Many corporate leaders have roles in businesses which they themselves did not create. They may have had little contact with founder entrepreneurs. In competitive markets their challenges might appear to be survival and defending established market positions against competitors and new entrants. The immediate priorities might seem to lie in areas such as cost-cutting, retrenchment, improving efficiency and the renewal and/or transformation of an existing entity rather than growth. What do or should innovation and growth mean for those leading established enterprises?

The growth and development of companies has often been a matter of actively finding or stumbling across a formula such as business excellence or a business model that works and then sticking with it and related corporate assumptions, values and norms while scaling up operations. In competitive and fast moving contexts a track record of past achievements may no longer be an indicator of future success. Resting upon one’s laurels and passing on war stories and lessons from the past can be a recipe for disaster where renewal, re-invention and innovation are required.

The last issue of *Effective Executive* examined corporate leadership and start-up entrepreneurship (Coulson-Thomas, 2016a), but what is the role of corporate leadership in relation to the subsequent growth and development of enterprises, and particularly in encouraging and supporting responsible innovation? How many of the innovators and inventors one finds in business start-ups are one-trick ponies? How many of them have the capacity to re-invent, move on from what they know to new fields and create the conditions in which continuing innovation becomes a way of life?

Whereas in the past growth might be relatively steady as incremental expansion occurred, whether due to attracting new customers or product, geographic and/or market diversification, is it now more uneven and uncertain as successive innovations occur in how business is done, in how value is delivered, in enabling tools and technologies and in how people connect, collaborate, organize, work and learn? Beneficiaries of breakthroughs at one point can become their victims the next. What will be the role of directors and boards and what issues should they should consider?

The Meaning of Excellence

In the 1980s there was much discussion of excellent companies, following publication of a best selling book *In Search of Excellence* (Peters and Waterman, 1982). Key questions for directors are excellence and innovation in what and, perhaps more importantly, excellence and innovation for whom? Someone has to pay for companies to be excellent and innovative. Why should customers fund excellence and innovation that is not relevant to them and/or which does not represent value for them? Some of them might be cynical and wary of changes that are different rather than better.

Does whether or not excellence is a good thing or a distraction depend upon what you are trying to be excellent in, or excellent at? Let’s take an example. Are you trying to be excellent at what you are currently doing? Are you trying to perfect existing operations? Maybe you are, but what if public tastes and customer requirements are changing? What if innovation is creating new alternatives that people might prefer? Rather than improvement, should you be replacing what you are doing now with something better? Directors should be prepared to challenge. Can one have too much excellence? When does improvement become unnecessary gold plating?

Directors need to ensure focus. Is a company and its people trying to be outstanding at everything they do? If so, should investors applaud and celebrate, or should they sell their stock? Why should
customers pay for companies to be excellent at everything they do? Most customers just want their suppliers to be excellent at whatever represents value for them. Should businesses aim to excel at critical success factors for key corporate activities and sources of differentiation and competitive advantage, but just try to be good enough at everything else?

Reviewing Business Excellence

Is it time we reviewed what we and others mean by an approach such as “excellence” and the areas covered by various models relating to an excellence journey? For example, what about innovation, sustainability or considerations relating to disability, inclusion and the environment? Are existing discussions, approaches and models too preoccupied with getting it right for particular organisations as opposed to a value or supply chain? What about relationships between people, groups and organisations, partnering and partnerships, and cooperation, co-creation and collaboration?

The value and potential of partnering has been identified from both a sales and a purchasing perspective (Hurcomb, 1998; FitzGerald, 2000). Why are so many business leaders defensive, closed and reluctant to trust and empower, even when they and their people deal with those who have shared interests? Far too often front-line sales and purchasing staff engage in a battle of wits, each trying to gain advantage in what is perceived as a zero-sum game, when by working together they might be able to co-create a solution that is more advantageous to both parties.

Do people considerations within business excellence models need to change? For example, are managers preoccupied with getting more out of people for the benefit of an employing organisation rather than with recruiting, retaining and working with talented people? When recruiting, should they put more emphasis upon what joining the organisation might do for those they are targeting? In the UK, a survey by High Fliers Research (2016) has found that university graduates are increasingly choosy when it comes to employment. They are leaving larger numbers of top jobs unfilled. What are the implications of this for what growth and development might mean in future? Are companies repelling the very people their futures depend upon?

