Theme Paper

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Theme: Journey of Business Excellence: Leadership Challenges and Sustainability in Disruptive Times

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Communities around the Gulf used to live relatively modestly, made sparing use of scarce resources such as water, lived in harmony with nature and forged mutually beneficial relationships with creatures suited to the context. More recently, and for a period, the area became associated with the conspicuous consumption that sometimes accompanies an increase in wealth and relative standing (Veblen, 1925). Excellence and progress seemed associated with bigger and more expensive rather than inclusion, relevance and more sustainable. Today local leadership vision and entrepreneurship can combine to contribute to a new way forward for the benefit of the region and wider humanity.

New leadership priorities are needed for challenging and changing times (Coulson-Thomas, 2018b). We are now more aware of limits of natural capital and challenges such as climate change and sustainability. The Dubai Global Convention 2019 represents an apt and hopefully bellwether opportunity to consider what the next steps in the journey of business excellence should be. Do we need to re-engage with stakeholders and rethink our approaches and excellence models and what we mean by excellence in the face of climate change, environmental, resource and other challenges?

Creating High Performance Boards

Corporate responses to contemporary challenges and new possibilities may greatly depend upon the direction provided by boards. In situations of uncertainty, in a changing context and without renewal, can the continuing relevance of existing organisations and boards be assumed? What criteria relating to the performance of an organisation could one also use to assess the performance of a board? Many boards seem reluctant to question their modus operandi and adopt innovative practices. Should the acid test of board effectiveness be the performance of the companies for which they are responsible?

Where more than incremental change is needed, innovation and transformation may be required. Do some directors need to rediscover their curiosity and the importance and value of human judgement, especially beyond the limits of big data and current technologies and where moral choices, trade-offs and intuition are required (Tenner, 2018)? Do more boards need to step up to challenges which have been avoided and tackle issues that have been deferred? Are high performing boards those that grasp nettles, address wider responsibilities and seek more sustainable and inclusive business models? What are the priorities and levers for creating higher performance boards?

Where innovation and transformation are required for confronting particular challenges, pursuing certain opportunities, and ensuring continuing corporate relevance and survival, should a board be judged according to the extent to which it inspires, enables and supports them? The “real work” may
be done by the people of an organisation and its collaborators, but a board can create a climate, culture and framework of incentives and policies that can either help or hinder them. It can liberate or frustrate. It can be cautious and favour the status-quo, or it could be more confident and open to new possibilities. It could be rigid or flexible in setting goals and supporting their implementation.

The methods some boards use to ensure the top down implementation of their strategies, priorities and decisions stifle questioning, discourage debate and prevent the emergence of alternative ideas and suggestions. Boards need to create environments and conditions in which people can feel safe to express concerns, explore fresh ideas and suggest new approaches, even though these may not be fully formulated (Edmondson, 2018). Directors can require humility as well as courage. They should respect other views, question and challenge, and recognise that diversity is conducive of creativity.

Corporate Transformation and Innovation

On its own, is transformation from one situation, state or business model to another always enough? What if requirements change and new possibilities emerge during a process of transformation? Do contemporary companies need to be in a continual state of adaptation and intelligently steered in order to remain relevant and vital? Competitive advantage can be fleeting. It may be eroded while it is being sought. The replication of past corporate success cannot be assumed. It might have to be worked at. What represents excellence and success can also change. When some are more concerned than others about an issue such as sustainability, they may not be the same for all stakeholders.

Transformation and/or restructuring used to be a requirement for certain companies that faced severe challenges, while innovation was often linked to sectors involving “high tech companies”. Today the imperative for both of them is more widespread. It is generic, embracing opportunities as well as challenges. They could be on board agendas in almost any sector. Directors and boards need to provide leadership for creativity, innovation and entrepreneurship (Coulson-Thomas, 2017a & b). Just about any business, person or team might be called upon to transform and innovate. When required to do so, people are often surprised by what they can collectively tolerate, initiate and accomplish.

In relation to innovation, tough decisions may be needed. In organisations dedicated to new product development, is there a limit to the number of new initiatives that can be sustained? Glaxo Smith Kline has closed or sold a significant number of drug development programmes and restructured the processes involved (Meddings, 2018). Is limitation, concentration and focus the answer? Do boards also need to ensure that they and the companies for which they are responsible remain open to ideas, including those from “outsiders” (Stevenson, 2017)? Is there still a role and support for creative pioneers like those who sparked past paradigm shifts and scientific revolutions (Kuhn, 1962)?

