



LEADING FOR REINVENTION

GLOBAL TRENDS, STRATEGY FORMATION AND LEADERSHIP IMPLICATIONS

Understand how highly successful leaders seize opportunities to reinvent and transform their organisations through change with these post meeting notes from CRF's digital masterclass **Leading for Reinvention**. Our expert panel discussed global trends, strategic considerations, and leadership implications; giving practical insights into developing future-proof leaders and organisations.



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OF THE EVENT HERE:**



VIDEO TIME REFS:

- ▶ **Global Trends** 0:01:56
Prof. Amelia Hadfield
- ▶ **Strategy** 0:32:56
Prof. George Yip
- ▶ **Leadership Implications** 1:05:10
Fredrik Schuller

GLOBAL TRENDS



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PUBLICATIONS

PROFESSOR AMELIA HADFIELD is Chair in European and International Relations and Head of Department of Politics at the University of Surrey. She has held senior academic posts in the UK and Europe and her key areas of research, consultancy and teaching include Common Security and Defence Policy, EU-Russia energy relations, EU Neighbourhood and Development policies, EU relations with the US and Canada, Arctic and Northern Governance Issues and European Energy Governance. Amelia is also keenly interested in foreign policy analysis, international relations theory, international political and economic policy and analysis.

1. BREXIT

We are in the first few months of implementing the December 2020 Trade and Co-Operation Deal. This covers a wide range of subjects (trade, environmental issues, social issues, competition etc.) and sectors (transit, energy, fisheries etc.) and is managed by the Partnership Council (with various committees for each function).

The deal is zero tariff and zero quota for trade. However, issues are arising due to the requirement for exporters to provide proof of origin to qualify for zero tariff. The complexity and quantity of the paperwork required is seeing many exporters choose to instead pay the tariff, and pass along any additional cost to the consumers. As a result, UK shop prices have risen steeply in the last six weeks (according to the BRC). We are experiencing both product shortages and price increases, which will have a knock-on effect on inflation, and put pressure on the all important Christmas trading period.

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UK exports to the EU have fallen by around 20% between January and April, and imports back to the UK from the EU have decreased by 25%. The effect of Covid is beginning to wane and issues such as the rules of origin requirements are beginning to have a profound impact. We are experiencing HGV driver shortages due to less lucrative conditions and increased paper work, making international journeys more complicated. The Government has resisted requests to create seasonal visas for certain sectors, including HGV drivers, as they fear it will open the floodgates in other sectors.

Issues also continue to arise in Ireland, due to the need to ensure there is no border between Northern Ireland and the Republic of Ireland. The border must be in the Irish Sea. This has provoked political tension with violence throughout Easter, which created sectarian issues, but also economic as a result of the tariffs and management of the ports. This is likely to continue.

Brexit continues to pose a variety of legal, logistical and political issues on either side and the question is what is next and how to move forward.

2. EU POLITICS

Europe remains badly bruised following Brexit, and an imbalance is emerging around how it continues to see itself as a community. Traditionally the alliance has been very reliant on the trilateral glue of Germany, France and Britain. However, without the presence of Britain in the institutions of Brussels, some real slippage in terms of liberal democracy is emerging. Poland, Hungary, the Czech Republic, Slovakia and Slovenia are all surprisingly pushing back and voting in populist governments – making clear they are not the old school European member states that we are used to.

Concerning the German election, the race remains wide open. However, in the last debate the EU was barely mentioned – with the focus instead on climate change.

With Europe unable to institutionalise relations with Britain, we are also seeing the rise of bilateralism. Europe is increasingly relying on individual countries to reach out and build security and defence relationships with Britain. One of the weak parts of the treaty with the UK is law and justice. Without Europe, Britain loses access to real time intel and, no longer being a member of Europol, will rely increasingly on bespoke agreements.

An area we may see Europe develop is in regulatory diplomacy – focusing on procedures around data and climate change, for example. It has demonstrated its skill in this area through its work with the G7 countries on negotiating the new global tax deal (aimed at ending profit sharing amongst big conglomerates), and its work on the alignment agreements on data with Britain through Brexit.