Hindering or Helping Boards

In some sectors, the life cycles of requirements, offerings, technologies and markets have dramatically shortened. One needs to understand the interaction between them and relate innovation to the life cycle of an industry (Filson, 2002). Business leaders need to consider whether they will have time to be anything other than just good enough to be relevant and quickly deliver while fleeting windows of opportunity exist between step changes.

Rather than drive developments some boards inhibit or prevent them. Directors should consider whether they are hindering or helping creativity and innovation. Lets start with some questions relating to hindering innovation. Directors should think about them in relation to their board and their company: Is our strategy overly defensive? Do we try to protect past investments? Do we instinctively impose standard approaches and ways of working? Are we constrained by accounting conventions? Is our market intelligence focused on existing competitors?

Now lets turn to helping innovation. Again, there are questions that directors should relate to their board and their company: Do we invite challenge and promote freedom of thought? Do we encourage diversity? Are we willing to reassess, reinvent and write off past investments and replace them with better alternatives? Is the company willing to collaborate with entrepreneurial staff and set up new ventures with them? Are we scanning the business and market environment for new possibilities and new competitors?
There are many areas in which the attitudes, instincts and perspectives of board members and other business leaders can either constrain people or liberate them. There may be various occasions on which their judgements or a combination of factors can either hinder or help the companies for which they are responsible to survive and thrive. Courage may be required to challenge cherished beliefs, disturb a valued position or equilibrium or otherwise take a big step into the unknown.

Many of the most pressing challenges that face certain companies and mankind are unlikely to be addressed by incremental improvements to existing activities and excellence in the performance of them. More imaginative and innovative responses are required and a key function of leadership is to encourage and support the free enquiry and creativity that will enable them to occur. Leadership is often associated with activities such as giving a lead, judging and selecting, yet creative thinking may be best enabled by standing back, inviting challenge and encouraging diversity and debate. Tolerating risk, well intentioned failure and uncertainty, providing reassurance when imaginative exploration fails to bear fruit and avoiding a blame culture can also help (Klein & Knight, 2005).

Freedom and Diversity

Can a board's concern with areas such as efficiency and sustainability coexist with a desire for greater creativity and increasing engagement on an emotional level with individual customers? Does the functional focus of design need to be accompanied by more artistic approaches. Should a company's offerings be regarded as works of art and developed to engage at a more profound level and reflect the individual and local cultures and identities (Davis and McIntosh, 2005)? What would this involve in terms of how people are selected, supported and managed or self-managed?

Does greater diversity and inclusion encourage creativity, innovation and transformational thinking (Tyner, 2016)? For organisations whose people and customers embrace a variety of cultures, nationalities, religions, situations, requirements and aspirations, successful organic evolution, growth and development can depend upon a multitude of local decisions and interactions. Where central decisions have to be taken, these may be best addressed by a relevant committee or, where appropriate, a board rather than by a CEO or individual members of a senior management team.

In competitive and dynamic situations and where windows of opportunity may be limited, quick and front-line responses may be required. Those responsible need to be able to easily access the help they need and increasingly this needs to be available on a 24/7 basis (Coulson-Thomas, 2012 a & b, 2013). Support requirements and what might enable people to be more effective can sometimes be best determined by front-line work groups. Those who are allocating resources need to ensure that people directly involved are aware of available alternatives and that the most relevant and appropriate options are considered.

Business leaders should also consider whether they allow people to work and learn in whatever ways best suit their roles, tasks and projects? In The Future of the Organisation I set out ten essential freedoms for removing constraints and liberating people by allowing them to operate and collaborate in ways, at times and places, and with support that best allows individuals and teams to give of their best and be at their most creative and productive (Coulson-Thomas, 1997). When the conditions are right, people and relationships can flourish. A succession of practical and desirable outcomes can address particular problems and/or meet the requirements of individual customers. Leaders can focus on removing obstacles to creativity rather than determining individual outcomes.

Can “excellence” as it is widely adopted in terms of documented and enforced corporate-wide standard models and approaches be an obstacle to diversity, the creative exploration of alternatives and innovation? There are questions directors can ask to help people challenge norms, break free of dull uniformity, transcend traditional limitations and create new options and choices (Coulson-
Are we casting the net widely enough in our search for solutions when so many breakthroughs are caused by relative outsiders who challenge complacent orthodoxy (Kuhn, 1962)?

Importance of Focus and Balance

Both focus and balance are required if many companies are to remain relevant, vital and competitive. Leaders need to ensure that people focus upon what is important and, particularly, upon what is important for customers and prospects. Directors also need to strike the right balance in the boardroom. Excellence and innovation need to be appropriate, affordable and sustainable.

