

2050 LEADERSHIP DIALOGUES INSIGHT PAPER FOR NON-PARTICIPANTS



In late summer 2007 we began a series of one-to-one dialogues with a diverse range of business leaders asking the question: **What leadership is required to lead your business into the future?** The following are key insights, themes, messages and conclusions that emerged.

We initiated the 2050 Leadership Dialogues following extensive experience of business consulting on human rights and sustainability, and based upon two particular observations:

First, we noticed that many policies, CR commitments and practices of companies depended highly on the leadership capability shown in organisations from CEO to supplier and business unit manager. We heard that leadership 'commitment and buy-in' were critical and that business leaders were increasingly being expected to demonstrate the company's commitment to responsibility and sustainability – that they must 'lead by example'. Further, we saw businesses adopt leadership positions through participating in sector, cross-sector and multi-stakeholder initiatives or projects. We became interested in what *specifically* these leaders must demonstrate, what capabilities need to be exemplified and what cultural enablers and barriers exist in organisations that leaders must transform - all in relation to responsible corporate behaviour.

Second, we engaged in some simple horizon-scanning to gauge what social and environmental trends and uncertainties could substantially impact on clients' business strategies and business models. We found ourselves asking questions like: How will population migration and demographic shifts impact on our clients? What will be the impact of increased competition for natural resources? How will our clients be expected to contribute to the security and cohesion of society in a world of increasing fear and distrust? How will diverse stakeholder ideologies and expectations challenge our clients' 'license to operate'? How will leaders and institutions be held accountable for their contribution to tomorrow's world and by whom?

This formed the basis of our inquiry.

8 LEADERSHIP THEMES

- Inside-out
- Relational focus
- Enabling, not commanding
- From local management to local leadership
- Appropriate language
- Inspiring action
- Embracing the irritant
- Responsibility with humility

“ I am clear what it is going to take, but not what it will finally look like ”

1. KEY LEADERSHIP THEMES

We heard eight key messages relating to what is required from leaders in order to navigate future economic, social, cultural and environmental trends. We found that these were not wholly new capabilities but they are distinctive and they need to be refreshed and developed to be effective within a rapidly evolving business environment.

Inside-out: Good and effective leadership focuses first on ‘how one is being’ as a basis for what one is doing. A leader’s beliefs, values and attitudes to responsible business are the core of what gets translated to colleagues. One participant said this was a ‘dark art’ and another mentioned the importance of ‘presencing’ responsibility (really integrating what responsibility means) in their own interactions with others. Participants reflected that this can be challenging in the context of an external CSR agenda that focuses on implementing tools, mechanisms, auditing, and ticking boxes. A few also reflected that this requires younger/junior employees moving into leadership to **unlearn** what has brought them success in the past – moving their leadership practice to another level.

“ At a very basic level, I think that one has to be mindful of how one is being authentic & living the values. This has the biggest impact ”

Relational focus: All the leaders spoke of the importance of time with others, and the difficulty in finding that time. These comments focused mainly on time with direct team and colleagues from other departments with an impact on sustainability issues. However, many extended this out to time with other stakeholders. Furthermore, participants reflected that senior leadership longevity (i.e. being with the company a long time) naturally supports a long-term view for the company and a sensitivity to participation (or relationship) with ones own community (local or national) which strongly re-enforces responsible and sustainable business.

“ We have technically competent managers who do the factual parts well, the other less tangible parts have a long way to go. My major focus will be on causing a breakthrough in participatory management on the factory floor ”

Enabling, not commanding: When it comes to integrating human rights and sustainability command and control leadership is severely limiting – and many suggested that this is the case for their company more broadly. Participants suggested that specific and complex local cultures, practices, issues and dynamics make it near impossible for the centre to command and control in an effective way. Local leaders must work with what emerges and be imbued with the trust, sensibility, inspiration, confidence and responsibility to work it out. Becoming skilled at this more **enabling** approach – including when working with business partners, suppliers and external stakeholders – will be the most critical capability of future leaders.

From local management to local leadership: There was an overwhelming recognition that the biggest leadership challenge and opportunity is 'on the ground' in local operating units and facilities. The shift at this level is from management to leadership, particularly in the area of sustainability and responsible business. The corporation relies increasingly on these individuals to navigate dilemmas and engage in complex situations. One participant said that 'individuals are required to sit on the community liaison committee one day and participate in the World Economic Forum the next'. It is also clear that this is where a great deal of innovation is taking place in generating new responses to sustainability challenges. At the same time, participants acknowledged that this presents a new challenge for talent development and retention.

"Today, our managers at mine level have to be able to hold their own in a community liaison committee one day and the World Economic Forum the next "

Appropriate language: All participants raised the importance of needing to be aware of how other people hear (interpret) what you are saying when discussing and implementing sustainability and human rights. The importance of simplicity and clarity was raised a number of times. However, this went beyond translating the language of the agenda into 'business language' or 'making the business case'. Instead, what is required is to know the tone, voice and vocabulary of the company, function or country/region within which one is engaging. Having the right words prepared is one thing, having a genuine sensitivity (empathy) to the particular situation is what really makes the difference.

" Even though our company is large, leadership today is much more like captaining a sailing boat than driving a big tanker. We need to ensure responsiveness and skill from everyone"

Inspiring action: Although our dialogue process did not ask specifically about investments in the community, participants spoke of this. In one sense this could simply be a function of an historical or 'old' CSR agenda focusing on philanthropy. However, the energy and expression with which the leaders we spoke to shared these activities suggested a real pride and sense of inspiration. They also recognised the importance of employees having their emotions, body and spirit engaged in situations of poverty, suffering, disease, confusion and pain. This also translated beyond local communities to the taking leadership roles at the level of nations, regions, or in respect of specific groups (e.g. women and children).

