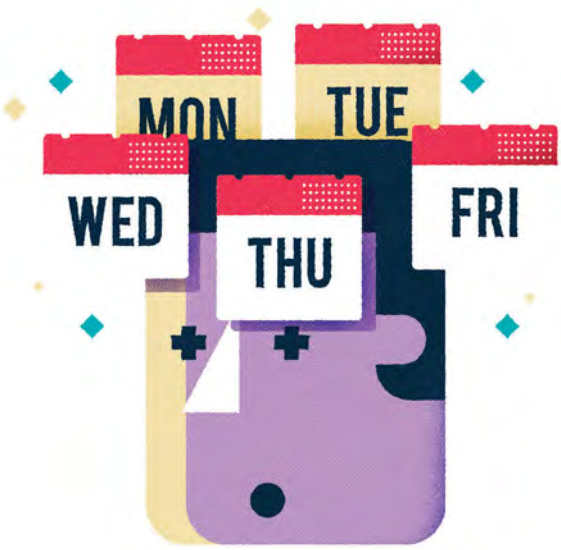
The six shades of bias

1

HALT!

Halt – hungry, angry, lonely, tired. Stands to reason, doesn't it? Be honest with yourself. If your state of mind falls into any of the four above categories, leave the decision for another day. You are simply not up to making a call. One of the paradoxes of modern business life is that company cultures and regulatory pressures can make it less likely that executives are in the sort of mental shape needed to make decisions. "The constant grind of the short term and the operational, and focusing on regulatory issues, can cause people to think constantly about the day-to-day," says Camelia Ram, a consultant with Decision Strategies International who specializes in improving decision-making processes in financial services organizations. "Some people are asked to tick all these boxes – and therefore do not have the time or energy to step back. It's important that companies recognize that intense focus on the day-to-day is likely to significantly reduce their power to think strategically."

Solution: There's a common British English idiom that is instructive here: "Sleep on it." Defer your decision making until you feel fresher.



2

GROUPTHINK

Think collaborative working is better than individual endeavour? You might be wrong. Studies have shown that 'herd instinct' can kick in during group-working exercises. Human beings are social animals and most have an instinctive preference for conformity.

Solution: In some cases, setting different individuals the same challenge, then identifying the single best, or blended, solution may give you a wider – and better – range of options than working by committee (see case study, p41). "The rewards of collective wisdom are seldom reaped if group members have been influenced by one another – which is generally the case," the book *Freestyle Decision Making* says.

3

FEAR OF FAILURE

Fear of failure is likely to stop you taking any risk, and sometimes prevents you from making any decision at all. In a recent interview with British newspaper *The Observer*, three Michelin-starred chef Heston Blumenthal warns that fear of being unsuccessful destroys ambition. "All these ideas of success and failure just equal fear of failure," the culinary innovator says. "It's judgment of others and blame of others. It restricts creativity. The opposite of failure is discovery. Failure is an opportunity to learn."

Is this a British disease? "Geographically that is to some extent true," says Ram, who has worked on both sides of the Atlantic. "But, in my firm we do encourage that learning culture. I think it comes down to organization culture. Obviously, there will be a geographical element, but it's about how you engender that feeling that we don't know – and we won't know unless we try, so we are going to find a way to fail fast, and fail cheaply."

Solution: Encourage small gambits to test new avenues and to build confidence in change. "Unless we give it a go how will we know whether we should invest more in a certain product, for example?" says Ram. "What you can do is make small bets and retain optionality until it is clearer to you how to go forward."

CASE STUDY

THE DEVIL'S ADVOCATE

How to beat groupthink

Camelia Ram was asked to solve a problem. "We were called in by a large asset management firm where groupthink had been a trigger for poor team performance," she tells *Dialogue*. "There was not enough constructive or active debate on their own investment positions, so they were then slow in exiting certain positions and sluggish in ramping up investments in certain asset classes."

One of the techniques used to approach the problem was assigning one member in each team to play 'devil's advocate'. The devil's advocate was made responsible for taking a completely opposite view from the position of the team and seeking out evidence that supported that point of view.

"We then coached them to ensure that it was happening, and that the devil's advocate was speaking up and challenging assumptions with information," says Ram. The strategy had to be pressed home: challenging superiors can be counter-cultural in the financial services sector. "Banks today are still very hierarchical," says Ram, "so the groupthink is driven by what the senior people think is the best thing to do. You find that the junior members of the team either just chime in or don't say anything at all. But the process ought not be about protecting individual egos but what actually works for the organization."

Did the experience train their minds to be more open to opposite views in future? "Yes," says Ram. "Because what you are trying to reconfigure are group habits. A good process does not necessarily guarantee a good outcome. But all you can do in the moment in making an investment decision is making use of all the information available and that means taking views that both support, and conflict with, your hypothesis."

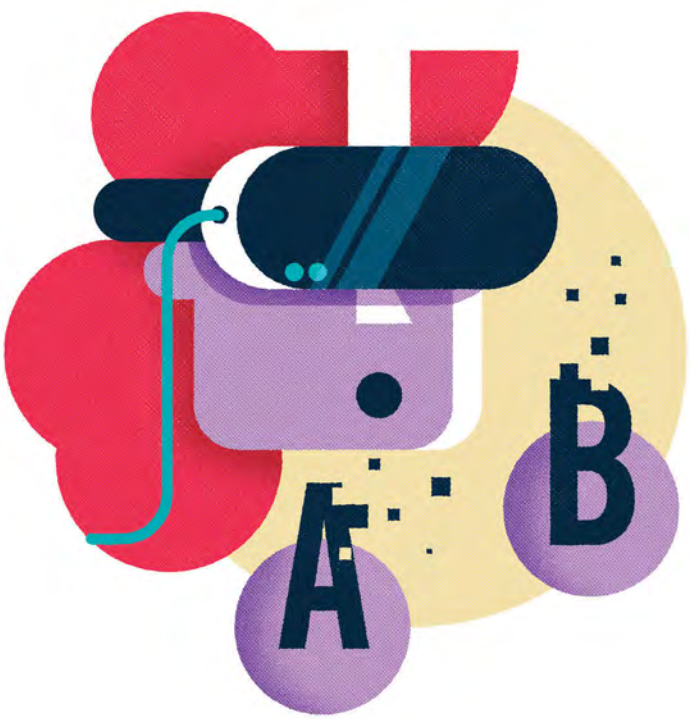
4

HYPOTHETICALS

Human beings are programmed to make judgments on situations and circumstances to which they can relate, that are – or at least seem – real. There's an instructive passage in *Freestyle Decision Making* about a variant on the Wason Test, a logical exercise you can find online.

Only 25% of Stanford students passed the test when letters and numbers were used. Yet when the test was recast so they were given the quasi-real-life responsibility of being a bartender deciding to whom to serve alcohol, their scores improved massively.

Solution: Make storytelling a core part of your business. "One of the core techniques that we use at DSI is scenario-based planning," says Ram. "We encourage executives to create stories about the very different paths that may emerge based on the environment in which they operate. We encourage them to ask themselves what a killer competitor looks like in this world. What are our strengths and weaknesses relative to that competitor? They then do that for at least three different scenarios and can look across those very different worlds. Through that process they get a clearer picture of what it is that will absolutely work given the complexities. And they also learn those areas where their knowledge is weaker, and where incremental investments are needed to test the waters."



THE TROUBLE WITH MEN: HOW COCKINESS WRECKS COGNITIVE POWER

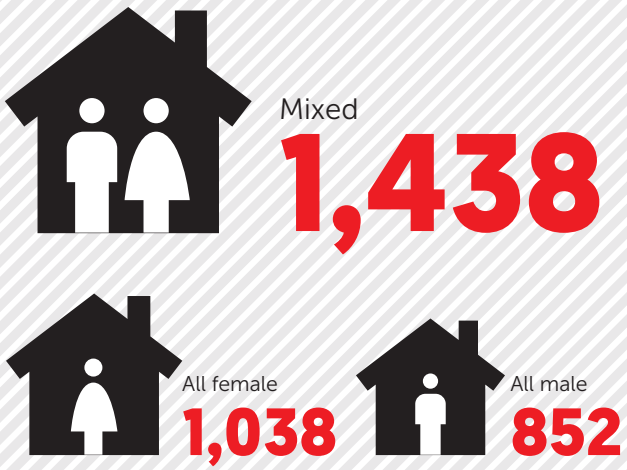
When researchers set out to find out how gender affected stock trading, they discovered men had a key weakness: they were overconfident in their own abilities. And here's the rub: overconfident investors do worse. They trade more, and gain lower returns on the investments they make. The article *Boys will be Boys: Gender, Overconfidence and Common-Stock Investment* found that men traded 45% more than women overall, and that unattached males traded less sensibly than married men. This suggests that the very presence of women in men's lives is an important – and positive – check on male behaviour.

You can see this in the most prosaic of examples. In much of Europe, it's common practice for landlords to let large country homes for weekend parties. Few homeowners are keen on letting their properties to single-sex groups, with some refusing them altogether. Yet as much of the *demand* for such homes is for stag and hen parties (bachelor or bachelorette parties in the US), which tend to be by definition single-sex, some landlords reluctantly allow them.

The website groupaccommodation.com, which lets houses in Europe and in the wider world, has 1,438 properties available for mixed-sex groups, 1,038 for exclusively female hen parties and just 852 for exclusively male stag parties (see Figure 1). These restrictions might be born of stereotyping. But landlords, who are keen to let their properties, argue that it is based on simple experience – that single-sex groups tend to make worse decisions, are less sensible and take more risks. The two sexes act as checks on one another. And if you must have single-sex groups, all-female groups are clearly preferred to all-male.

FIG 1

NUMBER OF PROPERTIES ON OFFER BY GROUP TYPE



Source: groupaccommodation.com

5

TOO MUCH INFORMATION

A fascinating research study examined the public response to subscription rates to journal *The Economist*. The alternatives were:

a) $59 a year for an online-only subscription
b) $125 a year for print only
c) $125 a year for print and online

Some 16% chose option a – online only. The remaining 84% went for option c. No surprise, you might say; what sort of fool would pay the same rate for print only as for the full package? But here's the rub: when the publisher removed option b, 68% chose the cheapest option and demand for the full package – the sale the publisher most favoured – slumped. *Economist* readers are fairly intelligent people. Yet this demonstrated that irrelevant information – in this case the obviously lousy option b – can have a huge influence on our decision making.

Solution: Separate the wheat from the chaff. As well as collating information, have an analyst check it before distributing it to your team. The key role of the analyst is to remove useless or irrelevant data: don't assume your executives will make the distinction themselves.

6

STATUS QUO BIAS

Inertia is a powerful force. Organizations have a strong bias for standing still – to move is to change, and change is often perceived as a risk. Yet, too rarely, the often substantial risk of remaining stationary isn't properly considered. "To some extent, status quo bias is related to groupthink bias and information overload," says Ram. "You are slow to act because you are mired in information or you are not sure about timing. So you stay too long in a certain position without making a move at the right time, or without making a small bet."

Solution: Incentivize and praise those who are willing to explore new avenues, whether successful or not. Encourage a culture of experimentation.

Further reading
Freestyle Decision Making
Drs Mona & Ari Riabacke
LID Publishing

bit.ly/freestyledecision

Experimental leaders from the new school

ANZ Banking Group is rethinking hierarchy and leadership for a volatile new world, write **Suzette Corr** and **Anita Fleming**

The financial services industry is being reshaped by a new set of forces, notably lower growth, heightened consumer expectations, increased competitive intensity, and greater regulatory, legal and public scrutiny. To succeed in this lower-growth, lower-return environment, banks must become more productive, innovative, responsive and values-led.

To lead this change, executives need a mindset shift to deal with complexity, embrace uncertainty and solve complex problems – especially where they are not experts and where there are no known or right answers. Faced with this, leaders should orchestrate networks and generate a range of possible options. This can no longer be achieved by sitting in a boardroom brainstorming – the process is too slow and the range of brains involved is (usually) too limited.

Instead, leaders must have the humility to rethink the concept of hierarchy and accept that the role of 'leader' should be assumed by the person or group best positioned to guide a specific decision. Leaders should also insist on experimentation, recognizing that agility will come from learning what works and, as importantly, what doesn't. This is a big shift. The fear of a business idea failing needs to be replaced with the fear of failing to experiment and of living up to personal values and solid standards of conduct.

Leaders must have the humility to rethink the concept of hierarchy and accept that the role of 'leader' should be assumed by the person or group best positioned to guide a specific decision

New ways to find answers

ANZ partnered with Duke Corporate Education to develop our executives to operate more resiliently when facing complexity and unpredictability. Putting people at the centre of the design, we devised a programme to support ANZ executives in complex problem-solving – while adopting an open mind about where and how the answers would emerge.

The programme was designed to incorporate emergent best practice in leadership development – especially the need for more immersive experiences, which only works if individuals can learn from analogy, rather than from instantly relevant experiences. That said, the design also demanded that our executives swiftly applied their learning to real ANZ business challenges and demonstrated immediate improvements.

Real business challenges

The programme was sponsored by ANZ's chief financial officer, also accountable for group strategy. Rather than using an abstract and simulated complex problem, participants were anchored in ANZ's reality and given a real business challenge, to craft ANZ's response to the evolving banking landscape. The key question posed was: "Given who we are, the need for significant change, and assuming we cannot hedge our bets by doing a little of everything... what are the key options we should consider now, why, and in what sequence?"

The framing challenge for the second programme was what good execution looks like in a more volatile, uncertain, complex and ambiguous world. These programme adjustments were critical, and reinforced the strategic nature of the programme – i.e. not 'static' programme deliveries, but evolving to support a transformative business agenda. From a design perspective, the approach was to take a familiar and complex problem, and study it in an unfamiliar environment to see what might be generated. To achieve this, we wanted to go somewhere very different.

The Chinese experience

We went to Guangzhou, the capital of southern China's Guangdong Province, and largest city in one of the world's most important industrial areas. It was selected because it has gone through a transformation of its own from being the centre of manufacturing, to the home of some of the most innovative e-commerce companies – Alibaba, for example. In addition to having a complex business environment with relevance for ANZ, Guangzhou also had an interesting cross-section of community, environmental, social and urban issues.

Participants were exposed to organizations from a wide range of industries that had experienced, and responded to, significant shifts in their operating environment due to regulation, competition, market trends, consumer preferences, technology advancements and demographics.