The need for striking an appropriate balance between excellence and being good enough has already been mentioned. However, there are many other areas in which a balance may have to be struck (Coulson-Thomas, 2001). Directors need to strike the right balance between thinking and doing, between short-term pressures and longer-term considerations, between change and continuity, and between risk and return. They may need to be either proactive or reactive depending upon circumstances and opportunities. Being too far to one end of a spectrum or dichotomy, for example, being excessively cautious or packing a board with those who are risk averse, can be a problem.

Innovation can be a particular challenge in an established business (Moore, 2004). Success and a record of achievement can breed arrogance and complacency. A board needs to get the right balance between entrepreneurship and stewardship. One cannot be reckless and just throw money and other resources at challenges and opportunities. At the same time innovation, renewal and transformation may involve uncertainty and risk. Encouragingly, there are ways of being both entrepreneurial and prudent. There are steps that can be taken to enable responsible innovation.

Enabling Responsible Innovation

A family of research reports set out quicker, more affordable and less disruptive ways of simultaneously achieving multiple objectives (Coulson-Thomas, 2012a & b, 2013). The evidence presented shows how appropriate performance support can help ordinary people to excel at activities that are crucial for corporate success such as winning bids, building customer relationships, pricing and purchasing, and creating and exploiting know-how. Members of key work groups and customers can be supported directly in personalised ways and enabled to tackle problems, develop solutions and address their individual requirements as and when required 24/7. This can include when they are on the move via mobile devices.

People vary greatly in terms of their preferences for working and learning. Performance support can enable people to work and learn and produce, co-create and buy at times and places that best enable them to harness their talents and maximise their contributions. Both enablers and checks can be built into performance support that make it very easy for people to do what is desirable and appropriate and very difficult for them to do things that might be undesirable or harmful and which would breach a law, regulation, policy, guideline or code. They can be set free to network, collaborate, explore, create and responsibly innovate. They can be allowed to try things themselves that have previously been done by others.

To derive the full benefits of approaches such as performance support, the focus of many business leaders, directors and boards may have to change. The emphasis may need to shift from top-down directing, motivating and control to supporting people, particularly those in front-line and key work groups and helping them to excel at the things that matter most (Coulson-Thomas, 2012a & b, 2013). There are practical ways of enabling average performers to adopt and share the approaches of super-stars, and cost-effective means of helping people to quickly confront new challenges and seize opportunities. Excellence where it counts and responsible innovation are achievable.
Directors and boards face choices. They can plough ahead and wrestle with the various expensive, time consuming, single issue and corporate-wide initiatives that are found in many companies today. Alternatively, they can adopt quicker and simpler ways of helping people to simultaneously deliver multiple outcomes that benefit them, employing and supplying organisations, customers and the environment (Coulson-Thomas, 2007). There are other stakeholders who might also benefit from the new options and choices that people could provide if they were set them free to innovate responsibly. The issue is whether corporate leaders will provide the greater focus and shift of emphasis that is required, and ensure people have the performance support they need and deserve.

Innovation, Business Models and the Board

Should the focus of business leaders be upon creating a culture of excellence and innovation and/or providing the conditions and performance support for people from a diversity of backgrounds and cultures to excel where it matters? How does one encourage, unleash and support innovation across an organisation and its value chain, and ensure there are synergies between strategy, innovation and entrepreneurship? Do board agendas, corporate priorities and approaches to management, leadership and governance need to make more explicit reference to innovation and the stimulation, enabling and harnessing of creativity? Innovation is the result of creativity that leads to something that is adopted and which can hopefully be monetized. It is a result and creativity is the cause.

In relation to ensuring survival and growth a board should pay particular attention to a company's business model (Coulson-Thomas, 2016b). How should directors and corporate leaders set about building more innovative, entrepreneurial and sustainable business models? What are the governance implications? How might one achieve more innovation and entrepreneurship in governance itself, including in terms of relating it to the situation, requirements and stage of development of particular enterprises? What might approaches to corporate governance better reflect the changing nature of organizations and the contemporary business environment?

Different business, organisational, operating and internationalisation models, from network organisations to e-business options, have existed for many years (Coulson-Thomas, 1992a & b). Boards need to ensure that an enterprise's business model or models match corporate and customer aspirations and represent the quickest and most flexible and cost-effective way of responding to opportunities and delivering value. Directors should question whether existing models are competitive and likely to remain so, and if they are the most appropriate in the context of the markets a company is in and its circumstances.

