

Board Leadership for Excellence and Innovation



Prof Colin Coulson-Thomas*

Asking different audiences to identify the characteristics of an excellent company triggers a range of responses, not all of which are from traditionalists who stress profitability. Certain sub-groups take a longer-term view than others. Some feel strongly about the external impacts of companies. Responses from younger people sometimes suggest a shift of emphasis from business excellence to social performance. Efficiency can appeal to both traditionalists and those who are more concerned with sustainability and/or the environment. The variety of responses one can get suggests that boards should not assume a common view of what represents excellence across different stakeholder groups.

For many companies there is a case for a fundamental review of what is meant by excellence and what the role of a board should be in relation to innovation. People are now more aware of limits of natural capital and of challenges such as climate change. In changing times some directors are already considering whether they should assume additional responsibilities towards a wider range of stakeholders. Should more boards re-engage with stakeholders and rethink their approaches and priorities in the face of environmental, resource, sustainability and other concerns? The Dubai Global Convention 2019 represents an opportunity to learn from others and consider the strategic options.

Challenges for Boards and their Abilities to Address Them

Corporate responses to contemporary issues and new possibilities can be limited or encouraged by the direction provided by boards. In a changing context and when the future cannot be easily foreseen, the continuing relevance of many existing organisations and the practices of their boards is problematic. Understanding of unfolding developments is sometimes limited. Many boards seem reluctant to question their *modus operandi* and to adopt innovative practices. In uncertain situations is redesign and renewal possible? What scoping guidelines or criteria to assess alternatives should one use? What are the priorities and levers for creating higher relevance and performance boards?

Are directors ready for when more than incremental change is needed, and innovation and/or transformation required? Do they grasp nettles, address wider responsibilities and seek more sustainable and inclusive business models? Do they display humility as well as courage? Do they recognise that diversity is conducive of creativity? Do some directors need to rediscover their curiosity and recognise the value of human judgement, especially beyond the limits of big data and current technologies and where moral choices, trade-offs and intuition are required? Do more boards need to step up to challenges which have been

avoided and tackle issues that have been deferred?

Certain challenges facing boards are inter-related and it may not be clear to whom they should be delegated? If innovation and transformation are required for confronting them, pursuing related opportunities, are boards able to inspire, enable and support them? A board can create a climate, culture and framework of incentives and policies that may either help or hinder, or liberate or frustrate. It might 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

Boards should make people feel safe and be willing to express concerns, explore fresh ideas and suggest new approaches. They should question and challenge, but respect the views of others.

Agile, Innovative and Supportive Leadership

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. Are boards and corporate HR teams doing enough to define the competences required by contemporary business leaders? The best directors are often those who are prepared to pose questions that others are reluctant to ask. In terms of their composition and how they operate, are boards providing appropriate leadership? Are they able to ensure the flexibility and the strategic and management agility that companies today require? In many companies, boards no longer have time to go through a traditional cycle of strategy analysis, formulation and implementation.

Might a combination of big data and AI with appropriate algorithms and the ability to quick learn from experience be better able to adapt to changing market realities and customer and other requirements than current approaches involving key decisions being constrained by the agendas and inflexibilities of monthly board meetings? Are some strategic visions a con? 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? 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 board and 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. What example and tone should today's directors and boards set? What do many directors need to do differently to become more inspirational and transformational leaders? Do they need to change how they communicate, engage and work with others?

The Role of Corporate Transformation and Innovation

On its own, transformation from one situation, state or business model to another may not be enough. Requirements can change and new possibilities may emerge during a process of transformation. Do some companies need to be in a continual state of adaptation and intelligently steered in order to remain current and relevant? Competitive advantage can be fleeting. It may be eroded while it is being sought. The replication of past corporate success cannot be assumed unless there is renewal and reinvention. Criteria for 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 associated with problems and companies that faced severe challenges, while innovation was often linked to certain sectors involving "high tech companies". Today the imperative for both of them can be found more widely. It is almost a generic, requirement in many sectors for responding to opportunities as well as challenges. Do directors and boards need to provide new forms of leadership for creativity, innovation and entrepreneurship? Today many businesses, people and teams are called upon to transform and innovate. When required to do so, will they be able to collectively tolerate, initiate and accomplish what is needed to succeed.

Innovation and its monetisation can require tough decisions. Where successful new product development is a critical success factor and costly, what strategies should be employed. Should one set a limit to the number of new initiatives that can be afforded and sustained? Is limitation, concentration and focus the answer? Should opportunities be explored for joint or other collaborative projects, or for contracting out R&D? Should solutions and offerings be crafted in such a way that the processes involved can learn to enable them to continually evolve and adapt? Do boards need to ensure that they and companies for which they are responsible remain open to ideas from both "insiders" and "outsiders"? Must one only support teams, or is there still a role for creative pioneers like those who have sparked past paradigm shifts and scientific revolutions?