Agile and Innovative Leadership

The need for flexibility and rapid adaptation is such that the contemporary era has been termed the “age of agile” and greater strategic as well as management agility may be required (Denning, 2018). In many companies, boards no longer have time to go through a traditional cycle of strategy analysis, formulation and implementation (Zeng, 2018). Are boards and corporate HR teams doing enough to define the competences required by contemporary business leaders (Coulson-Thomas, 2017a & b)? In terms of their composition and how they operate, are boards providing appropriate leadership?

The best directors are often those who are prepared to pose questions that others are reluctant to ask. Are some strategic visions a con (Coulson-Thomas, 1992)? Should more boards confront reality and the prospect that existing preoccupations, priorities, strategies, development paths and business
models may no longer be sustainable and that current operations might be harmful (Dauvergne, 2018)? In some cases, is the agility required in the boardroom not so much the ability to quickly change direction, but rather the courage to jump to a different business model and corporate purpose?

Do corporate aspirations, priorities and strategies need to evolve or radically change as developments unfold in an uncertain business and market environment and the unexpected and discontinuities occur? Acute antennae and open and insightful minds are needed to monitor multiple and inter-related issues and assess their implications. Directors need to ensure that they and people for whom they are responsible are adaptable, resilient and capable of imagining and creating new options and alternative enterprises (Coulson-Thomas, 2001). What example and tone should today’s directors and boards set? Do they need to change how they communicate, engage and work with others? What do many directors need to do differently to become more inspirational and transformational leaders?

Building Quality and Continual Improvement Cultures

Much effort is devoted to the incremental improvement of various aspects of current operations and offerings. Will improvement alone enable us to tackle global issues and seize related opportunities? Do we need to speed up the pace of adaptation and increase its scope and scale? Trust in CEOs and other leaders has declined (Harrington, 2017). Will stakeholders and younger generations whose futures are at stake trust directors and boards to take big steps towards more sustainable and less environmentally damaging models of operation? Will directors continue to seek comprehensive “all aspects” quality improvements at the expense of the interests of their children and grandchildren?

Do we need to redefine terms such as excellence, quality, performance and productivity in terms of reducing environmental and resource footprints? Could less be more? Might de-scoping and different business and distribution models allow more people to participate? Greater connectivity and a wider range of options strengthen the position of consumers. Do we require a more receptive, reflective and listening form of leadership (Coulson-Thomas, 2014)? Do boards need to be more alert to broader issues of concern to customers and better attuned to their and other voices? Should directors build more intimate relationships with a wider range of stakeholders (Coulson-Thomas, 2018a)?

If quality and excellence are to be more sustainable how should companies look beyond their own activities, products and services to ensure that their whole supply chains from raw materials to end users are acting responsibly and in accordance with a redefined ethos and corporate purpose? Do some corporate cultures need to change to reflect different priorities in terms of new considerations and what is now acceptable in relation to excellence, growth and quality (FRC, 2016)? How does one ensure that revised criteria reflect multiple, inter-related and global concerns and are embedded and observed? Could they be a source of differentiation? Do directors have sufficient experience of various cultures to build the relationships needed to address global issues (Brimm, 2010 & 2018)?

Fostering Creativity and Innovation

If more than incremental improvement is required to tackle international challenges, are creativity and innovation now a strategic imperative and for many companies existential requirements? Do more organisations need to become deliberately innovative and developmental (Kegan and Lahey, 2016)? In many companies, should innovation be more explicit? Is it visible in day-to-day operating practices and workplace conversations? Are corporate approaches to innovation aligned with people’s motivations to provide solutions to problems as they arise, or do people see innovation as someone else’s job? Are criteria to determine if an innovation is strategically significant reviewed?
In fast moving contexts in which successive developments have clear advantages over predecessors, creativity and innovation along with their commercialization, early adoption of better business models and rapid and effective responses to the moves of competitors and new entrants can become sources of competitive advantage. Innovations can be sustaining or disruptive (Christensen, 2003). It is often applications or uses to which a new technology is put rather than the technology itself that is disruptive. Strategic innovations can lead to new business models, industries, sectors and markets.

Are enough boards regularly reviewing what more they could and should do to stimulate creativity, enable innovation and support entrepreneurship (Coulson-Thomas, 2017a & b)? Do a corporate culture, climate and ethos encourage them? Are governance arrangements and risk management practices conducive of them, or do they inhibit them (Coulson-Thomas, 2017c)? Should more boards regularly review actions to better facilitate them and remove factors that hinder them? What represents best practice in innovation investment, governance and project and risk management?