3. COP 26

Five reasons why businesses need to be paying attention to the 2021 United Nations climate change conference, COP26:

1. COP26 will give businesses an early insight into new regulations which could result in big sectoral and labour shifts. It will also give an idea of internationally agreed targets, both in terms of state relations and the impact they will have on business.
2. The emergence of the green finance market, launched in Paris five years ago. This is the idea of private finance supporting the shift of the economy to net carbon zero. Businesses need to be aware of what opportunities will increase and reduce.
3. Continuing shifts in consumer behaviour, as people become more willing to pay a premium for sustainable products and younger consumers look to become more demanding.
4. COP26 is going to produce a variety of advanced green technology, prompting new business models, services and products. It will also see more tricky regulatory risks arising for high emission assets.
5. Young talent is going to be attracted to those companies who have a demonstrably clear sustainability policy. It's not enough to proclaim to be green ('greenwashing') – you have to be transparent in your efforts to do so.

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STRATEGY FORMATION

Slides can be accessed [here](#).



GEORGE YIP is Emeritus Professor of Marketing and Strategy at Imperial College Business School, and Distinguished Visiting Professor at Northeastern University. George is a Fellow of the Academy of International Business and a member of the Thinkers50 Hall of Fame. He sits on the editorial advisory boards of *California Management Review* and *MIT Sloan Management Review*, and his previous academic positions include Harvard, Stanford, Oxford and Cambridge. George's previous business positions include Capgemini Consulting, Price Waterhouse (USA), and Unilever, and he has written over 100 publications on strategy, marketing, international business, and innovation.

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WHAT IS STRATEGY?

There is often huge confusion over the definition of strategy. It can be divided into three concepts:

1. Business Model: This is ongoing, static and doesn't alter much over time
2. Strategic Moves: These are the dynamic actions you might take
3. Strategic Objectives: These can be divided into short-term and long-term objectives, and will be different for each level of executive

THE PROBLEM OF STRATEGIC DRIFT

Gerry Johnson and Kevan Scholes coined the term 'strategic drift', to describe the situation in which a company is unable to keep pace with changes in the business environment. Rather than increasing its rate of change to match that of the environment, a company continues to make incremental adjustments. Upon realising this disparity companies enter a state of flux, usually bringing in management consultants and firing their CEO. It is at this stage that they will realise either transformational change, or fail.

Strategic drift often happens because of individual cognitive limits, core rigidities within the company, and difficulties in changing organisation culture. How can organisations anticipate the need for strategic transformation, in order to avoid strategic drift? Indicators to look out for include:

- The introduction of a new technology or product introduced into your industry by an external player, which your top managers refused to regard as significant
- Your sales and profits remain good, but the most innovative and desirable customers desert you
- Your customer loyalty and retention declines
- Failure to attract and retain the smartest employees and talent
- Your company is worth more broken up

CASE STUDY: TRANSFORMATION BY REINVENTING MICROSOFT'S CULTURE

When Satya Nadella took over as CEO in 2014, Microsoft was in serious need of a reboot with a flat stock price, lagging product development, and a culture of employees who competed rather than collaborated.

He appointed a new Executive team, partly selected for their empathy and respect for employees. In meetings, he encouraged a move from 'precision questioning' (previously favoured by Bill Gates) to 'curiosity'. This created an environment where people were more willing to take risks and make mistakes. The company dropped stacked rankings, adopted a growth mindset and admitted mistakes.

The combined impact of this saw Microsoft become one of the world's most valuable listed companies by 2019.

GOOD LEADERSHIP Hinges ON ORGANISATIONAL INTELLIGENCE

The central dilemma for corporate leaders has always been that you must motivate an entire organisation to embrace and implement the strategies that you are leading. How can you change direction, and have your organisation or team realign behind you?

George Yip and his colleague Nelson Phillips coined the term 'Organisational Intelligence', which harnesses much or all of an organisation to magnify a leader's words and actions.

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It hinges on five competencies, and means having the ability to:

- 1. Send messages that reinforce strategy.** Employees are inundated with messages and leaders need to focus on a few messages that reinforce the strategy. For example, Admiral Nelson's message at the Battle of Trafalgar: "England expects that every man will do his duty."
- 2. Foster an ethos.** What exactly is the culture of your company? Leaders need to create a shared understanding of what's important and what the organisation stands for. This requires two steps: summarising the ethos in an evocative statement, and communicating it widely.
- 3. Use action strategy.** High-OQ leaders use action strategy rather than consensus to pursue strategic goals – adopting a stealth strategy and bringing people along gradually as it starts to prove itself.
- 4. Rebel from the top.** Effective leaders learn early on to only target important issues, and ones where they have a fair shot at winning. Rebelling from the top means taking on the biggest challenges only when you have the most firepower.
- 5. Stage moments of theatre.** Effective moments of theatre enable people to recognise and remember what you're doing in a clear and powerful way. Something that is out of the ordinary, unexpected and is low cost. For example, when presented with the first iPod prototype, Steve Jobs said it needed to be smaller. The designers told him this was not possible, at which point he dropped the prototype into a fish tank and bubbles began to come out of it – proving his point that there was room to make it smaller.