The exposure outside the financial industry challenged our executives to think outside of their usual banker mindset. Processes and approaches learned in China were immediately applied to real ANZ challenges. One of the most noticeable aspects of the companies our participants met was that many had a clear and compelling sense of meaning and purpose, which guided them through turbulent times and complex decision making. This became a rallying point for our executives, as they felt they could elevate similar messages in ANZ.

The impact

Eighteen months have gone by. Many of the business initiatives picked by our executives have been refined (in smaller teams and via workshops) and our management board has endorsed their implementation. This is not just refinement of business as usual. These initiatives are focus areas that will fundamentally change the bank. One example is our new sense of organizational purpose – a focus on why we do things, not just on what we do. This links closely with our emphasis on shared values.

While we focused on individual capability building, executives worked together, across business and geographical boundaries, to reach collective decisions. This was critical for building stronger connections among the executive team, and breaking through systemic and cultural issues. We can only change the whole bank if all our most senior executives tackle the same issues in the same way. We now have more than 60 executives who have taken up a role in addressing enterprise-wide issues, rather than concentrating solely on local business matters. Participants have a clearer sense of their enterprise leadership role and how best to take it up.

In short, our executives have learned to think and work differently. We are seeing evidence of this mindset shift in new strategic plans and increased execution agility. And we continue to support them through internal collaboration communities – building their fluency in the use of social tools as a new way of managing information flows, amplifying the message and implementing new ideas.

— Suzette Corr is general manager of human resources Australia and group general manager of talent and culture at ANZ

— Anita Fleming is head of learning and development at ANZ. In this capacity she is responsible for the bank's global learning offerings and curriculum in the areas of sales, risk, leadership, operations and services

DIALOGUE COMMENT

The global financial services industry has been in upheaval since September 2008 when Lehman Brothers, the fourth-largest investment bank in the US, declared bankruptcy. It was founded in 1850, and a proud tradition of 158 years came crashing down. It was unthinkable – yet the unthinkable happened. Since then, more scandals have ripped through the banking industry, with stories of collusion among global bankers to fix Libor and Forex rates and high frequency trading using powerful computers that detractors complain can manipulate share prices. The scandals focus on only the largest global banks but the impact is to sully the reputation of the industry as a whole. So what do you do, as a financial services firm, to ready your executives to deal with the enormous uncertainty facing you every day, with a relentless tide of change in regulators' demands, public distrust and ratcheting customer demands? How do you create executives who are resilient enough to ride the tsunamis of unpredictable change while operating with exemplary personal values? The experience of ANZ offers us some ideas.

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ANDREW MILLARD

Infrastructure and connectivity set workers free to thrive

Look at London: flexibility breeds success

Digital geography is revealing. You can map economic success by the way companies operate. Organizations in successful regions tend to boast better technology and more remote working, and, therefore, greater flexibility and freedoms for their teams.

Greater London is the most competitive city-region in Europe, according to Eurostat. Not only does it rank second of all regions on the continent, its outlying commuter areas such as Berkshire, Surrey and Buckinghamshire also feature in the top five. The UK's capital is also its most flexible region. Around half (48%) of its companies now offer remote working. Once you factor out jobs that cannot offer flexible working – for example, frontline catering, construction and retail sales – remote working is now so commonplace in London that it is effectively the norm. Most London professionals and managers are used to working from home, or in some other place away from their offices, on regular occasions.

Compare that culture with those areas that fall way down the economic success league. If you live in Wales, just a few hundred miles from London, you are very unlikely to be offered remote working. Only 19% of people in Wales are able to work flexibly. Where does Wales fall into the Eurostat rankings? The west of the country manages a dismal placing at 130, while the east, close to the border with England, comes in at an indifferent 62. London and Wales – separated by just a few hours' drive – are a world away in economic terms.

So why does working culture so profoundly correlate with performance? One good reason might be the condition of employees' minds. The south east of England – the commuter region around London which commands so many of the top slots in the index – is also the UK region in which employees report the best work-life balance. You might not believe it to listen to them: Londoners and their countryside neighbours are notorious for complaining about their commutes. But the remote-working culture in the region means they have to make those journeys less frequently than they once did.

There's a clear paradox: south east Englanders work among the longest hours in the UK, but have the best lifestyles. Why? Employee energy is better channelled into work than into tackling the rush hour.

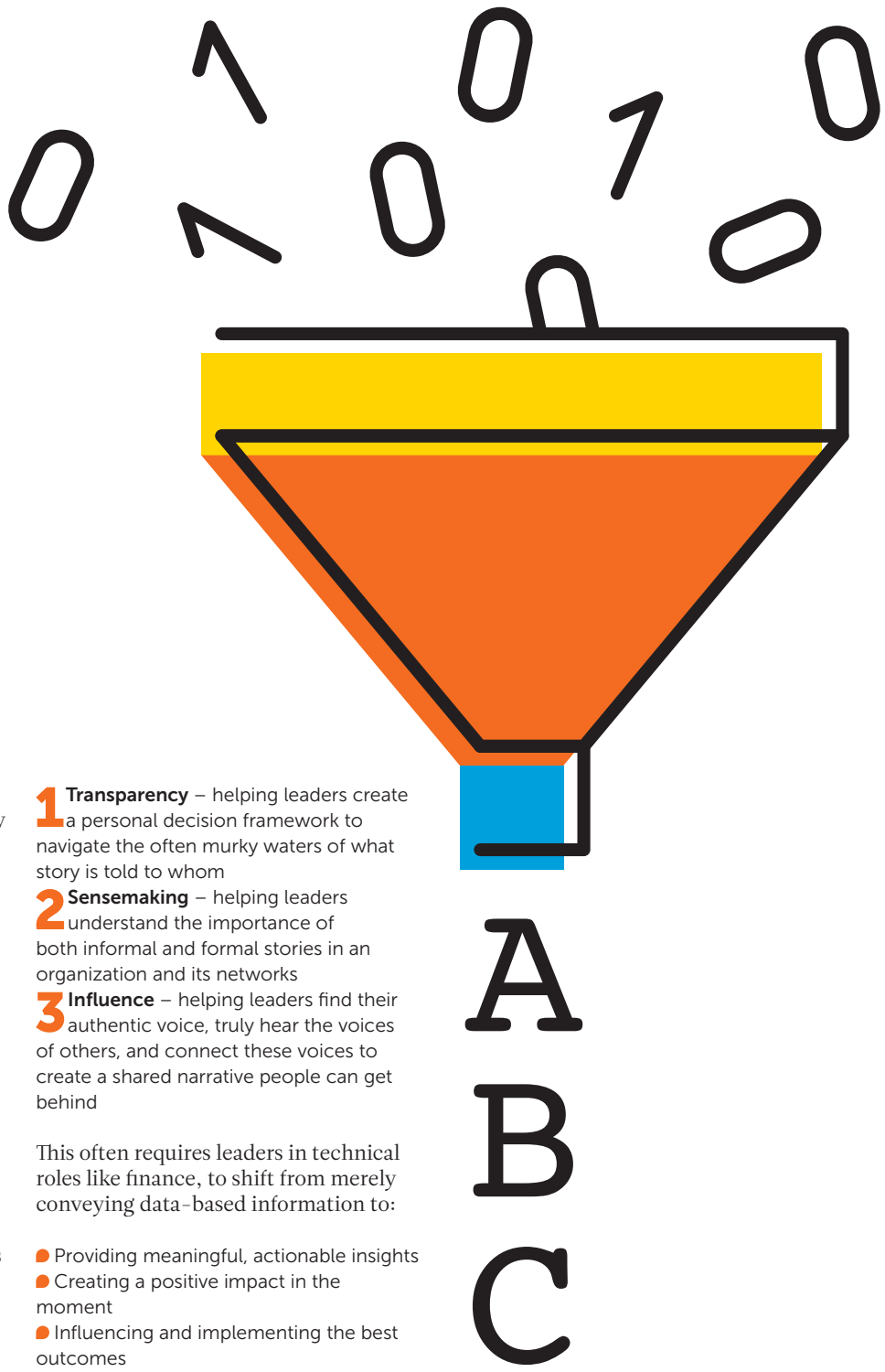
Employee energy is better channelled into work than into tackling the rush hour

There are moves afoot in the UK to make the rest of the country a little more like London. Chancellor George Osborne, from the governing centre-right Conservative Party, wants to establish a 'northern powerhouse' around Manchester, as a counterbalance to the capital. Manchester, like London, is to have an elected city-regional mayor, with a remit to include boosting all kinds of connectivity – physical and digital – across the city's wider metropolitan area.

Technological development will be crucial to realizing Osborne's dream. While we're seeing a surge in growth hubs to support northern digital talent, infrastructure and connectivity need to be prioritized for businesses to thrive and grow in the region. Broadband is the key to great remote working. The lack of it continues to be a barrier to enabling northern businesses to compete on a global scale.

Your guide to technical storytelling

Narrative leadership is about turning data into stories so laymen will hear you, says **David Drake**



Forty-three. It's just a number. It only makes sense if it is placed in context: for example, the projected decrease in revenue, by percentage, in a key product line. Data is never enough on its own. People tend to make decisions based on stories about numbers rather than the numbers themselves.

Reactions to the example above will be based on what people believe to be the underlying cause of the decrease in revenue; what they think that means; and what should be done about it. Technical and finance staff are hired for their computational and/or analytical skills, but their success is ultimately determined by how well they communicate their data and influence the stories that drive its use.

This calls for greater narrative leadership. My colleague at the Center for Narrative Coaching & Leadership, Geoff Mead, describes it as the ability to "tell a coherent and convincing story that acknowledges where an organization has come from, recognizes the realities of the present situation – and offers a worthwhile future".

I would factor in an awareness of one's own stories as they relate to the situation and an ability a) to help those involved connect the dots between the past, present and future; and b) to connect their stories, the organization's stories and the market's and customers' stories.

In teaching narrative leadership, I focus on three main objectives…

1 **Transparency** – helping leaders create a personal decision framework to navigate the often murky waters of what story is told to whom

2 **Sensemaking** – helping leaders understand the importance of both informal and formal stories in an organization and its networks

3 **Influence** – helping leaders find their authentic voice, truly hear the voices of others, and connect these voices to create a shared narrative people can get behind

This often requires leaders in technical roles like finance, to shift from merely conveying data-based information to:

- Providing meaningful, actionable insights
- Creating a positive impact in the moment
- Influencing and implementing the best outcomes

THE FIVE ACTS FRAMEWORK

Act 1: What is
"Here is what I think we face" –
Offer a trigger or question that grabs your audience's attention and clearly describes the situation. Be accountable. Engage people so they want to hear more and get involved. Your unique **insight** is critical here.

Act 2: What could be
"Here is what I think we should do" –
Identify the core issue and your main **message**. Ensure people are clear on what is being asked of them and see themselves in your story.

Act 3: What matters
"Here is why" –
Tap into your audience's internal and external resources so they can address the challenges ahead. Enrich their motivation with evidence (addressing the risks and the rewards) and a clear **purpose**.

Act 4: What it takes
"Here is what we should keep our eye on" –
Direct people's energy so they stay focused on the priorities and sustain their momentum. This requires a strong understanding of your **audience**.

Act 5: What works
"Now, talk with me" –
Invite responses and commitment, and create an environment for success. This is about getting your **audience** on board and heading in the desired direction with enough of what they need.

The chief financial officer (CFO) from a major bank asked for a customized version of a leadership development programme I had developed on executive presence and influencing for outcomes. The objective was to increase finance team members' impact on key decisions in the bank by improving their presentations. Using a core integrative development principle, it was determined that participants would only be allowed to attend if they brought in a slide deck for a critical, upcoming presentation. The first day was spent helping them reduce their often quite lengthy documents to four slides using the narrative structure above. The faculty members moved between teaching and coaching so that everyone left with a radically revised document and a better understanding of how to present it with impact.

They then had six weeks to trial the new approach with this document and others. When they came back for half a day, we heard about their experiences and the profound shifts many of them had made. Building on these insights, we offered them some targeted resources to streamline their presentations to one slide. The group CFOs came in at the end of the morning and each participant had two minutes to present to his or her executive. It is important to remember that they were presenting on real issues and offering real solutions and recommendations – often with millions of dollars on the line. When they were all done, one of the group CFOs said to them: "If we could talk like this more often, it would utterly transform our bank."

When this goes well, people can better contribute to the organization's success. When any element is missing, their efforts become splintered.

We use the iMap tool in our programmes (see right). It is a simple way of planning an important communication, starting with the key insight around which the rest is built. It is an iterative process, in that as your understanding of any of the four elements deepens, it affects and enriches the others. I recently used this tool with the chief executive and more than 300 leaders and change agents at a major bank. It helped them communicate a dramatically new corporate vision.

— Dr David Drake is founder and director of the Center for Narrative Coaching & Leadership in the San Francisco Bay Area and a global faculty member for Duke CE Learn more at www.narrativecoaching.com

THE iMAP

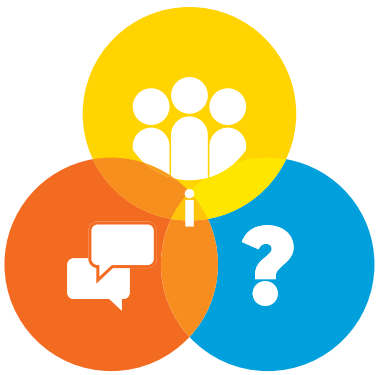
Insight What unique meaning and value can I add to this situation?

Message What are my one or two key points? What is the best way to deliver them?

Audience Who are they? How will people hear my message? What do they need?

Purpose What do I want people to do as a result? For what business outcomes?

Once leaders have their iMAP, it is time to structure what they will actually communicate. In true narrative fashion, we invite them to use a Five Acts Framework (detailed above). The framework is based on research from organizational theorist Karl Weick PhD on communicating in high-risk situations, and my work on communicating in major change and transitions.



A softer hand for a hard-wired world

The digital revolution has gained pace, so leadership styles must adapt, writes **M.S. Rao**

Power is of two kinds. One is obtained by the fear of punishment and the other by acts of love. Power based on love is a thousand times more effective and permanent then the one derived from fear of punishment
Mahatma Gandhi

Soft leadership is an idea whose time has come. Globalization, liberalization, privatization and the rapid growth in technologies have redefined the concept of leadership and role of leaders, resulting in the need for a new and specialized set of skills. It calls for soft leadership.