An existing business model should not be taken for granted. In certain sectors, alternative models not only exist, but they can offer significant advantages such better ways of addressing customer requirements, a faster route to international expansion and new avenues for the creation of customer value. Directors need to both understand and question existing business models and decide when to improve or refresh them and/or when to move on to a more appropriate alternative.

The UK's Companies Act (2006) requires a description of a company's business model and strategy as part of the Strategic Report within it's Annual Report. The Financial Reporting Council's UK corporate governance code describes the required business model as “an explanation of the basis on which the company generates or preserves value over the longer term” (FRC, 2014). To report on a company's business model directors need to understand it and should be prepared to question and discuss whether an existing model is appropriate and adequate and whether better models exist.

Having just invested heavily in an existing way of operating a board may finding itself presented with an alternative business model which offers significant advantages for the customer. Where the
suggestion originates from within a board might be tempted to delay, but this course of action might result in a competitor or new player acting more quickly to secure first mover advantage. Sometimes directors need to be courageous and proactive when engaging in the creative destruction economist Joseph Schumpeter (1942) describes in his book *Capitalism, Socialism and Democracy*.

**Business Model Decisions**

As connectivity continues to improve, relative costs change and further innovations occur in communications, manufacturing, retailing, distribution, funding and other areas, questions and issues relating to business models may appear with greater frequency on board agendas. How and when and in what ways should a board address them? Should a company fight back through an existing business model or embrace a new one? Airlines faced this dilemma when confronted with “no frills” or budget rivals such as Southwest Airlines that had introduced a new business model (Porter, 1996). Established carriers looked for new ways of segmenting the market and differentiating their more expensive offerings. Some set up their own budget operations.

With multiple technological changes and other innovations creating new possibilities as well as threats there is a need for the continual upgrading of business models (Chatuverdi, 2016). Where an alternative business model or way of operating is materially different from what currently exists, should one try to adapt an existing organisation and its people, or would it be better to set up a new greenfield or start-up operation and/or offer the new model through a new business unit or legal entity? This was the issue faced by many financial institutions in relation to internet banking. Should one offer additional on-line and/or mobile device access options to existing customers and otherwise continue to operate an existing structure, or would it be better to establish a new and dedicated unit or entity that would just offer internet banking facilities?

As already mentioned, an internet retailer may not require expensive high street stores or local branches if people are willing to buy an offering on-line and without physically examining it or having a face-to-face conversation about it. A lower cost structure may enable an internet offer to be made at a reduced price. Book shops have had to re-think their offering to customers in order to compete with on-line stores and the special offers on high volume titles of other retailers. Some music stores have struggled for survival in an era when music can be downloaded. One response is higher margin items such as the more sophisticated headsets occupying additional store shelf space.

As some consumers switch from one business model to another, while others remain loyal to existing channels, a company that decides to offer multiple ways of purchasing its offerings may find its cost structure increasing more rapidly than its income. Publishers were faced with the dilemma of whether or not to fund more than one distinct channel to market when some of their consumers expressed a preference for an electronic alternative to traditional print media. Many customers now expect to be offered multiple options for receiving content, including when on the move via mobile devices.

**Business Model Life Cycles**

Just as sales teams may need to monitor where various offerings are in the life cycles of key products and services within a corporate portfolio, so directors should keep an eye on business model life cycles and remain alert to new and alternative models. As with product life cycles, innovation can sharply reduce expectations of a relatively long plateau stage and slow decline phase. The speeding up or termination of life cycles can be challenging for bureaucratic organisations with high crawl out costs. A company's ability to restructure, redesign processes and adopt new technology may be inadequate and too slow to keep pace with shorter business model life cycles and windows of opportunity, changing customer requirements and competitive moves.
Sometimes it is new entrants and entrepreneurs with less invested in the past and current operations who are the first to introduce a new business model. Gulf Islamic Investments has changed its business model three times since the business was set up in 2008 (Gupta, 2016). In far too many companies competitive intelligence is focused upon developments and likely moves involving established competitors and improvements of an existing business model. Too little attention is paid to scanning the external environment for possible new entrants and alternative ways of operating. The innovation that turns corporate assets and strengths into liabilities and crawl out costs may be triggered by a new player with a very different and more cost-effective and flexible business model.

Companies whose senior management keep close to their most alert and demanding customers and their more open-minded and imaginative employees may be among the first to detect opportunities for changing a business model or introducing a new one. Smart companies work with customers and supply chain partners to identify and implement business model improvements and/or innovations (Bartram, 1996). Where there is a risk of creative employees leaving to set up their own operation based upon a new business model and thus becoming competitors, a company could consider working with them and sharing an equity stake in a new collaborative venture.