George concluded his keynote with his greatest personal learning: "Do what is best for the organisation, even if a risk to your job".

LEADERSHIP IMPLICATIONS

Slides can be accessed [here](#).



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FREDRIK SCHULLER is Executive Vice President and Partner, BTS. Fredrik began his career at BTS in 2004 and has innovated many of BTS' core services, developed and led some of BTS' largest customer relationships and led one of its largest units: The Western and Southern US region. Fredrik is now a member of the European leadership team with special focus on the Nordics region, global Oil and Gas vertical, and BTS digital services. Fredrik has worked with leaders and executives at many of Silicon Valley's fastest-growing tech companies and the world's largest Oil and Gas Majors.

WHAT HAVE WE LEARNED FROM WORKING AND LEADING THROUGH THE CORONAVIRUS PANDEMIC?

1. When the target is clear, we have an unbelievable ability to change, fast.
2. Insights into colleagues' home lives have enabled us to connect on a much more personal level, flattening the organisation and making leaders more approachable.
3. A different breed of leaders and employees excelled: those who are adaptable, vulnerable and can make emotional connections.
4. Employees' expectations are diverse and higher than ever before, and many will move if expectations are not met. There is a new war for talent, and if people are missing purpose in what they are doing or their preferences are not met, they are more readily moving to other organisations.

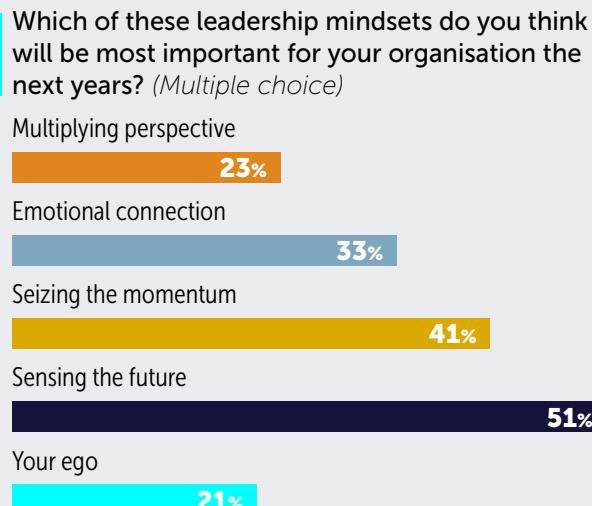
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HOW HAS LEADERSHIP SHIFTED?

HOW SUCCESSFUL LEADERS RESPONDED	WHERE LEADERS STRUGGLED
Advocating ecosystem interdependencies and societal impact.	Siloed business and loosely connected ethical aspirations.
Having the courage to talk about emotions or personal issues. Being open about bad news. Showing compassion.	"We only talk about business here". Leaders feel safe behind a professional veneer.
Focusing on outcomes and being responsive in the moment. Being change ready.	A focus on process, annual strategy and budgeting. Slow quarterly management.
Seeing multiple possible futures and running fast-cycle experiments.	Seeing the future as a continuation of the past.
The power of not knowing. Vulnerability, curiosity, humility and letting go of the leader-centric view.	The superhero syndrome. Being strong and holding onto your expertise.