So what is soft leadership? Soft leadership touches on caring, connecting, and communicating with people to accomplish desired goals. Soft leaders are people-orientated rather than task-orientated. They empathize with others and look at the issues from a human perspective. They have compassion towards others. Although getting tasks executed well is the ultimate objective for any leader, the soft leaders present and project human perspectives to get the tasks executed assertively, smoothly and successfully.

Soft leadership is delivered through these means:

- setting goals
- influencing people through persuasion
- building strong teams
- respecting failures
- motivating people constantly
- aligning their energies and efforts
- recognizing and appreciating their contribution in accomplishing organizational goals and objectives, with an emphasis on soft skills

Soft leadership in the new society

Digital acumen is imperative for business leaders in today's hyper-competitive, technology-enabled, world. The new society is marked by four key structural changes that are reshaping leadership.

These are:

- rapid and far-reaching technological changes, especially the digitization of information and communications technology
- accelerated globalization
- a shift towards knowledge as the central factor of production – from brawn to brains
- more distributed, less hierarchical organizational forms with greatly accelerated movement within and across organizations and sectors

Leadership of the future centres on inspiring, energizing and equipping oneself and others to make the right choices when faced with making decisions quickly and frequently. Hence, soft leadership is the best fit for the digital age. It helps lead knowledge workers effectively.

When economies were dominated by manual workers, managers needed various leadership styles, depending on industry, working cultures, staff demographics and labour conditions.

But knowledge workers are ambitious, intelligent and tech-savvy. They have totally different expectations and aspirations to the generation before. They have an advanced mindset, tool set and skill set, gained through unique professional experiences. And soft leadership is the ideal fit for their needs.

Knowledge employees are more diverse than ever, and this offers both opportunities and threats. Opportunities include creativity and innovation to improve products and services; and threats include the risk of focusing on the things that set them apart from one another, rather than the commonalities that bind them. For this reason, we must celebrate diversity in the workplace. This calls for a new leadership style that brings employees into one common platform to achieve organizational goals and objectives. Soft leadership is the way to tackle the tough challenges of the future.

FIVE MYTHS ABOUT SOFT LEADERSHIP

Myth #1

Soft leadership is being soft with people

The truth is that soft leadership banks on people skills to lead people effectively. It emphasizes emotional intelligence with people-orientation without losing sight of task-orientation. Soft leadership is a combination of people skills, interpersonal skills, communication skills and emotional intelligence.

Myth #2

Soft leadership is servant leadership

In reality, soft leadership is about handling people with soft skills, persuasive skills, and negotiation skills to ensure tasks are executed effectively. In contrast, servant leadership is about serving others with a servant heart.

Myth #3

Soft leadership is charismatic leadership

Soft leadership prefers character to charisma. There are many charismatic leaders who sought their own survival rather than their legacy. They did not build the next generation of leaders for fear of losing their position to their successors during their lifetime.

Myth #4

Soft leadership is about soft power

Soft leadership is about using soft skills to handle people. People are different with their unique egos, emotions and feelings. And managing them is a big challenge. Soft skills help in leading them effectively.

Myth #5

Soft leadership is a submissive leadership

Soft leadership is neither submissive leadership nor lame duck leadership. It is assertive leadership that believes in win-win for all stakeholders. It neither believes in aggressive nor passive leadership. It is the art of leading politely and pleasingly to communicate with others to get tasks executed effectively. It is the art of leading politely but firmly to accomplish organizational goals and objectives.

Do you agree with M.S. Rao? Tweet the editor @brjwalker

— M.S. Rao is the author of 30 books, including the award-winning *21 Success Sutras for Leaders* (Pearson)

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Phil Young PhD is an MBA professor and corporate education consultant and instructor

PHIL YOUNG

The world economy is like the places in which we eat

A tale of two restaurants

A man in the restaurant business once told me about an upmarket midtown Manhattan Italian restaurant whose owner gave a bonus at the end of each month to the waiter who sold the most coffee and dessert. Why so? Because coffee and dessert are among the highest-margin items in a typical fine-dining restaurant.

I also met a man who ran a very successful Chinese restaurant in the New York metropolitan area. After several years of loyal service, one of his employees decided to leave and start the same type of business right down the street. To distinguish himself from his former employer, he was going to serve fancy European-style desserts and coffee along with the usual Chinese fare. But according to my acquaintance, you should never serve coffee and dessert in a Chinese restaurant. "When people have coffee and dessert in a restaurant," he explained, "they take their time lingering and chatting at their table. In my business, we want to turn our tables over at least four or five times a night."

The financial dimensions of these two types of restaurants provide a very simple, but useful, illustration of the essence of the DuPont or Return on Assets (ROA) model. ROA, defined as net income divided by assets, is a useful indicator of the financial performance of a company, because it indicates how effective a company is in using its assets to generate a profit. Essentially, this model says that a company's ROA is a combination of its net profit margin (profit divided by revenue) and its total asset turnover (revenue divided by assets).

The Italian restaurant represents a business that achieves its ROA with a high margin and low asset turnover. In contrast, the Chinese restaurant represents the business whose ROA is achieved with a low profit margin and a high asset turnover. Taking this metaphor one step further, I contend that, essentially, global companies based in the developed economies are Italian restaurants, while those in emerging economies are Chinese restaurants.

According to a just-published study in September's *McKinsey Quarterly*, the 30-year run of "profit growth, market expansion, and declining costs" of the world's biggest corporations (Italian restaurants) "may be coming to an end". Among the reasons cited in this article are: the global expansion of the industrial giants in emerging countries (Chinese restaurants), new business models introduced by high-tech companies, and digital platforms such as Alibaba and Amazon that enhance the ability of small and medium-sized businesses to compete on a global scale against companies of all sizes (i.e. fusion restaurants that have both high margins and high asset turnovers).

The 30-year run of profit growth, market expansion and declining costs may be at its end

What should established Italian restaurants do in the face of these new global challenges? The *McKinsey* article talks about innovation and adjusting quickly to the changing environment. An article in October's *Harvard Business Review* advises companies in this new competitive environment, to "be paranoid, disrupt yourself, and go to war for talent".

In keeping with my metaphor, I would suggest that they should make sure they hire the best pastry chefs (new product innovation), train and motivate their waiters (build and keep the best talent), and find new ways to operate as both high-margin and high-asset turnover businesses (business-model innovation). Maybe one of them could start a chain of high-end food trucks that serve a fusion of Chinese and Italian cuisine. It might be called Ciao Mein.

The stock exchange that

The world's first social stock exchange is set to change how we do business, writes **Professor Durreen Shahnaz**

Traditional capitalism is outmoded. The first stock exchange was started in the 1500s in Antwerp, Belgium, by a group of brokers and money-lenders who would gather to deal in business, government and even personal debt matters. More than 500 years on, we are still running on the same wheel, albeit on a different scale. The results have been astonishing.

In the past century alone, gross world product has increased nearly 70 times from $1 trillion in 1900 to more than US$70 trillion today. Capitalism as we know it has been efficient in maximizing profit, resulting in empires of extreme wealth for some. Yet, it has largely failed to deliver prosperity to everyone else.

Despite the wealth of capital created, more than two billion people in the world still suffer multi-dimensional poverty – deprived of nutritious food, clean water, basic sanitation, healthcare and energy.

More than 500 years on, we are still running on the same wheel, albeit on a different scale

How to maximize value over profit

Within this narrow profit-maximizing paradigm, we have been wrongly separating profit from value. We look to philanthropy to solve some of the world's most pressing problems, when its contribution to the global financial market is but a drop in the ocean. Consider this: globally, philanthropy contributes $360 billion today. Compared to the total global managed assets of around $60 trillion in the financial market, philanthropy represents less than 1% of the world's capital (see Figure 1, opposite).

While philanthropy remains a critical player in the path towards sustainable and equitable development, the time has come to see beyond these binary paradigms. In order to draw closer to the universal value of achieving prosperity and security for all, we must harness the power and the scale of the capital markets, together with the social consciousness of the philanthropic sector.

The world's first social stock exchange

A third way is necessary, and it is being etched out through the impact investing movement. Impact investment – investment intended to create positive social impact beyond financial returns – combines the efficiency of the free market with the higher mission of philanthropy and development. By marrying finance and development, we can reach a vibrant marketplace that brings together investors, entrepreneurs, and the entire financial ecosystem, to embrace social and environmental returns, as well as financial returns.

The two companies I founded – Impact Investment Exchange Asia (IIX), and its non-profit sister organization, Shujog – were created to catalyze the impact-investing movement. According to a recent report by JP Morgan Global Research, the profit opportunity for impact investing could reach $1 trillion in the next decade. With the current market size standing at just $46 billion, this calls for an outrageous growth rate of 55% a year (see opposite).

IIX's Impact Exchange is our response to the call for outrageousness. The Impact Exchange is the world's first social stock exchange, and is dedicated to becoming a global marketplace for connecting impact enterprises, or enterprises with high social impact, and social impact funds with mission-aligned investment. The Impact Exchange, now regulated by the Financial Service Commission in Mauritius, provides a unique opportunity for impact enterprises to raise investment capital to scale and deepen their social and environmental impact. At the same time, it offers impact investors the opportunity to invest in, and trade securities issued by, organizations that reflect their values.

redefines capitalism

OUTRAGEOUS GROWTH

The profit opportunity for impact investing can potentially reach

$1 trillion

within the next decade.

With the current market size standing at just

$46 billion

this calls for an **outrageous growth rate of 55% a year**

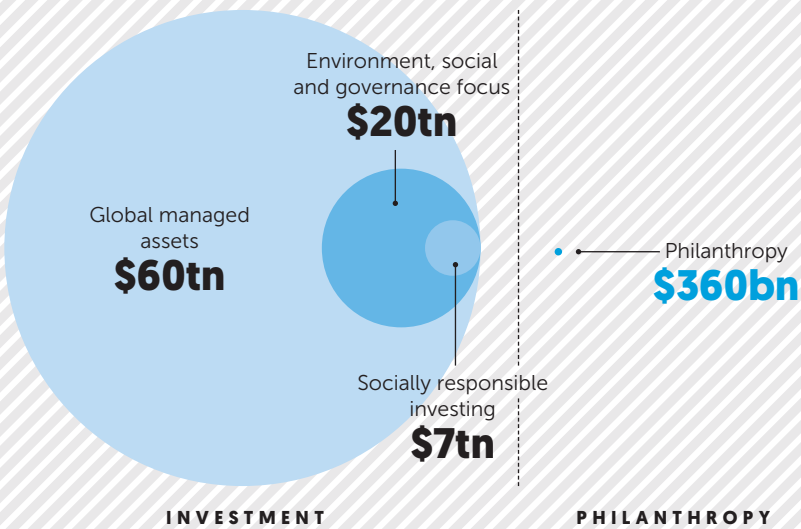
Its first product is the Women's Livelihood Bond (WLB) (see right), a $20 million debt security designed to empower more than half a million women living in the most vulnerable communities in Asia to shift from subsistence living, and towards achieving sustainable and resilient livelihoods. Starting with the WLB, the Impact Exchange sets out to float other innovative financial mechanisms to connect the worlds of finance and development, and to pave the way for the future of capital markets for social good.

It is simply not enough to jump on the bandwagon. To cut through the new terrain and achieve the universal ambition of prosperity for all, we need to reinvent the vehicle. The world's first social stock exchange is the glitzy vehicle of choice, and we're putting women in the driving seat.

— Professor Durreen Shahnaz authored the piece with assistance from Lim Jia Ling, advocacy, IIX and Natasha Garcha, business development, IIX

FIG 1

INVESTMENT VS PHILANTHROPY



Globally, **philanthropy contributes US$360 billion**. Compared to the total **global managed assets of around US$60 trillion** in the financial market, **philanthropy represents less than 1% of the world's capital**

THE WOMEN'S LIVELIHOOD BOND

When women have an equal amount of land to men, there is a 10% increase in crop yields. When 10% more girls go to school, a country's GDP increases by an average of 3%. Women multiply investments made in their futures, by creating better lives for their families and stronger communities. Women are critical stakeholders in equitable and sustainable development, yet current funding channels fall short of supporting women to achieve development goals. Impact Investment Exchange Asia (IIX) aims to change this with the Women's Livelihood Bond (WLB).

The WLB is a commitment to the Clinton Global Initiative, providing Impact Enterprises with the capital it needs to empower women with sustainable livelihood opportunities, such as access to core skills, capital, markets and resources. As a pioneering financial instrument, WLB is positioned to open up capital markets to under-served communities, and connect high-impact enterprises with impact investors who want financial returns, while impacting the lives of the end beneficiaries.

The bond will pool a group of issuers and diversify the risk-return structure of the bond, ensuring repayment of the bond and the social impact deliverables. IIX's sister company Shujog will apply its tailored, bottom-up approach to measure impact and ensure demonstrable social outcomes are achieved.

This highly replicable model will be shared openly, with the aim of opening the floodgates of private capital in accelerating the development agenda.

Man of steel

Metals giant ArcelorMittal South Africa will rise again thanks to the guiding hand of new chief executive Paul O'Flaherty, writes **Liz Mellon**

There is excess capacity in the global steel industry, and low profit margins. In its *Global Steel 2014* report, EY estimated around 300 million metric tonnes of steelmaking capacity should be closed for the industry's profit margin to reach a sustainable level and to raise capacity utilization rate for the sector from below 80% globally to more than 85%. Yet EY observed ongoing investment in the sector, partly due to state participation and the political incentive to retain employment, regardless of profitability. The emergence of a handful of large Chinese steel players is predicted to exacerbate the problem.

TROUBLE AT THE MILL

The English idiom "trouble at the mill" captures troubled ArcelorMittal South Africa (AMSA) perfectly. It is part of a weakened global steel industry, and is far from immune to its woes. Its location in South Africa brings unique issues, which flavour the already significant challenges.

Challenge One
Unpopularity

One significant problem was AMSA's reputation, based on how it had acted in the good times when demand and steel prices were higher. "We were not liked," admits chief executive Paul O'Flaherty. "It's a strong statement to make, but it's true. We were accused of being a monopoly that overcharged customers. There's mistrust in general between our socialist government and capitalists. We were blamed for not having invested in development in South Africa.

"In my first six months here last year, at the outset of every meeting, I had to talk about company history and how it had acted. I don't have to do that any longer – conversations can now focus on the future and how we are going to build the company and continue to contribute to South African prosperity. But we've had to make lots of changes to give us the opportunity to build for the future, rather than keep apologizing for the past."