Embracing the irritant: A number of participants shared stories of engaging with particular colleagues who consistently challenged the majority view about the company's response to human rights and sustainability issues. They recognised the frustration that this can cause as things often go slower in the short run. However, in some cases a better path for the business and stakeholders was found.

" Over the past five years I have learnt a great deal about building consensus across boundaries "

One business leader flagged that the time spent with one particular individual in the team (who often took the moral high-ground) was the most exciting, fun and productive encounters she had. This also seems to be the way that businesses are beginning to treat some elements of civil society (such as in the way they are now engaging with NGO's more as partners than adversaries.)

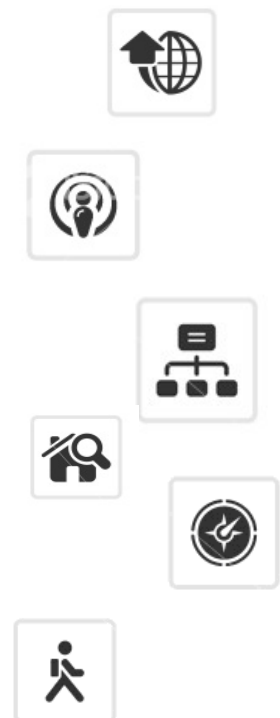
Responsibility with humility: We heard several clear statements that responsibility and humility are equally important. Participants recognised that individual leaders and the wider collective are in a world where both are firmly required. This extended beyond accepting fault when things go wrong. It was equally relevant when business leaders invest in initiatives (industry, multi-stakeholder, community, internal) that aim to move business thinking and practice forward. There is good reason to communicate clearly both successes and struggles in the context of sustainability and human rights.

“ Too much humility is an abdication of responsibility – we need to be able to talk about what we have achieved “

2. THE PROCESS

We believe that this open-ended dialogue around simple compelling questions has generated valuable insight. Our approach to our time with participants was to ask specific questions (listed below) and move from the 'big picture' to the personal journey and aspirations of the individuals we spoke to. In this way our intention was to move from what is being seen and sensed 'out there' to what is being felt and experienced 'in here':

- What are the social, economic, political and cultural trends that are shaping your business environment in the next five, ten and twenty years?
- Thinking through your company's sphere of influence, do other trends or issues arise?
- Who in your business is leading thinking about these trends?
- How does the culture here enable or constrain thinking in response to the trends you have outlined?
- Are existing leadership styles enough? What capabilities or characteristics are required of leaders?
- As a leader what have you learned? What lasting contribution would you like to make to the company?



3. BEYOND LEADERSHIP

Alongside the key messages about leadership we were able to identify the following themes and insights from the dialogues:

The Future: The future trends and uncertainties identified by participants were often very similar, with some minor variations across industries. All participants shared questions and uncertainty regarding China and India in terms of competitors, geo-politics and customers. Other recurring themes included resource nationalism, climate change, the role of communities/groups in contrast to the role of the individual, scarcity of natural resources, labour market demographics and innovation around business models.

“ We deeply believe that we can do anything and that anything is possible. This informs our response to major social and environmental challenges. For better or worse, it is in our culture”

Culture determines response: The dominant and basic culture and identity of sectors and national business culture has an impact on the reactions and responses to sustainability and responsibility issues. Business culture enables and constrains responses. For example: a mining company with core engineering capability may respond in a concrete but linear fashion to community unrest whereas a finance institution will tend to foresee risks in an uncertain future. Also, the culture and history of the home country of the business (e.g. Dutch versus Russian) was referenced by all companies as influential on business responses and on leadership requirements.

Leadership dialogue is a rarity: Individuals at all levels of the organisation rarely engage in such open-ended and reflective dialogue about leadership and culture and almost never with their colleagues. One participant reflected that having to consistently ‘fire-fight’ means that his team can lose track of what they are trying to achieve for the business, shareholders and stakeholders. ‘Doing’, and being seen to be busy seems to be valued over and above time spent thinking, exploring and reflecting. This trait is in contrast to the need for meaningful organisational learning, particularly in conditions of uncertainty and rapid change.

“ My team and I met for one hour last week with no real agenda. We realised we had not spent time together in this way, in the same room, for months “

Personality matters: First, all participants spoke clearly about their own personal contributions to the business (to date and moving forward). One clear overlap was how grounded, practical, specific and measurable the ideas are around this issue. Connected to this all participants were very open about their personal passions, beliefs, barriers and aspirations that inform their work. Second, everyone we spoke to had formed a connection between their own values and principles with the responsibility of what it means to be in senior leadership. There was a strong sense that **who** the CEO is, regarding these issues matters - the degree to which they are seen to be leading with authenticity.

4. CONCLUSION AND RECOMMENDATIONS

Despite the open-ended nature of our questions and conversations, we were able to draw out some clear, shared themes about leadership. As we step back from this process we recognise that the themes emerging are not necessarily new or revolutionary to business. However, our assertion is that the eight leadership principles or capabilities are critical for businesses facing an increasing breadth and depth of social and environmental complexity. The challenge for businesses appears to be how to develop these within the business and among peers (especially in the same sector). We further assert that human rights and sustainability concerns will achieve more powerful results if such capabilities are developed in a concerted way.

As you consider this challenge for your business, here are some questions to consider:

- Is your business creating time, space and opportunity for the leadership capabilities in this paper to be developed?
- Could you and your peers (in your company or in your sector) responsible for navigating future trends, develop a shared vision for business leadership?
- Where are the existing opportunities to develop this dialogue?
- How would such a vision compare to the insights in this paper?
- What success indicators are guiding the business and to what degree are explicit and implicit incentives supporting the organisation's vision?