BTS, 2021

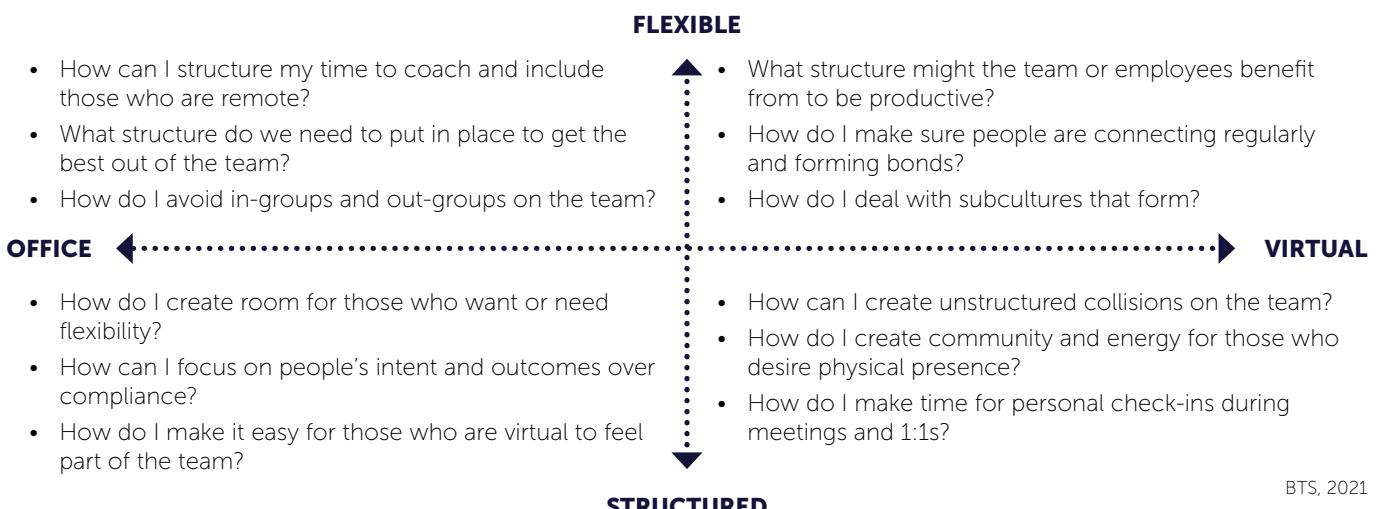
PARTICIPANT POLL



BTS' research shows that the dispersal of work preferences (across flexible vs structured, and home vs office) is wide. This is consistent across most organisations, regardless of industry and team, meaning leaders will have to be flexible and sensitive to lead effectively across this range of preferences.

As we move forward, what will set leaders apart is their ability to be intentionally adaptable. People are coming out of the last year with a wide range of conflicting expectations and desires, and as leaders we need to be aware of our mindsets and biases and have empathy for those of others more than ever.

WHAT IS YOUR GREATEST LEADERSHIP RISK? AND WHAT CAN YOU DO TO MITIGATE IT?



BTS, 2021

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FURTHER READING

CRF. 2020. **Digital Disruption – Exploring the Implications for Leaders and Leadership Development.** Speed Read.

<https://www.crforum.co.uk/research-and-resources/speed-read-digital-disruption-exploring-the-implications-for-leaders-and-leadership-development>

CRF. 2020. **HR's Agenda in the Organisation of the Future.**

Research Report. <https://www.crforum.co.uk/research-and-resources/research-report-hrs-agenda-in-the-organisation-of-the-future>

CRF. 2021. **Permanent Flexibility: Reimagining Remote Working Post-Covid.** Research Report. <https://www.crforum.co.uk/research-and-resources/remote-hybrid-working-post-covid>

EU Institute for Strategic Studies. 2021. **Fog in the Channel? The Impact of Brexit on EU and UK Foreign Affairs.** Briefing. <https://www.iss.europa.eu/content/fog-channel-impact-brexit-eu-and-uk-foreign-affairs>

HBR. 2020. **Good Leadership Hinges on 'Organizational Intelligence'.** Article. <https://hbr.org/2020/06/good-leadership-hinges-on-organizational-intelligence>

University of Surrey, Centre for Britain and Europe Publications. <https://www.surrey.ac.uk/centre-britain-and-europe/research/publications>

crf learning ON DEMAND



An effective manager is one that improves business performance. CRF Learning's On Demand course **Building a High-Performance Culture** will enable you and your team to master this process. Understand what is truly meant by performance and learn how to create a culture that builds and develops it. Preview exclusive content from the course and find out more about the syllabus [here](#).

crf UPCOMING EVENTS

 **ONLINE RESEARCH BRIEFING:**
[Building a Future-fit Workforce: Reskilling and Rethinking Work](#)
15th September 12.00 –12.30 BST

 **LIVE-STREAMED MASTERCLASS:**
[Building a Future-fit Workforce: Reskilling and Rethinking Work](#)
21st September 9.00 –16.00 BST

 **CONFERENCE LIVE:**
[Building and Sustaining Great Organisations](#)
12th October 9.00 –20.00 BST