Challenge Two
Imports

The second core challenge was working with the government to gain some protection for this local steel producer against imports. "Chinese investment has been important to South Africa ▸

I was stunned to find that some people imagined we would be saved however badly we performed

AFRICA'S NUMBER ONE

ArcelorMittal South Africa's global standing is underpinned by being part of the world's largest steel producer, the ArcelorMittal Group. The company is the world's number one steel company, with 316,000 employees worldwide and presence in 27 countries across Europe, the Americas and Asia as well as Africa. ArcelorMittal is the leader in all major global markets, including automotive, construction, household appliances and packaging. ArcelorMittal South Africa Limited (AMSA), established in 1928, is the largest steel producer on the African continent, employing more than 9,000 people. AMSA has been under pressure from weak demand, lower prices, increased imports and a strained relationship with the South African government. Against this background, its share price has fallen and it is currently in talks about potentially shutting mills and cutting jobs, in order to remain economically viable. AMSA partners with Duke CE on a leadership development initiative designed to support change and transformation.

and everyone advised me that the government would never, ever, impose higher import tariffs to protect our industry against Chinese and other imports," says O'Flaherty. "But they have. They are about to impose tariffs of 10%, the maximum permitted.

"I have spent a lot of my time in Pretoria [where the South African government is based], knocking on doors and talking to people – and I haven't been kicked out yet. The customers who told me we'd never get this far are now coming to ask us how we can help them out, now that we have some protection ourselves. And we will. This effort isn't about how much money we can make, it's about the employment opportunities that we can keep in place today and create for the future. Employment opportunities for us, as well as for our customers."

I have worked out that I have to say the same thing, over and over, in simple language, to get the message across

LEADERSHIP LESSON: THE MARQUEE METHOD

It should be straightforward to keep employees engaged and motivated in good times – but what about the bad times? Given AMSA's challenges, and the rumours of closures, what is the mood in the company right now? CEO Paul O'Flaherty admits: "It's hard to read. One thing I do know is that, no matter how often I try to communicate something, people either don't understand, or get an unclear or incomplete version of it. I have worked out that I have to say the same thing, over and over, in simple language, to get the message across. That suits me because I speak in simple terms anyway – I'm only an accountant! What's the message? That no one is going to come and save us. I was stunned to find that some people imagined we would be saved however badly we performed. No. We can, and will, be shut down unless we fight. We have to change our attitude and mindset and save ourselves. It's there to be won, but we still have to win it."

One of the ways O'Flaherty communicates is to use the 'white tent'. This is a large marquee that was originally put up in one of the plants for briefings on safety. He spotted it one day and thought it would be a good idea to gather people to hear about the strategy and how everyone needs to contribute to save the company. Recently, he has spoken to around 1,000 people at a time in the white tent, at least every month.

But he uses a variety of methods to communicate: "I use every avenue open to me to communicate, also talking to the National Union of Metalworkers of South Africa (NUMSA), colleagues, government, mining companies and the media, in meetings and over lunch. I try to get the same truthful and factual message across. One of the things we have done is to undertake serious research into the industry and its global and local challenges and we share this information widely. I am happy to see these facts are now being used in newspaper articles. We seem to agree on the data – but next comes: 'So what should we do about it?' I'm going to start writing about that now. When I meet other business leaders, bankers, the head of NUMSA and ministers and government officials, we ask ourselves a simple question: 'What should we do?' We are all trying to work it out together."

This is where the Duke CE training programme comes in. It was started in better times for leadership development, but now steel prices are 40% down, the programme has become an invaluable part of the wider transformation process. O'Flaherty likes its practical approach: "Its power lies in the fact that we don't discuss dry historical case studies. We look at what is happening in the business today, tell real stories of what's going on and work out what to do about it. It's not textbook stuff, it's all about communicating and changing our mindsets and our culture. My favourite exercise is the one where the participants put their own management on trial and look at how they have contributed to the situation today – and what they need to do differently to change things."

Challenge Three
Labour
A trade union, the National Union of Metalworkers of South Africa (NUMSA), was pushing for large pay rises even when the company was no longer productive or profitable enough to afford these. "I agree with President Jacob Zuma that demands for 25–30% wage increases are completely out of line," O'Flaherty tells *Dialogue*.

"The key is to get everyone on the same page, for everyone to understand reality, not what has happened before, but what is happening right now. People were surprised when we went with NUMSA to see the government, because we and NUMSA often disagree. But there is one thing on which we absolutely do agree – neither of us wants to lose a single job. We had a much more powerful impact working together. Now we have found out where we can agree, I cannot imagine us being anything other than successful. We all need to put our prejudices to one side – whether it's union versus management, business versus government – and fight together. I can't do this on my own."

Momentum
So the process of change seems to be gathering momentum, with increasingly productive dialogue between management, unions and government and with improved understanding and agreement about what needs to be fixed. "There definitely has been progress," O'Flaherty says. "Many parts of government understand and are behind us and some bureaucratic processes have been fast-tracked. There is also a larger crisis in the mining industry generally in South Africa and people are asking us to advise and help them.

"But we still face challenges. We need to ensure that the government pledge on tariffs is carried out and that they are not distracted by a crisis elsewhere – we want to be here in three-to-five years when this global commodities storm may weaken or end. We, at AMSA, still need to get our costs down and be more sustainable in our productivity levels.

"Even listed companies have to sustain themselves and we should be ready to sacrifice profit in order to achieve this and to make sure that we can charge fair local prices, not excessive prices, as in the past. And we need local banks to be willing to support us, because investment will be in trouble if they don't have the courage to back us and other local industry. There's a lot outside our control, but I focus on the common cause and address what we can sort out – and we work damn hard at it."

The comeback kid
It's clear that O'Flaherty is committed to transforming AMSA. He is positive and upbeat in the face of major challenges outside his control, such as government regulation and global markets. But the question has to be asked: He had a great job in Dubai – what made him come back to South Africa to take on an ailing steel company against the backdrop of a global slump in the industry?

"I was asked in 2009 to join Eskom, South Africa's government-owned power utility, as chief financial officer," he explains. "Look, millions of South Africans live on social grants and there is 30% unemployment in those aged between 18 and 35. Unless something changes, we will see social devastation in our country. What will be left for the kids, or for anyone come to that? So when I was approached to join Eskom, I came because it was the right thing to do.

"Leaving Eskom and then joining AMSA merely put me in a private company, but with the same South African challenges. AMSA's journey is small compared with what is happening in our country, but it's important because our factories are located in poor, undeveloped areas. Families depend on the employment we offer and the social investments we make. I can't imagine our factories not being there – it is literally unimaginable to think what would happen if we didn't exist."

O'Flaherty is keen to point out that the ongoing transformation of AMSA is a team effort, rather than a one-man mission, although he takes full accountability. "I'm not doing this on my own, you know," he says. "Of course, if it all goes wrong, I'll take accountability as the CEO. And it can be lonely. There are days when I feel as if I'm the only person in the change room. But everyone believes in what we are doing now, so I can soon get them back into the room. I can't do this by myself. It's not my journey, it's the company's journey. It's about the team."

MR TURNAROUND

Paul O'Flaherty's biography
Paul S O'Flaherty, B.Com, BAcc, CA (SA), became chief executive officer of ArcelorMittal South Africa on 1 July, 2014. Previously, he served as chief financial officer of Al Naboodah Construction Group LLC in Dubai, UAE, having joined the company in July 2007 from the Johannesburg-based construction company Group 5 where he served as chief financial officer for five years. Previous positions include chief financial officer and executive head, group capital of Eskom Holdings, and as an audit partner with PwC. O'Flaherty is a CA (SA) and a member of the Johannesburg Stock Exchange (JSE) Listing Rules Advisory Board, plus a previous chairman of the Accounting Practices Committee of the South African Institute of Chartered Accountants.

MORE STEEL THAN THE WORLD NEEDS

The global steel industry has excess capacity, and excess supply, of steel. That's forecast to continue

300
million metric tonnes
Reduction in global steel capacity required to boost industry profit margins to a sustainable level
Source: EY

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Andy Law is executive chairman of Inition and an independent consultant to businesses on how to modernize and keep ahead

ANDY LAW

The march of automation ought to be celebrated, not feared

Robots are changing marketing. So they should

It all went a bit crazy when a bunch of artists sent a robot shopping. In April, some Swiss guys armed an online shopping bot with $100 worth of bitcoins, and gave him freedom to indulge in some retail therapy. He bought a Hungarian passport, some ecstasy pills, a pair of fake designer jeans – and, incongruously, the entire *Lord of the Rings* trilogy on e-book. He then had the goods delivered to the artists at their gallery in St Gallen.

As he was a robot, this rogue shopper escaped jail – as robots cannot feel empathy they can't be expected to tell right from wrong either. Not that many need to: robots, physical or digital, are becoming big business despite their lack of humanity. Amazon is investing in robot pickers for its warehouses, and has mooted flying drones to make same-day deliveries in the world's big cities. The word in marketing is that if you want to be ahead of the game you need a mechanized army.

There is more to the new fondness for robots than just technological advance. In fact, robotic technology hasn't moved all that much in the past few years. Until some whizz-kid can crack the sizeable – even impossible – challenge of how to make these modern-day Metal Mickeys feel emotion, incremental changes are all we are likely to see for a while.

The real reason we are falling in love with robots is that we are becoming more like them

No, the real reason we are falling in love with robots again is that we are becoming a bit more like them. Humans are becoming less and less keen on discretionary acts. We are getting used to automation. Cast your mind back 15 years ago. What did you do on a Saturday morning? Queue up at the bank to pay a bill? Head to the postbox to send a letter? Battle through a supermarket to do your weekly shop? Anyone with any sense knows there's an app for all that now. Automation isn't lazy, it's just sensible. Life is short.

Marketers need to understand that, and get it right. The companies that are thriving now might not be the cheapest, but they are usually the easiest to use. *Dialogue* readers are probably sick of reading about Uber – but its success makes the point. Why stand in the rain, when you can have a coffee and tap your screen for a ride home? Automation beats tradition every time. It will get ever quicker, easier and safer to do pretty much everything as industries catch up with the technology and make the most of it. Carmakers are close to perfecting driverless cars that can drive you home more safely that you can do it yourself. In a few years' time, a robot could be driving your cab. Just don't expect him to empathize about your bad day at the office.

Don't get lost in the gadgets of the moment

Technology is a tool that helps us be creative. But some of the best ideas in the world start with a pencil and a well-trained ear, says **Tracy Wong**

Think about the hammer. If you can't hit straight, or don't know which end to use, it doesn't matter how great your hammer is, it's not going to knock in your nail. It's only of any use to you if you know what to do with it. It's the same with tech. One of the consequences of digital is that people see it as an end in itself, rather than a tool. In advertising terms, technology is not innovation – innovation is what you do with it, or, rather, what you should do with it.

Sure, we can work faster on a Mac Pro than with pen and ink. We have many more channels to engage customers through technology. We can adapt and change our ideas more quickly than before. Our clients like the fact that we can share projects instantly.

But some have become so bogged down in the momentary joy of the latest device that they forget that some of the best campaigns in the world began with a pencil and a great idea.

The tech 'geeks' need to sit down with the creative 'freaks' and collaborate. Use the tools of technology in innovative ways. Just pushing your campaign out through every device under the sun isn't innovation, it's just distribution. Here are my five tips for making your creative process work better.

1 Remember that marketing goes straight to the top

You want to be innovative right? Recognize that C-Suite always has its hand in marketing, and if you want to deliver creativity for your clients you need to convince the person at the very top. Try not to see client companies as faceless corporations, in reality they are oftentimes manifestations of the C-Suite's personality – and those people are human beings. At the start of a marketing project, I always make it my business to get to know the woman or man who heads up the client organization. Then I have a much better idea of how much innovation they are going to stomach.

2 Know that the really big guys don't need creativity

If you are a clear market leader with a budget that completely outweighs the competition, you don't have to be creative, you just throw your weight at it. It's like a fighter who is really large – he doesn't have to be cunning or fast, he just sits on somebody and it's over. But if you are a challenger brand, or want to have an edge in an even market, creativity is your secret weapon. It's like jiu jitsu – can you gain leverage through a special skill that gives you an advantage over your opponent? As the product differences whittle down to nothing, that's when creative marketing will make a difference.

3 Learn how to spot innovative people

You don't have to live a creative, innovative life to be an innovator. I know plenty of C-Suite people who are incredibly courageous in their professional lives, but are fairly conservative family men and women at home. But people who live edgy innovative lives are *more likely* to be super-creative in their professional life. There is a correlation.

4 Recognize that advertising is not art

Advertising is commerce artfully told – but it is not art. You can meet very talented people who just don't understand that this business is about selling products. You need artistically gifted people, yes, but you also need commercial nous – and people who are brilliant at both are hard to find. You get people who are incredibly talented artists but cannot grasp the principles of strategy or business objectives. Artistic people often have a clear vision in their head and don't want to hear others passing judgement on their art. But guess what? In advertising, those people are the consumers who are going to buy your product.

5 Listen with an empty mind, not an open mind

This is a Buddhist teaching that I advocate in my agency! If you listen with an empty mind, or 'beginner's mind', feedback is new information to comprehend, with which you can engage. If you have an open mind, yes, the door might be open, but your brain is still full of your own preconceptions, ego, opinions and loads of other garbage. That makes it very difficult for you to deliver for your client. When many creatives are 'listening' to feedback from clients, they are in fact completely shut down – they are not really listening to a word the client is saying. They are just thinking about defending their work.

— Tracy Wong is chairman of WongDoody

The tech 'geeks' need to sit down with the creative 'freaks' and collaborate

Mathematics for marketers

The Fuqua School of Business's biannual chief marketing officers survey has added quantitative might to the marketing game, finds **Liz Mellon**

Professor Christine Moorman of the Fuqua School of Business is a pioneer. She launched her marketing survey in 2007 – it claims to be the longest-running non-commercial survey of its kind. Its findings and analysis are freely available. It's certainly an excellent source of data on what's on the minds of chief marketing officers (CMO), the challenges and opportunities faced by the marketing function and where it's headed. Partners in this work are the American Marketing Association, the Fuqua School of Business at Duke University and McKinsey.