Disruptive and Enabling Technologies

Technological developments have altered how people and organisations operate, learn, buy and sell. Would a decision tree and/or roadmap for the future adoption of emerging technologies be possible or desirable? Does the approach of a board to new and emerging technologies and the processes it adopts need to reflect the context, possibilities, timescales and costs and a company’s available capabilities? Are boards being ambitious enough in terms of possibilities explored and the ambitions they set for reinvention and redesign (Preston, 2018)? Do they supplement corporate capabilities with complementary collaborations, involving parties with compatible approaches and aspirations?

Applications of technology have transformed markets and market participation. They have led and are leading to potentially profound cultural, economic, political and social changes. Will automation and developments in artificial intelligence outperform humans to such an extent that a significant proportion of the work they currently undertake may be replaced (Kaplan, 2015; Harari, 2018; West, 2018)? Will leadership no longer mainly relate to relationships with people? Alternatively, will increased demand for programmers and new activities made possible by AI and other applications result in an increase in employment for those willing to retrain and remain current (Coats, 2018)?

Speakers at IOD international events have posed choices such as “change or be changed”, “disrupt or be disrupted” or “replace or be replaced”. Could applications of technology disrupt, slow or reverse climate change or the depletion of natural resources, perhaps by providing alternatives. Should more boards give a lead in applying new technologies to certain existential challenges facing businesses and/or humanity (Keith, 2013)? Do they need to better understand factors that drive resistance to new technologies and be more persistent in seeking to overcome them (Juma, 2016)?

Some technologies have been adopted faster than legislation relating to them can be drafted and implemented. Do we need to transform and speed up of regulatory and other public decision making and practices and responses to mutating cyber-security challenges? Can information and data governance arrangements keep pace with developments? Boards need objective advice to distinguish hype from realistic possibilities. They need to consider alternative futures and the practicalities of adoption, think through implications and avoid dead ends and excessive crawl out costs. Care must be taken to avoid being so focused upon new technologies that we overlook opportunities to reintroduce modified forms of older approaches such as traditional cooling towers in the Gulf region.

Navigating Governance, Sustainability and Technological Challenges
Boards face multiple and inter-related governance, sustainability and technological challenges. Do navigating them and reshaping governance represent new frontiers for excellence journeys? The Future of the Corporation (2018) programme suggests that the emphasis of corporate governance should be switched from alignment with shareholders’ interests to the implementation of corporate purpose, which when corporations were initially established embraced public as well as commercial concerns. How should boards and their governance arrangements embrace new business models and the sharing economy (Sundarajan, 2016)? Why should board experiences, memberships, structures and practices from a previous era be necessarily relevant to today’s choices and the resolution of contemporary dilemmas? How should a new generation of directors be identified and selected? What can we do to prepare them for unknown futures and to operate in arenas that we do not understand?

How many directors are widening their perspectives and visions from corporate transformation to transforming our world? How many boards are committed to supporting the achievement of Paris Agreement (2015) climate change undertakings and/or United Nations (2015) sustainable development goals? How should directors who are thinking longer-term accommodate, communicate and/or negotiate with stakeholders whose concerns and priorities are more immediate? Is consensus possible? If further fragmentation or polarization occurs, should companies develop multiple approaches, models, offerings and forms of relationships, or even de-merge, to suit different communities and groups that have varying pre-occupations and make incompatible lifestyle choices?

Innovation can open doors and sustain progress (Christensen and Raynor, 2003). Rather than look for better ways of playing old games, should boards invent new ones that are more affordable and inclusive and less demanding of resources and time? Do we need new strategies and new forms of governance for new models of operation, organization, funding and exchange? While regulators keep their heads down, and Governments procrastinate and avoid alienating sections of their populations, directors are in the front-line and face difficult choices. Will they play it safe or grasp nettles? Will they try alternative ways of discharging their legal duties and responsibilities and new ways of communicating, engaging and providing leadership? Discussion at the Dubai Global Convention may suggest which way the wind is likely to blow, and whether it will be in a direction that inspires those who are ambitious, curious and who want to have an impact and make a difference to set sail.

References


Further Information

Theme papers do not necessarily represent a corporate view of India’s Institute of Directors (IOD) and are designed to encourage questioning ahead of the Institute’s international conferences. Further information on the 29th World Congress on Leadership for Business Excellence and Innovation which is organised by IOD can be found from the Institute’s website, and in particular: https://www.iodglobal.com/dubai-global-convention-2019.html

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