Continual Improvement, Learning and Intelligent Adaptation

Continual improvement of various aspects of current operations and offerings sometimes seems less exciting than the big steps of radical change and transformation. While much effort may be devoted to it, are we improving areas that may no longer be required? 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? Using a combination of AI, big data and machine learning, could algorithms allow automatic, continual and intelligent adaptation to changing requirements? Should boards devote more attention to the establishing and review of such models and rules?

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 technological

developments? Rather than being a fixed set of rigid rules that may be periodically reviewed, should Government regulations be algorithms with requirements that can evolve based upon learning from experience.

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 re-introduce modified forms of older approaches that may be affordable and better suited to certain contexts such as traditional cooling towers in the Gulf region.

Disruptive and Enabling Technologies

Technological developments are revolutionizing communications, participation, markets, operations, learning, buying and selling. Would a 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? Do they supplement corporate capabilities with complementary collaborations, involving parties with compatible approaches and aspirations?

Applications of technology 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? 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?

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? Do they need to better understand factors that drive resistance to new technologies and be more persistent in seeking to overcome them?

Taking Account of Sustainability

Could applications of technologies also address sustainability issues? Should we redefine excellence, quality, performance, productivity and corporate success in terms of reducing environmental and resource footprints? 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? Could AI and big data enable boards and companies to be better attuned to customers and other stakeholders, and better able to build more intimate relationships with a wider range of them?

If quality, excellence and other factors are to be more sustainable, how should companies look beyond their own activities, products and services to ensure that whole supply chains from raw materials to end users act 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? 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?

Trust in CEOs and other leaders has declined. Will stakeholders and especially 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 quality improvements at the expense of the interests of their children and grandchildren? Do they have sufficient multi-cultural experience to build the relationships needed to address global issues?

Fostering Creativity and Innovation

Innovations can be sustaining or disruptive. It is often applications or the uses to which a new technology is put rather than the technology itself that is disruptive. When successive developments have clear advantages over their 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.

If more than incremental improvement and new applications of technology are required to tackle international challenges, do more boards need to put a higher and strategic priority upon creativity and innovation and its successful commercialization? In many companies, should they be more explicit? Are they visible in day-to-day operating practices and workplace interactions? Are criteria to determine if an innovation is strategically significant reviewed? Are corporate approaches to innovation aligned with some people's natural inclination to provide solutions to problems they encounter and as they arise, or are they more likely not to see innovation as part of their jobs?

Strategic innovation can lead to new business models, industries, sectors and markets. Should more boards regularly review how they could better stimulate creativity, enable innovation and support entrepreneurship and what represents best practice in innovation investment, governance and project and risk management? Do a corporate culture, climate and ethos encourage them? Are governance and risk management practices conducive of them, or do they inhibit them? Should more boards regularly review actions to better facilitate them and remove factors that hinder

them?

Navigating Multiple Challenges

Boards face multiple and inter-related technological, sustainability and governance challenges. Is a review of corporate purpose and its alignment with a wider range of stakeholder concerns a useful or necessary first step in successfully navigating them? Should boards then assess whether their governance arrangements reflect this purpose and these concerns, and also embrace new business models and the sharing economy? How relevant are experiences and board memberships, structures and practices from a previous era to today's choices and the resolution of contemporary dilemmas? How should new directors be identified, selected and prepared for unknown futures?

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? 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 challenges and opportunities and new models of operation, organization, funding and exchange? The forthcoming Dubai Global Convention 2019 and 29th World Congress on Leadership for Business Excellence and Innovation provides a forum for business and thought leaders to share their views on innovation priorities and the next steps that should be taken on business excellence and sustainability journeys.

* **Prof. Colin Coulson-Thomas** holds a portfolio of leadership roles and is IOD India's Director-General, UK and Europe. He has advised directors and boards in over 40 countries. ■

ASSESSORS INVITED

Would you like to be an assessor of the most prestigious awards?

We are constantly on the lookout for professional volunteers nominated by their organisations to be assessors for Golden Peacock Awards

GOLDEN PEACOCK AWARDS SECRETARIAT

invites for specialists in the areas of

ENVIRONMENT, HEALTH & SAFETY AND ENERGY EFFICIENCY

A most rewarding and enriching learning experience



Please send your CV to info@goldenpeacockaward.com

GOLDEN PEACOCK AWARDS SECRETARIAT

M-56 A, Greater Kailash Part - II (Market), New Delhi-110048, India

Board Nos.: +91-11- 41636294, 41636717, 41008704 • Email: info@iodglobal.com

www.goldenpeacockaward.com