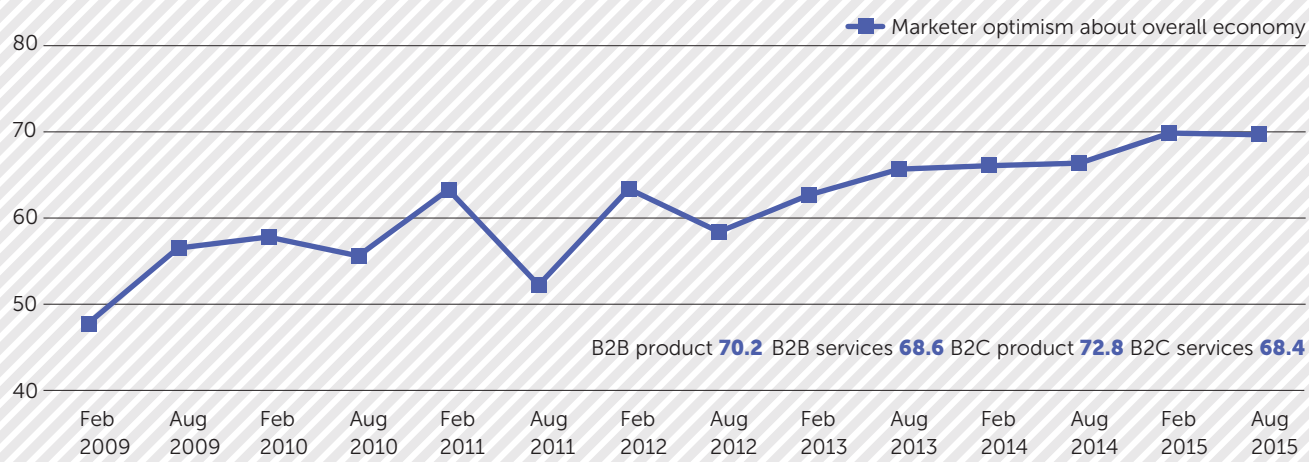
I asked Professor Moorman why she started the survey in the first place. "It was born of two frustrations," she reveals. "One was that marketing was not yet 'at the table' and two that the field lacked good data to understand marketing effectiveness. I wanted to offer a mechanism to the field that would solve both problems. I carried out the first CMO survey in 2007 and from 2008 have established it as a biannual event."

It's probably true to say that in 2007, people still thought that marketing was mostly about advertising spend or how to push-sell products and services. In reality, marketing expertise is really about customers – gaining deep insight into their current and future needs and desires. Many agree that customer needs should drive an organization and the phrase 'customer-centricity' is still in vogue. After all, business is set up to provide value to customers, and customers provide cash or value to the company in return. Moorman's complaint that "marketing was not yet at the table" expresses her desire that marketing should be tackled at a strategic,

ON THE UP AND UP

MARKETERS MAINTAIN POSITIVE OUTLOOK FOR US ECONOMY

How optimistic are you about the overall US economy on a 0- 100 scale with 0 being least optimistic and 100 most optimistic?



rather than an operational, level.

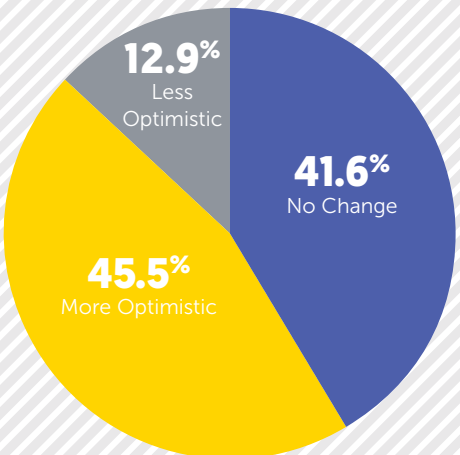
The second issue Moorman hoped to address was the dearth of good-quality marketing data. It's a bit like measuring the return on investment (ROI) from training programmes. It's actually fairly straightforward if you start by working out what you want the training to achieve, setting up some metrics and tracking these systematically over time. Like any other data, the results need a good dose of applied common sense, like avoiding double-counting and understanding other variables that also may affect the outcomes. But approached in the right way, it's possible. The same logic can be applied to any investment, including that in marketing. If you set measurement goals up front and try some marketing experiments, you can then assess the effectiveness of each.

Culture eats strategy for breakfast – organizational context can often be the reason why new marketing activities underperform

Like any strategic function, it's about planning – looking ahead rather than backwards – and innovation. Moorman is trying to plug at least part of the data gap through systematically and regularly capturing information from CMOs, thus providing the function with role models and benchmarks. To that end, the CMO survey captures forward-looking measures in addition to historic spend and marketing budgets. Moorman designed the survey to focus on a set of critical topics that would be addressed in each survey – such as growth spending, marketing leadership, marketing organization, performance metrics, and marketing leaders' views about the economy. Early on in the survey, she added segments on social media and marketing analytics that have captured critical spending benchmarks, plus the organizational context for such activities. Culture eats strategy for breakfast, and Moorman notes that organizational context can often be why such new marketing activities underperform.

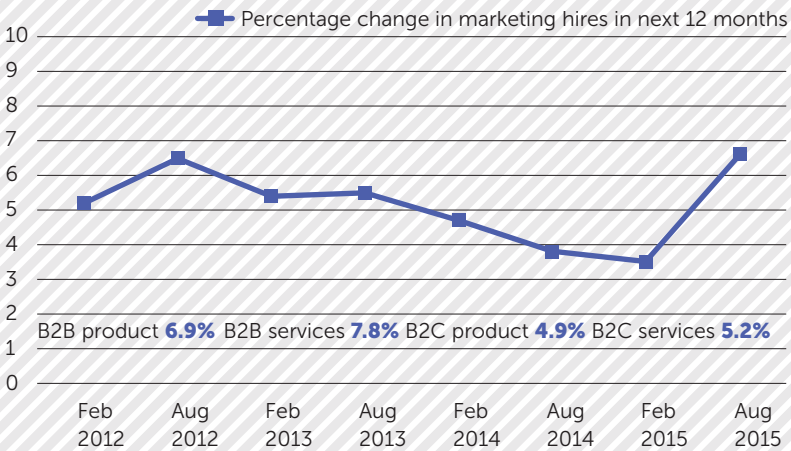
OPTIMISTS DOMINATE PESSIMISTS 4-TO-1

Are you more or less optimistic about the overall US economy compared to last quarter?



MARKETING HIRING REBOUNDS: B2B COMPANIES TO HIRE MORE MARKETERS

Percentage change in marketing hires planned in next 12 months



Social media
The new frontier

As the August 2015 CMO survey results (see below) clearly demonstrate, companies know they must invest in social media marketing initiatives, but they are struggling to assess the value they are gaining from their investment.

"This situation is similar to the way advertising was perceived post-1950s," says Moorman. "Back then, the challenge was whether to work with external agencies or develop the capability in-house. Then, as now, working with an external agency means that you have access to world-class specialist expertise and can fast-track your efforts. But at the same time, the agency will have its own agenda, such as being creative and winning awards, which may or may not be compatible with your company's aims. So unless you can fully integrate the external agency, you may be working at cross-purposes. And, of course, you also have to divulge a lot of potentially sensitive company information if your chosen provider is to be effective in supporting you."

Companies know they must invest in social media marketing initiatives but are struggling to assess the value they are gaining

The challenge of how to handle social media seems to have some parallels. If you outsource activity to a supplier, the initiative risks being disconnected from broader marketing efforts. On the other hand, it takes time and investment to build social media capability from scratch, whereas social media third-party suppliers are expert and can advance you fast along the learning curve. It will be interesting to see how this challenge is resolved over the coming years.

There are some role models out there for other companies to look to and follow. For example, Moorman points to PepsiCo as one company that has taken the bold step of working towards building the talent in-house rather than simply working with external agencies. She notes: "A critical step is finding and nurturing the right type of talent – talent that can handle complexity, look for points of integration, and think outside the box. Not all companies are in a position to take this step. External agencies offer critical support to many companies as they begin this process, or over the long run as they build strategic partnerships with these agencies."

The marketing challenge
Some ideas to try

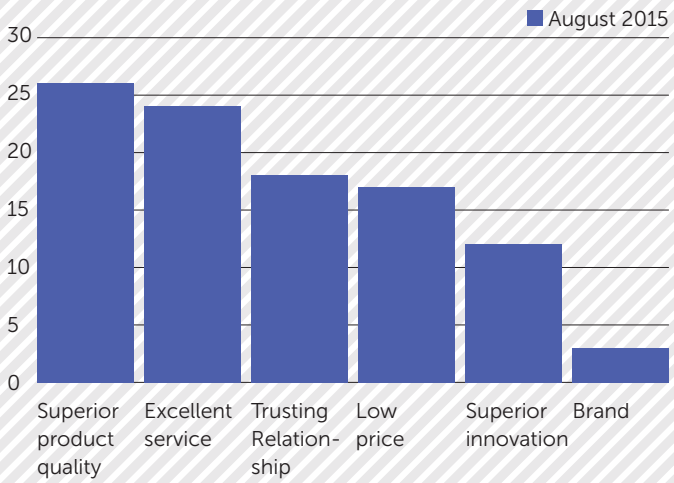
Moorman puts forward a couple of ideas that companies could try, to help them improve their marketing game, based on her recent survey results.

First, she notes: "Marketers need to lead more externally facing areas of the firm. With marketing leading innovation in only 36% of companies, there is a missed opportunity here for marketing to contribute. Marketing leaders need to step up to these responsibilities and build a case for them to lead these activities. Second, marketing leaders need to build their

PRODUCT IS KING

PRODUCT QUALITY AND SERVICE ARE CUSTOMER PRIORITIES

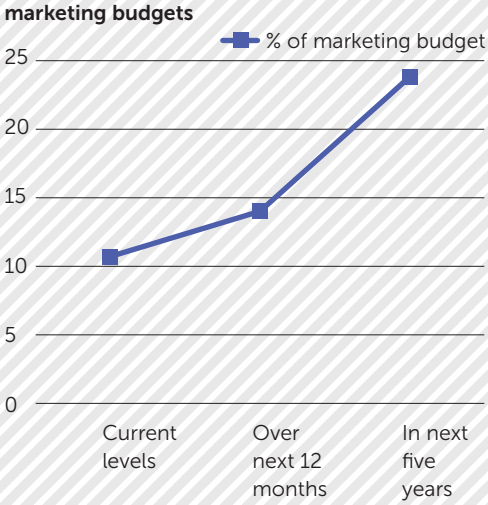
Customers' top priority in next 12 months (% of respondents)



THE RISE OF SOCIAL

SOCIAL MEDIA SPEND CONTINUES TO SURGE

Social media spending as a percentage of marketing budgets

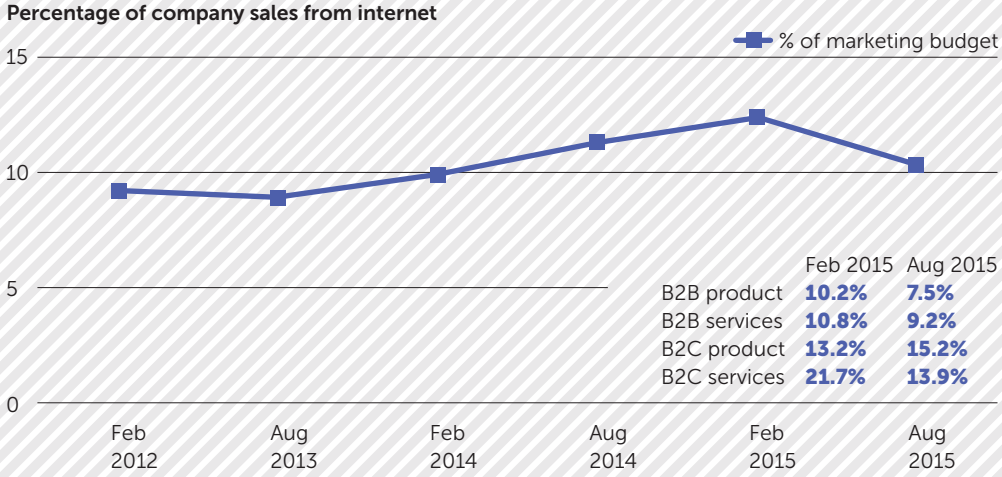


impact through a strong organizational base – a base that has a focus on customers, which is marketing's critical currency." According to the 2015 CMO survey, 29% of companies are organized around customer groups.

Moorman would like to see more companies moving in this direction in order to ensure companies are serving an array of customers' needs and improving the overall customer experience – not focusing solely on the sale of current brands. Finally, Moorman believes that marketing analytics is a significant opportunity for marketing to bring greater rigour to its decisions. "This will take a powerful combination of managerial context, statistical inference and customer insight," notes Moorman. "Any one of these without the others is unlikely to improve marketing's contributions."

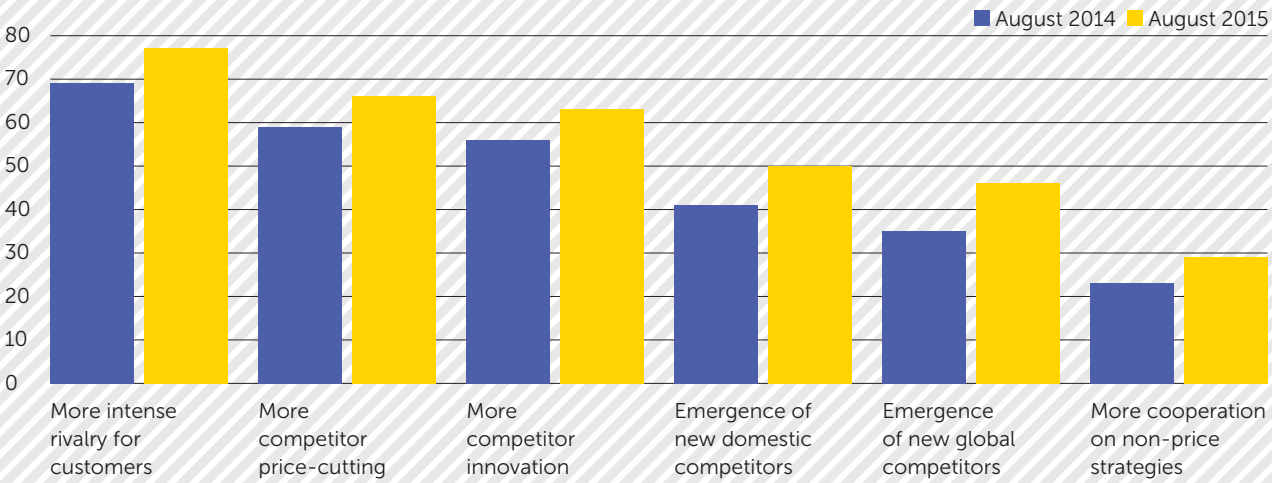
E-COMMERCE COOLS

PERCENTAGE OF SALES VIA INTERNET FLATTENS



THE HEAT OF COMPETITION

INCREASED COMPETITION FOR CUSTOMERS, PRICE AND INNOVATION EXPECTED



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Patrick Woodman is head of external affairs at the Chartered Management Institute

PATRICK WOODMAN

Employee-owned businesses perform better

Want your firm to thrive? Hand it to the staff

The topic of management ethics has reared its head once again with the Volkswagen emissions scandal. In truth, it's a subject that has rarely been far from the headlines since the global financial crisis, as dismal stories of mis-selling and rate fixing have continued to emerge. And the financial sector has been far from unique: in the UK alone, the horse meat scandal, accounting problems at Tesco, and public service failures at the Mid-Staffordshire NHS Trust are still fresh in the mind.