Some directors are reluctant to challenge established assumptions and abandon what has worked well in the past (Moore, 2004). They resist turning their backs on expensively acquired capabilities that have been a source of competitive advantage. If better alternatives are available past expenditures should be viewed as sunk costs. In fast moving environments it may be better to think in terms of incremental costs and revenues. On occasion, one may be forced to react to change. As key customers transition to new business models, suppliers may need to follow suit if they are to maintain a business relationship.

Accommodating Different Business Models

An aggregation of different fourth industrial revolution technologies can change how we do business (Bhushan, 2016). Sometimes technological changes and other innovations create a variety of new possibilities. A company that is reacting to the adoption of new business models by strategic and key customers may find that they are moving in different directions. A senior management team that is proactive in monitoring developments and exploring different business models may find that any single alternative model may not be the best solution for all business units, all markets or all areas of corporate operations. A board may feel that at some point it might be advantageous, advisable and possibly necessary to operate through a portfolio of business models.

Alternative business models can have very different support requirements. Existing people and capabilities may be more suited to certain models and less relevant for others. Some models may coexist and share facilities more readily than others. Decisions may need to be taken as to whether a company should develop new capabilities or subcontract an aspect or area of operations to an external supplier, or whether it should pursue an option alone or in collaboration with others who have complementary capabilities that are particularly suited to the operation of a new model.

Depending upon their nature and/or support requirements it might be necessary for a company to organise by business model rather than by market and/or type of offering. As a result, more organisation charts and diagrams may become three dimensional matrices. These new structures may pose management challenges for those who are not used to shared and parallel responsibilities. Choices may have to be made, for example whether or not to establish a separate division or entity for on-line sales, whether or not this should have its own fulfilment arrangements, and whether or not these should be in-house or contracted out.
Governance and Relationship Implications

The adoption of a new business model can give rise to governance, management and relationship issues (Coulson-Thomas, 2016b, Chaturvedi, 2016). Few if any of the existing directors and senior management team may have experience of operating one or more new business models. How one plans, monitors and controls different business models and the risks involved can vary according to their characteristics and the situation and context. Are there common elements and/or is a new approach to governance required?

In competitive markets the transition to a new business model may need to take place more quickly than a board can be refreshed. Where multiple new models have to be adopted to serve different key customers, customer groups move in different directions, or requirements differ across business units, it may not be possible to recruit directors with experience of how to direct and control them. Do new roles and responsibilities need to be delegated to a new and refreshed management team? Does the role of a head office need to be re-thought in relation to a new business model, or, in the case of a larger and more complex business, a portfolio of new business models?

A new business model may create diversification opportunities. What other products and services might it be suitable for? Might it reach and allow access to further communities of customers and users? Are there new and additional roles that a company could play within a supply chain, or in the changing business models of major customers or business partners? Might collaboration with supply chain partners make it easier to adopt a new business model? A change of business model can impact upon some people, organisations and relationships more than others. One may need to take steps to understand and address resistance to change (Ford and Ford, 2009).

Leadership Implications of New Business Models

Anurag Bhushan (2016) believes innovation is the number one criterion that will define leadership. Hitherto many business leaders have spent much of their time instructing, guiding, monitoring and controlling subordinates, yet in many contemporary models of organisations there are far fewer people to command. In some contemporary business models is it a heretical thought to suggest that in comparison with developers of essential algorithms, apps and automated responses most employees are not that important? If a professional resigns, can one recruit another, or use an expert system, particularly if approaches, rules and case histories are well documented (Kaplan, 2015)?

As and when companies and their customers, suppliers or business partners change a business model, alert and responsible business leaders consider the possible impacts upon other parties. Will different business models still be compatible? What new challenges and opportunities will or might be created? Which of a company's capabilities will be more or less relevant? What might the company be able to do differently? What additional capabilities and relationships will be required?

Is corporate leadership becoming less about the executive team and internal employees, and more about new possibilities, external interests, developments and trends, and relationships with key customers, strategically important user groups, institutional investors and regulators? Is it more about engaging, listening and understanding before responding and contributing to the co-creation of value? When appointing leaders, should one select those who are open to new business models and new options for organising, operating, working and learning, and best able to select the options that enable new challenges and opportunities to be addressed as and when they emerge?

Note:
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