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Sustaining Business Excellence in a Volatile, Complex and Ambiguous Economic Environment

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The theme of this conference is transformative leadership for fostering creativity, innovation and business excellence. The title of this session is sustaining business excellence in a volatile, complex and ambiguous economic environment.

Success will only be sustained if we are open-minded and flexible and if our view of what represents excellence remains current and relevant.

There are challenges such as cyber security, climate change, disruptive technologies and new business models to confront. With them come unprecedented opportunities. We need to mitigate the negative impacts of challenges while securing benefits from related and other opportunities.

Effective responses can require change, reinvention or transformation and transition from individual leadership to the collective leadership of a competent board. Given the possibilities, we may need to change how we operate and raise expectations.

Creativity, innovation, excellence and entrepreneurship should be helped rather than hindered by corporate policies and practices. They should be focused, relevant and sustainable.

We also need to achieve the right balance between reactive and proactive responses, between aspirations and capabilities, and between different stakeholders.

Organisations face multiple challenges and opportunities. We expect a great deal of contemporary CEOs. Could effective boards of competent, confident and curious directors provide the collective leadership required?

A diverse board whose members challenge and consider multiple options, might provide a more holistic and balanced view of excellence, innovation and risk than just one person.

Maybe we need to review the division of leadership responsibilities between CEOs and boards.

Where an innovation or new business model has transformative potential, should a company's vision, mission and objectives determine board responses, or should these be revised to take account of new possibilities?

Both survival and seizing opportunities can require innovation, change and transformation. New approaches may be required, either as well as or in place of existing ones.

We need to think carefully about what aspects of business excellence to sustain. Is business excellence a means or an outcome? Is it an aspiration, a process or a framework for improvement?

Much effort is devoted to improving areas that are not critical success factors or a source of competitive advantage or differentiation. Activities are improved that may no longer be required.

Where resources are scarce, is it irresponsible to seek to be excellent in areas that are not priorities?

The pursuit of improvement and/or innovation regardless of cost and relevance can be unnecessary, wasteful and unsustainable.

Many changes are motivated by a desire for cost savings. They are for the convenience of a supplier, rather than to benefit a customer. Excellence, improvement and innovation should be relevant and value adding to customers and users.

In some situations it may be irresponsible and fatal not to change. We need to decide what to cherish and what to alter, and whether continuity, improvement or transformation is required.

We should avoid excessive prescription, overly tight guidelines and rigid rules in favour of greater freedom, openness and diversity. We should encourage questioning and challenge.

Do governance arrangements excessively favour shareholders and keep customers and other stakeholders at a distance? Do we need new ways of engaging them and securing their allegiance?

The requirements and views of important stakeholders should be taken into account. Key customers and trusted business partners can be consulted on excellence and innovation priorities.

Collaboration and co-creation with customers and business partners can enable a collective search for ideas, options and solutions that go beyond the limits of the imagination of a few people and the capabilities of a single organisation.

It is customers who create value. Companies generate wasted effort, dead ends, scrap and unwanted stock unless what they offer is purchased by customers. They decide whether or not what we do is relevant and represents excellence and innovation.

Focus on changes that represent value for customers and are a source of competitive advantage.

Make sure your board's strategic direction is still valid. Regularly review your aspirations to ensure they reflect new possibilities and still inspire.

The policies and practices of some boards prevent questioning, creativity and beneficial change. The rituals of board meetings and ingrained habits of directors insulate them from new options.

Some CEOs may prefer rubber stamping boards that allow them to get on with running a company, innovating and building a business. Can we expect risk averse and unimaginative boards to unleash creativity and ignite innovation?

Incurring risk is evidence that you are alive and trying to accomplish something. Contemporary risk management practices can be an obstacle to innovation and entrepreneurship.

We need to balance short-term market, competitive and other pressures with longer-term challenges such as ensuring environmental sustainability and coping with climate change.

We are excellent at polluting oceans and creative in our use of materials that do not easily degrade. Greater priority should be given to re-use and circularity - arranging activities so that a waste

product from one process becomes a welcome input to another.

We need a broader perspective and a more inclusive approach to excellence, innovation and entrepreneurship to ensure they address the aspirations of a wider range of stakeholders.

Standard business excellence and governance models should be replaced by bespoke approaches that are right for a company's aspirations, situation and stage of development.

More consultation, a social purpose and greater attention to sustainability might help to ensure that excellence and innovation are relevant, appropriate and acceptable. They might also restore public trust in companies, markets and capitalism.

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