But are management ethics and culture regularly discussed when strategic business decisions are being made? Such scandals are deeply corrosive of public and customer trust and, thanks to 24/7 news and social media, hard-earned reputations can be lost overnight. Ethical failures have the power to destroy the best-laid plans.

CMI's research with MoralDNA shows that ethics should be higher on the management agenda. The results have been striking. Managers are more likely than other employees to leave their sense of ethics at home, suppressing the ethic of care in favour of obedience to rules. Many risk 'robotic compliance' – obeying the letter rather than the spirit of rules, which results in worse decision-making. The outcome can be the gaming and manipulation of rules, often driven by short-term performance targets and incentives.

Employers have to empower employees – including managers – to take responsibility for their decisions. They need to build a shared understanding of the organization's values, with senior managers leading by example. And they need to reward behaviour that reflects those values.

Our latest report highlights a group of businesses with an impressive track record: employee-owned companies. Worth £30 billion to the UK economy, the employee-owned sector has been a real success story, improving productivity by 4.5% while it has flatlined across the economy as a whole, and growing sales by 11% through the recession, compared to just 0.6% for other forms of businesses.

Our research points to some of the reasons. Only 10% of managers in employee-owned companies report that the dominant leadership style is command-and-control or pacesetting/demanding – compared to 42% across other types of organizations. More than double the number (36% versus 15%) describe their organization as democratic.

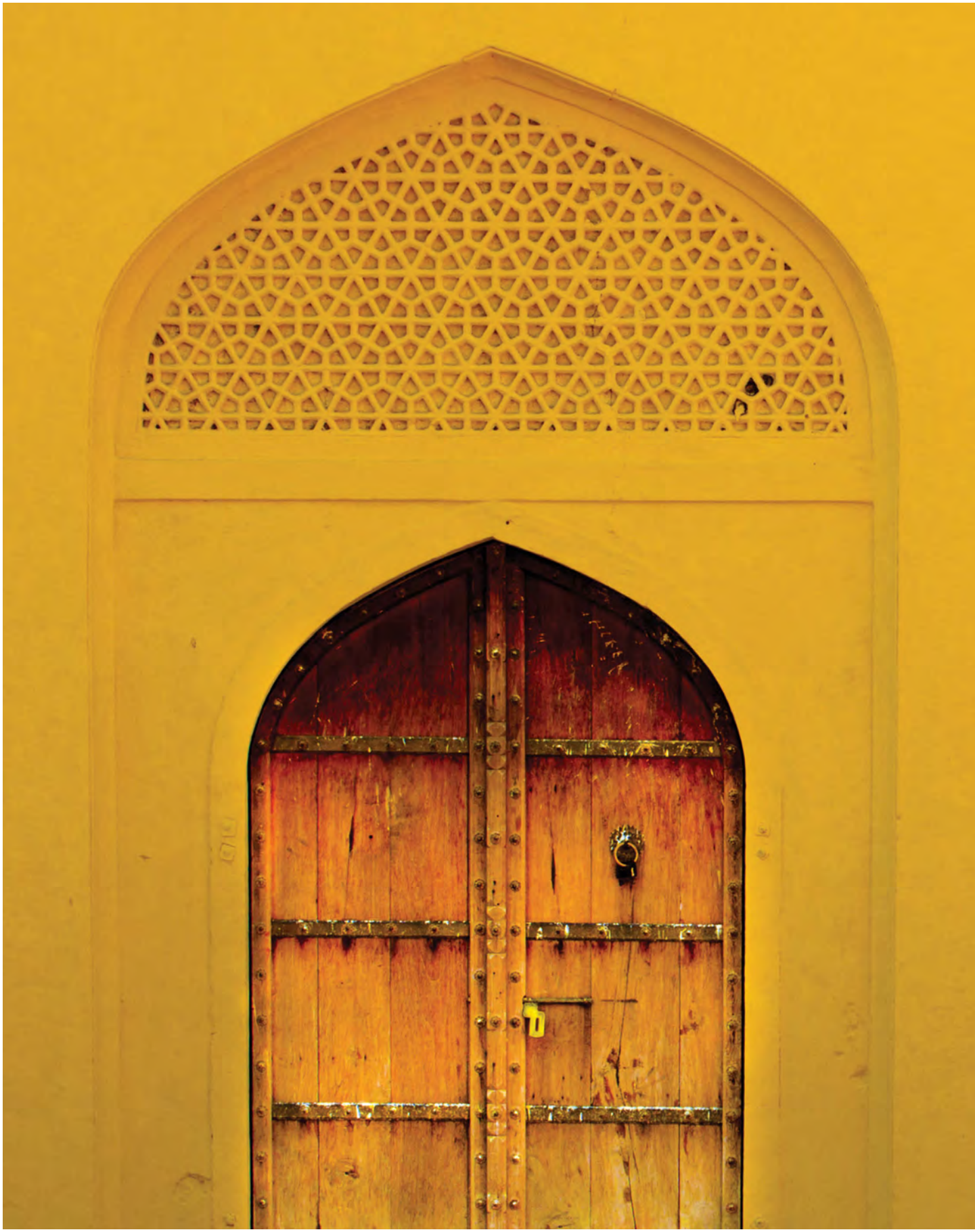
Among the many benefits identified, 95% agree that being employee-owned increases people's commitment to the organization, and 91% agree that it ultimately improves performance.

Managers are more likely than other employees to leave their sense of ethics at home

There's undoubtedly an opportunity to increase the number of employee-owned businesses. Accounting firm Grant Thornton is one of the most high-profile companies moving in this direction, and is taking bold steps to reshape its culture, such as building the company's purpose into its constitution and limiting executive pay as a ratio of the company average.

There are also lessons for leaders in other sectors, whatever the form of ownership.

Increase employees' sense of ownership by giving them control over their work. Build more democratic management cultures by encouraging constructive criticism and challenge, helping to avoid groupthink. Reinforce that by increasing the diversity of management teams. Invest in managers' development so they have the confidence and capacity to do the right thing. And recognize and reward values-based behaviour, not just narrowly defined measures of success.



How to overcome cultural barriers in shining India

India is brimming with opportunity – but you need to know how it works. **Nikhil Raval** is your guide

India spelled opportunity for Western companies when their own markets were shrinking. Business has shifted eastwards since 2000 and the trend has accelerated after the global financial crisis of 2008. India is one of the oldest civilizations in the world and is a complex mixture of new and old, a confection of West and East. With a strong and stable democratic political system, a young nation where more than 50% of the population of one billion is under 35, a pervasive entrepreneurial spirit and high domestic demand, the country has much to offer. Indians are known to be self-reliant, and have great capitalist spirit. Many of the world's top billionaires such as Mukesh Ambani, Lakshmi Mittal and NR Narayana Murthy have created best-in-class companies. That being said, like any country, India has specific cultural issues which incoming businesses need to consider. Let's consider some of these.

Liberalization, privatization and globalization

After gaining independence from British rule in 1947, India became a republic in 1950 and began developing its economy. It has focused primarily on import substitution – unlike many developing nations, it has a strong home market – and exporting. For the first four decades after independence, businesses operated under what was called the 'Licence Raj' system, meaning that companies were given licences by the government, to allow them to operate.

This was a fairly protectionist stance and companies survived despite being unproductive, inefficient and without competition. However, in 1990, the government changed its approach and opened the country to so-called ▸

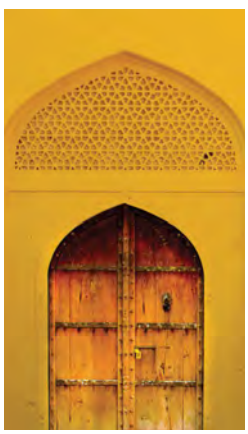
- 'LPGization' – the liberalization, privatization and globalization of the Indian economy. This move drove domestic companies to become more global in their outlook, and to start competing with Western multinationals and making products that were acceptable beyond Indian borders. Many young Indians who had settled overseas came home in a wave of reverse brain-drain, armed with new business ideas. Indians are great entrepreneurs.

Hierarchy and inequality

Sociologists would call India a nation with a high power distance index (PDI). PDI is not about the absolute levels of inequality, but the degree to which the bottom (and top) echelons accept and expect inequality. This contrast – and acceptance – can be seen with homeless families living under sacking on the pavements of Mumbai outside the 27-storey, $2 billion home of billionaire Mukesh Ambani. Mumbai is a city of 20 million people, where many have a monthly income of less than $150. When doing business in India, you must understand the scale of inequality.

Indians have also embraced old British customs of hierarchy and there is high degree of formality between colleagues. It is common to call a superior 'sir' or 'madam'. Similarly, influences of Hinduism and caste have created a culture that emphasizes established hierarchical relationships. All relationships therefore observe hierarchy. The idea of hierarchy is deeply rooted in the Indian psyche. Hierarchical relationships are important in the business context.

Working 'through proper channels' is highly emphasized. For example, if you are looking for a quick result on some licence application, take time to study the hierarchical set up of the office to which you've submitted it. If you respect the office hierarchy, your work gets done faster. Students call teachers 'guru' and at work 'the boss' is considered the ultimate source of responsibility and power. Hierarchical relationships mean bosses tell subordinates what to do and how to do it, and seeking permission from those above is a sign of respect. In India, bosses are like benevolent dictators who look out for their teams.



Family means business

Hierarchy also shows up in families, where the father is considered the patriarch and head of the family. Family ties bind India – just observe the crowds gathered outside airport gates to greet returning family members. Indians rely on family for everything, from arranged marriages to buying a home and naming a child. The elders are normally consulted before making important decisions and approval is vital. If a decision is made despite disapproval it causes unease in the family. For example, the Ambani brothers

In India, bosses are like benevolent dictators who look out for their teams

engaged in a well-publicized feud after their father's death, until their mother stepped in and settled it. It is common to see several generations of families living under one roof and this makes relationships critical – in life and in business.

The family-owned company structure can be a challenge to doing business in India. From the small street-side vendor to the large multinational, many Indian firms are still family-owned. The larger ones are referred to as 'promoter-owned' companies and while the 'promoter' may not be the majority shareholder, he or she can act as wished on behalf of other shareholders. It can be difficult to know who the real decision makers are, as titles like group president or managing director can mean little. While this is changing, as companies become listed and subject to new rules of governance, it is still worthwhile investing time in identifying the real decision makers.

Bureaucracy, red tape and rules

For all the 'India shining' hyperbole, there are lots of pockets of success and plenty of impediments. There is a joke in India that you can bring proceedings to court and your grandchildren will inherit them. The regulatory framework has been tight in some industries such as banking, which actually stood the country in good stead during the 2008 financial crisis. However, not all aspects of the legal system offer business a level playing field. Contracts in India are not to be taken literally. Indians believe everything happens for a reason, which is a significant factor in its decision-making process – it is slow and people with a lot of authority typically reach final decisions.

Delays are frequent, especially when working with the government. Recently I took my son to watch one of the two Indian stops by the solar-powered aircraft on its maiden voyage across the globe. There was a lot of fanfare and media coverage, but a week later, the plane had still not departed. While people were blaming the rain – which only fell on one of the days – the genuine reason for delay was the long and arduous process of completing the paperwork, which threw out the entire schedule. The tax authorities can take a year to reply to queries. And while parts of the country have world-class infrastructure, others still struggle to get good power connections and airport connectivity.

— Nikhil Raval is managing director of Duke CE, Ahmedabad, India

INDIAN TOOLKIT SIX TIPS FOR DOING BUSINESS IN INDIA

There's a famous quote by an Englishman who wrote in his travelling diary "anything you can rightly say about India – the opposite is equally true". For anyone wishing to do business in India, here are some tips on working in a place like no other.

1 Hierarchy

If you want employees to be more independently minded and not consult you on every detail, you have to make this crystal clear from the outset. Just don't expect it to work in all cases – hierarchy is a deeply ingrained construct here. Similarly, don't take "yes" too literally – Indians hate to disappoint the boss, so will often give an optimistic response when managers and leaders are seeking a realistic one.

Make sure you don't take 'yes' too literally – Indians hate to disappoint their manager

2 Time

The Hindi word "kal" means both tomorrow and yesterday. As Salman Rushdie said in *Midnight's Children*: "No people whose word for 'yesterday' is the same as their word for 'tomorrow' can be said to have a firm grip on the time." There is a reason why Indian Standard Time is regularly described as Indian Stretchable Time. Indians experience time differently. In the West, time is linear and things occur in a logical progression from beginning to end. Indians are relatively insensitive to time. For them, time bends to accommodate life and routines, so appointments and deadlines are fluid. Indians arrive late, digress from a topic, meet you at short notice, give you all the time you need, take their time to respond and do not think it important if they take additional time for a project. If you can adapt and cultivate patience, you are more likely to avoid frustration.

3 Contracts

Recently, a client of seven years' standing, a large Indian conglomerate, commissioned work for an eighth year, but failed to sign its contract. When I indicated that we couldn't proceed without a signed contract, they accused us of not trusting them. In the end, the work was delivered and the contract signed after its completion. In India, putting something down in writing doesn't mean it will be honoured to the letter. Indians have a relaxed view of contracts. They are used to constant changes in the environment and have a tradition of giving more weight to personal relationships. On the other hand, contracts may be breached by parties which know it's going to take the other side forever to seek justice through the complex legal structure – so research your potential partner thoroughly.

4 Rural markets

India is incredibly diverse with regional tastes and dialects. What works in one part of the country may not work in another. For instance, the noodles offered in south India come with sambar, a lentil stew that is a core part of their diet, while the noodles in the north and west are more traditional. A large part of India is still rural and this is a cost-conscious market. Distribution and pricing are two major pitfalls because transportation can be tricky. Smaller packages and products are often better because they appeal to thrifty Indian villagers and also allow them to try various products without committing to a large expenditure. Small sachets of shampoo priced at only two rupees were part of Unilever's success story in India.

5 Urban India

In urban India, many people are moving away from multiple-family households to nuclear units. The number of employed Indians is rising, particularly among women who have increased disposable income. Children-to-teenagers are pampered with toys, gadgets and clothes which means higher demand for consumer goods. Many urban Indians are well-travelled today, so giving them a global product is good, but giving your product an Indian twist is a much safer bet. Indians are pretty set in their ways when it comes to certain elements of their culture so how can you 'Indianize' your product to yield success? Fast food giant McDonald's realized its standard Western menu wouldn't work for Indians, many of whom are vegetarian and most of whom don't eat beef. It changed its menu to offer the McPaneer Royale wrap with Indian spices. It was a roaring success.

6 Reciprocate goodwill

The Indian social custom is all about reciprocity. When an Indian goes out of his way to help, he expects you to remember the gesture and return the favour. Return goodwill gestures as long as it doesn't compromise your values. It needn't be much; you might ask for an opinion from an Indian team member. This makes Indians feel respected and may exceed their expectations. Doing such things goes a long way to ensuring your business success in the country.

A recently retired chief executive of Microsoft said: "If you can succeed in India, you can succeed anywhere." Our newly elected prime minister intends to make India among the top 50 in the world in terms of ease of doing business. The changes are becoming visible. I know my son's generation will see a new and vibrant nation.

Harness the magic of questions

Your mind can drift. But with simple techniques you can turn it into a brilliant problem solver, writes **William A. Cohen**

Good consultants win plaudits. Some are deemed "very smart", others are lauded as "good communicators", "charismatic", "innovators", or applauded for being "born salesmen". No such faint praise for Peter Drucker: he was an acknowledged genius.

Drucker's brilliance led to his different approach to consulting and his perspective on management. Drucker's consulting model centred around asking questions.

Talk to yourself

Years ago, I read an article in which the author advised that talking to yourself can be useful in solving problems and making management decisions. The author maintained that if you talked to yourself and asked your brain questions, treating it as a separate entity, you would frequently be rewarded with effective answers. Your brain would answer – or at least attempt to answer – any question you decided to ask it.

I tried this technique and was surprised by just how easily it worked and how frequently it provided me with (sometimes immediate, often highly effective) answers to some of the questions we all face regularly.

Psychologists tell us that one reason for this phenomenon is that our brains already have all the facts necessary for problem resolution stored away in our memories, but it can be difficult to access these facts directly. Questioning the brain as a separate entity bypasses many of the psychological blocks and eliminates much of ▸

the garbage that prevents us from answering questions or identifying solutions.

The pressures and stresses under which we struggle are sometimes too great for this simple technique to bear fruit. However, the brain may be working subconsciously, even while the conscious mind blots out the useful information emanating from it. The question, then, is how we separate the conscious and unconscious minds.

Distract yourself

One answer is to create a diversion, to actively distract the conscious brain. This may be done in a variety of ways. Inventor Thomas Edison used the simple technique of sitting quietly in a darkened room. Others take a nap or simply go to sleep at night and find that they wake in the morning with the solution to their problem. I've had this happen to me without any effort, and maybe you have, too.

Scientists at Carnegie Mellon University found that the key to this technique was distracting the conscious brain, even for a short period of time, while allowing the subconscious mind to continue its job. They investigated the brain workings of individuals attempting to solve problems their conscious minds couldn't handle. Setting the problem as the need to buy an (imaginary) car, complicated by conflicting and multiple wants and needs, they divided subjects into three groups (see box, p77). The researchers discovered that simply distracting the group for a few minutes led to their making much better decisions.

Researchers discovered that simply distracting the group for a few minutes led to their making much better decisions

DRUCKER'S FIVE KEY QUESTIONS

Peter Drucker's Five Most Important Questions were collated in a book of the same name, edited by Frances Hesselbein, winner of the Presidential Medal of Freedom from President George HW Bush, and one of my official presidential advisers at the California Institute of Advanced Management.

1 What is your mission?

Drucker's favourite mission statement came from a very old business, founded in 1893. It was his favourite for good reason. It transformed Sears Roebuck from a struggling mail order catalogue company, flirting with bankruptcy, into the world's leading retailer, in the space of ten years. What were these magic words? That Sears Roebuck would be the informed and responsible retailer, initially for the American farmer, and then for the American family.

Does my own organization, the California Institute of Advanced Management, have an identified mission? You bet it does: to provide a flexible, affordable and high-quality education, based on the principles and values of Drucker – the father of modern management – to enable students to apply their knowledge and ability immediately, with integrity and success.

2 Who are your customers?

My friend, entrepreneur Joe Cossman, started selling garden sprinklers, comprising a flexible plastic hose with holes in it. He sold mainly through supermarkets and similar outlets. One day, he read that his hose was being used in poultry farming as an inexpensive way of cooling poultry pens during the hot summer months. This led him to redefine his business and open up an entirely new market for his product. Businesses need to track sales continually, so they can identify their customers. Sometimes, your customers are not who you think they are!

3 What do your customers value?

In the mid-1980s, Coca Cola made a huge mistake when it attempted to introduce 'New Coke' in response to the 'Pepsi Challenge', which was slowly eroding Coca Cola's market share.

Pepsi, its arch-rival, had challenged the public, through a series of television advertisements and live events, to blind taste its product against its chief competitor. The tests revealed that Americans leaned towards Pepsi, a sweeter drink than classic Coca Cola.

In response, and to much fanfare, Coca Cola introduced 'New Coke' as a revolutionary soft drink. You could almost hear Coca Cola marketers shouting: "So you guys at Pepsi want a challenge do you? We'll give you a challenge!" Coca Cola had carefully conducted its own blind taste tests and formulated a product that was sweeter than its classic brew – and consistently preferred over its own original product – and Pepsi Cola.

HOW TO DEVELOP GOOD QUESTIONS

I think Drucker would have approved of the following guidelines for developing effective questions:

- Will the question act as a catalyst for further discussion with your client?
- Will the question arouse curiosity?
- Will the question promote an exploration of new ideas?
- Will the question challenge your client to make a suggestion?
- Is the question open to a variety of different views and responses?
- Will the question help uncover controversies in the subject matter?
- Is the question directly connected with the client's operation?
- Will the question encourage the client to examine their own thinking?

Drucker's use of questions may be a very different approach to your *modus operandi*. But this technique is sound and yields amazing results. It is easily adapted and can be integrated into a variety of other techniques that you employ in an operation.

DRIVEN TO DISTRACTION
HOW DIVERSION IMPROVES DECISION MAKING

Scientists at Carnegie Mellon wanted to test how being distracted for just a short period of time affected the brain's effectiveness. To do this, they divided research subjects into three groups and asked them to purchase a car. The results may surprise you.

Group 1 was asked to come to an immediate choice, so could do little weighing up of the pros and cons to come to an optimal decision.

Group 2 was given time to solve the problem consciously and to decide on the optimal car.

Group 3 was given the same problem, but also a distracter task to perform. While the task held their attention and distracted their conscious minds, their subconscious minds continued working on the car problem.

The distracted group did significantly better than the other groups at selecting the optimum car. It performed better at considering the range of factors in the purchase decision. Yet its members were distracted for only a few minutes. This method was clearly more effective even than sleeping for many hours.

There were two problems. First, as business psychology writer Malcolm Gladwell points out, scientific tests have shown that most consumers prefer a sweeter drink when asked to take just a single sip. In prolonged consumption, however, sweeter products are often less popular. Second, taste was not the only thing Coca Cola's customers valued. Above all, they valued Coke's image. It represented the US and was as iconic as mom, apple pie and John Wayne. Coca Cola's previous campaign – stating that Coke was "The Real Thing" – resonated with this market. The American public rebelled in huge numbers against 'New Coke' which appeared not to be the real thing at all. After spending millions of dollars in advertising and promotion, and taking on detractors face-to-face in the media, Coca Cola surrendered and New Coke was quietly withdrawn from the market.

Americans above all value Coca Cola's image. It represents the United States and is as iconic as mom, apple pie and John Wayne

4 What results are you getting?

Drucker knew that without measuring results, you would not make any progress. You would not, in fact, know whether or not progress was being made. By results, Drucker meant numbers. "Show me the money!" doesn't just mean cash. It means quantified results.

5 What is your plan?

Drucker wrote that a leader must answer three questions, before developing a plan. The first was:"What business are you in?" That one is pretty much covered in the mission question. But he had two further questions: "What will the business be in the future?" Moreover, Drucker wanted to know: "What *should* the business be for the future?"

These questions should be considered separately, but also integrated. The present is connected to the future. We have short-range plans for projects, products and initiatives. These have an impact on our business in the near future, whether we like it or not.

What it should be is a question about the more distant future. How far distant? I've seen organizations plan for 25 or even 50 years into the future. Regardless of the time horizon selected, the answers to the three questions must fit together. You don't suddenly jump from the business you are in today without taking intermediate steps that help you realize what your future business should look like.

— Adapted from *Drucker on Consulting* – to be published by LID Publishing in 2016

— Dr William A. Cohen is president of the California Institute of Advanced Management. He was the first graduate of the PhD programme for practising executives co-founded and developed by Peter Drucker

Europe's new frontline

Hungary is a nation on the edge. The Syrian migrant crisis is changing the geography of the old continent. Hungary, inside the EU and Schengen Area, is constructing a tall fence along its border with Serbia, which lies outside both zones

GROWING POORER

Proportion of population living below official poverty line

2008 **12.4%**

2009 **12.3%**

2010 **13.8%**

2011 **14.0%**

2012 **14.3%**

FACTFILE HUNGARY

Land area
35,919 sq mi (93,030 sq km)

Official languages
Hungarian

Population
9,877,365

GNI per capita
$13,470

Capital
Budapest

Life expectancy
79 Women
72 Men

Major religions
Christianity

Instead of this being a humanitarian response to a refugee crisis, it has become part of a vexed, troubled and often pejorative debate on immigration

Scotland's First Minister Nicola Sturgeon offers homes to migrants in the country she leads

PROMISED LAND?

3x

Human trafficking arrests in past 18 months in Hungary compared to the long-term average

40

Number of refugees poisoned by eating Death Cap mushrooms in a week in late summer. The starving migrants had mistaken the fungus for an edible species

THE NEW IRON CURTAIN

13ft (4m)
Height of fence to stop migrants entering the EU through Hungary's border with Serbia

2,000
Additional border guards deployed by Budapest to control the frontier during the summer

109 miles (175km)
Length of proposed border fence

95%
Proportion of migrants who entered from Serbia

They're not just banging on the door, they're breaking the doors down on top of us. Our borders are under threat. Hungary is under threat and so is the whole of Europe

Hungarian Prime Minister Viktor Orban

Fotosr52 / Shutterstock.com

STRANGERS IN A STRANGE LAND

133,000
People who applied for asylum in Hungary between 1 January and 25 August 2015*

200,000
Forecast annual asylum applications in Hungary by year-end 2015*

* Source: Budapest Office of the International Organization for Migration

Hungarians are hospitable, but the strongest possible action is taken against those who attempt to enter Hungary illegally

Advertisement warning refugees of the potential consequences of trying to enter the EU through Hungary

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Dialogue

IN ASSOCIATION WITH BLUE BOTTLE BIZ

The ad industry still hasn't moved on from Mad Men

A brilliant new book from inside the advertising sector shows an industry in decline as its executives fail to change their ways, writes **Andy Law**

Madison Avenue Manslaughter
Michael Farmer
LID Publishing

bit.ly/madavenue

Most people don't know about other people's industries. They're like private city-states, zones of particular mores and culture. So it's no surprise that if you're not in advertising, you'll know very little about the people and the companies who make up that specific industry. The cult TV series *Mad Men* might be your only reference point.

Two things make the advertising industry unusually interesting to those outside it. First, its output is all around us every day. It's in our faces perpetually. Sometimes it stays in our minds, we respond to it and discuss it. We expect it. It's a part of everyday life and has been for many decades.

Second, it's an industry that is more of a craft. Unlike banking, accountancy, law, architecture, software design, health or education, it requires no professional exams, education or training. You just pitch up and start. If you're smart, savvy and brimming with hubris you'll go far. You can even creep in with a degree in Latin, Greek or ancient history if you like. I know that, because it's what I did.

Michael Farmer's book *Madison Avenue Manslaughter*, takes apart the advertising industry in a cool, dispassionate and efficient way, explaining why "the operating and financial health of ad agencies has reversed and is weakening". Not that the person in the street is likely to have noticed. We seem to be in an advertising explosion with more ads in more places, more often.

This profusion of products, Farmer believes, has not been matched by an appropriate profusion of profits. Admen are doing more for less and, as such, are being treated poorly.

The book provides a lively, useful and interesting insight into the past 60 years of advertising and neatly pinpoints key moments that created the decline of the industry. Admen are now "junior business partners" he asserts.

How you will regard this book depends entirely on where you now are in the ad land firmament. If you are Sir Martin Sorrell, who sits atop WPP, you'll not see yourself as a 'junior partner' at all. Nor will Maurice Lévy of Publicis, or the other holding company chiefs. They are making serious money and returning value to their shareholders.

And if you are a client, you will continue to force down costs and drive up quality and quantity. There's no surprise there. Clients will find it difficult to sympathize with the complaint that now you must have 'all three' elements at once: good, fast and cheap.

If you are Sir Nigel Hegarty, you'll be satisfied that your career has been handsomely rewarded by selling your independent, cool, highly creative agency to Publicis. Admen have been turning themselves into millionaires since

You can even creep in with a degree in Latin, Greek or ancient history if you like. I know that, because it's what I did

the industry was created. Farmer picks out Bob Jacoby of the ad agency Ted Bates, who made $111 million when he sold to Saatchi & Saatchi in 1986. He notes the disdain that the deal caused in the industry. "A living symbol of greed," an *Adweek* reporter called it.

The book seems, to me, to work best for those admen who feel lost and trapped. Lost, because creativity no longer carries a big stick, and trapped, because they are uncomfortably wedged between the holding companies and the tech companies which claim to be able to deliver more, for less, without the fuss.

AF archive / Alamy Stock Photo

Farmer concludes that a root-and-branch look at the ad agency is essential and he provides a tidy process for doing so.

Agency chief executives must ask themselves two key questions, the author says: "What are our most fundamental problems?" and "what do we have to do to solve them?" He makes the point that these questions sound simple, but goes on to explain that agencies are hidebound by a long list of preconceptions about the perceived problems they are facing. I agree with his list. In fact, I would go further. Ad agencies should stop whining about the loss of their 'golden age' and get real. Was advertising ever really *that* important? I remember that, throughout my entire career in advertising (1978-2003), all I ever heard was a complaint that advertising "never sat at the top table".

I feel Farmer has a sequel up his sleeve. Transformation is what is needed, but in my experience this comes from more than just introspective insight and asking questions with 'our' and 'we' in them.

A good starting point for his sequel would be Professor Theodore Levitt's wonderful 1960s *Harvard Business Review* article entitled *Marketing Myopia*. To paraphrase Levitt, the ad agencies did not stop growing because the need for advertising declined. In fact, demand grew. The ad agencies are in trouble today not because that need was filled by others (digital agencies, for example) but because it was not met by the ad agencies themselves.

Ad agencies need to stop the myopic introspection and unseemly moaning that comes from an ivory tower business. Admen should look around and see what is actually going on in the real world. They are being superseded by new industries delivering more of what the customer wants.

Another starting point would be Marshall McLuhan's 1964 book *Understanding Media* which has been cogently explaining the impact of the internet to us for more than 50 years. Both Levitt and McLuhan were writing in the early 1960s, the era of Farmer's ad land "golden age".

Farmer's sequel might relate that the Mad Men never took their own advice "to be different and bold and relevant", or bothered to understand what 'signs of the times' their contemporaries, such as Levitt and McLuhan, were pointing to.

It could well be that the Mad Men age came and went without anyone noticing because, from outside the industry, nothing much seems to have changed.

— Andy Law, an author, Ernest & Young Entrepreneur of the Year, marketer and consultant in business creativity, is chairman of Inition. He was formerly UK chief executive of TWBA\Chiat\Day, and a board director at Collett Dickenson Pearce

Discovery Path: The changing world of work

Technology, globalization and the ascent into the workplace of Millennials have brought glittering new opportunities – and fundamental new challenges – to leaders and managers around the world. This selection of reading will help leaders navigate their way through the new business landscape by honing their skills and knowledge for present and future success.

Workplace Vagabonds: Career and Community in Changing Worlds of Work
Introduction
bluebottlebiz.com/book/workplace-vagabonds

The organizational structures of the workplace are moving towards more temporary and flexible work. This introduction shows how this new model is transforming careers and communities.

Millennials & Management
Chapter 3
bluebottlebiz.com/book/millennials-a-management

Millennials, also known as Generation Y, will be the largest generation in the workplace this year. This section examines the Millennial mindset and helps other generations understand and work effectively with them.

The New Workforce Challenge
Chapter 1
bluebottlebiz.com/book/the-new-workforce-challenge

This chapter focuses on the agile and virtual workforce and how companies are changing old organizational structures.

The Worldwide Workplace
Chapter 4
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This key text looks at how the physical workplace has evolved, and what it will look like in the future. It examines the skills it will require and the kind of people we will need in order to grow and prosper.

Reimagining the Office
Chapter 2
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Author Adryan Bell encourages the reader to reinvent long-standing workplace conventions. In this section, he challenges the desk-based mindset and presents the benefits of a landscaped work environment.

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101 Sample Write-Ups for Documenting Employee Performance Problems

This explains the disciplinary process from beginning to end and provides model documents that eliminate the stress and second-guessing about what to do and say. Expertly written, write-ups cover every kind of problem – substandard work quality, absenteeism, insubordination, email misuse, sexual harassment, drug or alcohol misuse, and more.
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Essential Financial Techniques for Hospitality Managers

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Food and Beverage Management

Written by an experienced team of authors including John Cousins and David Foskett, recognized authorities in food and beverage operations and culinary arts, this book has been constructed to meet the needs of a range of education provision at diploma and undergraduate levels; for in-company training programmes, and to provide a sound foundation on which to extend higher level studies.
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The 8 Dimensions of Leadership

Don't be a one-dimensional leader! To be an effective leader you need to know your strengths – but that's only part of the story. You also need a broad perspective on all the behaviours needed to be an effective leader. This book provides both.
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Energy Efficiency

Energy risk has reappeared on the corporate and social agenda and the complexity of issues has increased many-fold since the last great wave of concern following the oil crises of the 1970s. This is a comprehensive guide for managers and policymakers to fundamental questions underpinning energy-efficiency and our responses.
bluebottlebiz.com/book/energy-efficiency

Piers Cain is head of knowledge at the Chartered Management Institute

PIERS CAIN ON BOOKS

There are all too many weak books about strategy. Thankfully, this isn't one of them, says *Dialogue's* expert book columnist

Finally, a business strategy book worth reading

There are plenty of books on strategy. The cynic in me says these range from glib 'miracle formula' books written by plausible self-promoters to the turgid academic tomes of limited applicability. Only a very few have stood the test of time. Discovering that *Your Strategy Needs a Strategy* was written by three management consultants from the Boston Consulting Group and has an associated iPad app did make me wonder whether I had got the worst of both worlds. But my first impressions proved wrong.

This is a book about choosing the right approach to strategy. The authors show how existing strategy approaches split into five archetypes:

- classical (be big)
- adaptive (be fast)
- visionary (be first)
- shaping (be the orchestrator)
- renewal (simply be viable)

Which to go for? The optimal choice depends on the extent of predictability, malleability, and harshness of the business environment in which the organization is operating. Complex businesses operating in a range of environments should deploy multiple strategies, selecting the appropriate strategy to match each environment. The authors base their reasoning for why they believe a particular strategy is best suited for which environment and situation on mathematical modelling – which you more or less have to take on trust. However, it did seem to be plausible.

The different strategic archetypes will be familiar to those who have read a reasonable amount of management literature. But for those who are not, or who need reminding, the authors provide helpful side boxes that refer to the theoretical background, well known models and so forth. The different archetypes are clearly explained and there are useful sections on when to apply a particular approach and how to recognize whether you are in the right business environment to deploy it. There is also clear guidance at a high level on how to apply a strategy in practice, systematically covering aspects such as the use of information, innovation, organization, culture and leadership. Finally there is a handy 'tips and traps' section for each of the strategic approaches. In other words, the authors manage to be both theoretical and practical.

So, after a sceptical start, I found myself gradually being won over. At 271 pages, *Your Strategy Needs a Strategy* is relatively short and is written in a readable and engaging style. You don't have to be the aspiring chief executive of a major corporation to find the book useful.

I started finding myself playing the game of relating the preferred business strategy of colleagues to their previous working backgrounds and recognizing their behaviour and attitudes, to understand better where they were coming from. This is a book that provides applicable insights even if you are not in the position to be contributing to your organization's strategic choices. It is useful whatever the size of organization or whichever sector you inhabit.

The book has been entered in this year's CMI Management Book of the Year competition. It is hard to guess the judges' thinking, but I wouldn't be surprised if it turned out to be a very strong contender.

— Your Strategy Needs a Strategy: How to Choose and Execute the Right Approach
Martin Reeves et al, Harvard Business Review Press 2015.
bit.ly/strategyneeds

That it was written by three management consultants and has an associated iPad app did make me wonder whether I had got the worst of both worlds

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It takes a nation of millions to hold us back

In her engaging book *Beyond Happy*, Beth Cabrera tells a compelling story of professional women who are rejecting US corporate strictures and forging a better life for themselves, writes **Ben Walker**

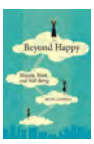
If you asked people on the street about the employment rate of women in the US, I'd venture most would guess it was rising. They would be wrong. It is falling.

In 1990, the US, the world's largest economy, had one of the highest levels of female employment in the world. By 1999, it had peaked – 74% of adult women were employed. Today, that figure stands at 69%. Beth Cabrera contends that the slump is born of a growing realization on the part of American women that 'having it all' is impossible, given the in-work benefits landscape. "The US is one of only four countries that has no national law mandating paid family leave," she points out, before hitting her punchline: "The other three countries are Lesotho, Papua New Guinea, and Swaziland." The result, she argues, is that many of the US's competitor nations boast higher female employment rates. Germany, Canada, France, the UK, Sweden and Japan, among others, command a higher proportion of women in work, and this is a direct consequence of US governments failing to legislate to allow women to combine work with family responsibilities.

How to resolve this? Using compelling case studies of other high-powered mothers who have changed direction, Cabrera suggests that, in many cases, the solution is for women to break away and find or create employment that works for them. She argues that the corporate world in the States is organized around the 1950s concept of the 'ideal worker', where men went to work and women, by and large, ran the home and family.

Drawing on personal experience, Cabrera offers tools for women to increase their wellbeing, beyond the drip-feed of the corporate salary. Mindfulness is there, of course, as is a whole range of mental exercises to boost positivity.

Nevertheless, this is a surprising book. You begin – perhaps because of the title – expecting a competent self-help guide for professional women. You get that. You also gain a firm hypothesis, born of hard data, that paints a picture of an America that has lost its way on workplace diversity. The lingering feeling is that women themselves are starting to change the game, through individual endeavour, from the bottom up.



— Beyond Happy: Women, Work and Well-Being
Beth Cabrera
ATD Press

BUSINESS CLASSICS REVISITED

Flow
Mihaly Csikszentmihalyi
Rider

This is the classic work on how to achieve happiness, authored by the (near-unpronounceable) Drucker School of Management professor Mihaly Csikszentmihalyi. He was the first to articulate the concept of flow: the state in which people are so involved in an activity that nothing else seems to matter; the experience itself is so enjoyable, people will do it, even at great cost, for the sake of doing it.

The brain can cope with 126 pieces of information a second, 7,560 per minute, half a million an hour. Being 'in flow' helps counteract psychic entropy, a disorganization of the self (one's thoughts) that impairs mental effectiveness. The gist is that understanding the concept of flow helps people live in harmony with themselves and others.

— Kevin Duncan is a business author, speaker and trainer. His greatesthitsblog.com summarizes more than 250 important books. Contact: kevinduncanexpertadvice@gmail.com

APPS FOR LEADERS: CAMSCANNER

Stop taking pictures of good ideas and get an app that does the job properly, says **Perry Timms**

You've been at the workshop and your team has constructed some amazing flip charts with ideas, plans and even a logo. You take a picture with your smartphone so you can get to work on them. When you get back, you realize how horrendous the lighting is, how the folded corners are hiding information and you have now lost the impetus to kick off this project, as the flipcharts were left behind or binned by the conference venue. That's a typical – and deeply frustrating – scenario.

Unless, that is, you use CamScanner. With this app, you can take an image, even a skewed image, make it square, align and enhance it. That's what CamScanner gives you; much more than a photograph – it's an image that your phone or tablet will treat as if it is scanning the image up close rather than a distance snap. There's optical character recognition (OCR) to turn a flat image into text you can search and use, and you can annotate, create pdfs – and store them in the cloud.

Get CamScanner. Kiss goodbye to lost flipcharts and handouts.

— CamScanner Free (pro version £3.99); App Store/Google Play

— Perry Timms is an independent HR/OD practitioner, speaker, writer and CIPD adviser on social media and engagement. Tweet him @PerryTimms

Karina Robinson
is chief executive of Robinson Hambro

KARINA ROBINSON

There's too much to do in December to find time for any work

It's a very merry Christmas in business

Time off is nothing but a dim and distant memory for the top executives of today. Or so say the pundits. How wrong the pundits are.

It is true that today's new modes of communication allow everybody to be available 24 hours a day; that the out-of-office reply is nearly as extinct as the dodo; that the most recondite places such as the Zambezi river have wifi; that there is a merging of work and play.

And yet my experience shows that the widely accepted thesis that leisure time for senior executives is ancient history is wrong, even in global cities like London. Let us look at the Christmas period. By September, financiers are telling their clients they won't be able to get their rights issue taken up because "no one is around in December" and considering the long lead time needed, it is best left to the new year. PR companies regularly advise their clients to delay an unwelcome announcement to December for the same reason. It's a whole month in which to bury bad news.

Now that networking qualifies as work, the first half of December is very hard work indeed

And is the denominated C-Suite away in December? Not in the first two weeks. Senior executives are physically present, but their spirits are elsewhere. The adrenalin-fuelled work buzz is absent. Time is taken up with Christmas lunches – visit a private members' club such as 5 Hertford Street or George, at 4pm in the festive season (now deemed anytime within the month of December), and you will find restaurant tables full of dawdling members. Plus there are the emblematic Christmas parties and dinners organized by well-known 'establishment' figures and hedge-fund bosses, as well as carol services for numerous children and high-profile charities. It is much more important to be seen at the right events than to be doing any actual work. Now that 'networking' qualifies as work, the first half of December can honestly be said to be very hard work indeed! As for actual deals, investments or pitches, the phrase most repeated in corporate offices at this time is: "Let's deal with it after Christmas."

Then, in the second half of December, executive parents who pay huge fees to send their children to private schools find them at home, ready for their four-week holiday. It is an oft-heard complaint in London that the more you pay for education, the less time your children actually spend at school. And offspring are time-consuming, whatever their age.

By 20 December, the residents of London's smartest neighbourhoods, like Belgravia, are long gone, or going, to mansions in the country or chalets in the Alps, or else to some rum-kissed Caribbean island such as Mustique, there to linger for a good two weeks. Because in London, the phrase "Christmas holidays" is shorthand for the period stretching to some time after New Year's Day, which is not the case in, say, Frankfurt or Madrid.

Refreshed and energized, senior executives are back at their desks on 2 January. Actually, they're not. Parking spaces abound, there are no waiting lists for fashionable restaurants and London feels like a waking teenager, slow and grumpy. Children return to their private schools mid-month and parents appear then, only to disappear again – relieved to escape the grind of wintry work – for a week's skiing in January and February or an escape to the sun. Those senior executives without children are just as much slaves to endless school holidays since, without colleagues or clients, there is not much they can do; and thus they join in the organized leisure.

Gentle reader, do I exaggerate? It is for you to judge, as you lie by the pool, daiquiri in hand, in the sunshine of the Bahamas on New Year's Day.

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