

29th World Congress on Leadership for Business Excellence and Innovation

## Transformational Leadership for an Agile and Innovative Corporate Strategy

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Too many boards interpret building a resilient business as ensuring the survival of current activities rather than creating a more sustainable business model. They view certain technologies as disruptive of existing approaches rather than as enablers of new possibilities. They react rather than initiate and become victims rather than beneficiaries. They also lack a systems perspective and do not see the interconnectedness of events.

Transformational leadership is more often mentioned than effectively practiced. It implies transformation from one state to another, during which requirements, situations and priorities can change. Restructuring, re-engineering and transformation can be lucrative for those who advocate them and are hired to pursue them, but as I have set out in a series of reports there are more affordable, quicker and less disruptive routes to high performance organisations.

Before restructuring, re-engineering or transformation can be completed, original goals may already be out of date. More flexible, imaginative and relevant strategies are required such as reinvention, intelligent adaptation or the adoption of a new model of organisation and operation such as the flexible network organisations I advocated over 25 years ago in my book *Transforming the Company*. They can expand and contract, evolve and grow organically as required. Leadership needs to span boundaries and such networks of relationships to facilitate collective responses.

Innovation is also more talked about than actively embraced. The risk aversion of many boards, their desire to protect existing positions and practices, and their fear of uncertainties associated with genuine innovation result in them becoming obstacles to change.

Innovation can transform lives, but the protection of intellectual property and the incentive this gives to play and win the innovation game varies greatly across countries. The 2019 U.S. Chamber International IP Index benchmarks the IP framework in 50 global economies. The US and UK are first and second at the top of the table with scores in excess of 42. The UAE and India are only in 32<sup>nd</sup> and 36<sup>th</sup> place with scores of just over 18 and 16 respectively.

*The Managing Intellectual Capital to Grow Shareholder Value* investigation I led revealed that many areas of intellectual property with the biggest potential were not being managed. Some companies could be many times larger and more valuable, if their IP was exploited by licensing, franchising or a different business model. They are held back by the lack of imagination of their directors.

Agility is an issue because many organisational and board structures, strategies and practices are inflexible. Unexpected events happen, yet many boards remain tied to monthly meetings

and annual calendars of business. They use a cycle of strategy analysis, formulation and implementation that does not reflect the reality of the contemporary business environment.

Why is innovation in leadership and governance so limited? Why aren't more boards initiating the development of business and governance models that can intelligently adapt and which they can steer to accommodate changing circumstances? Why aren't directors putting in place more flexible 24/7 arrangements for monitoring and addressing issues as they arise?

Many financial measures of performance overlook missed opportunities or the exponentially rising future cost of the consequences of delays. What value do many directors add beyond meeting a minimal governance requirement and fulfilling a periodic ritual? Why are so many highly paid people consistently so agonisingly slow to see and respond to the obvious?

Responsible leadership should concern the totality of a business, not just particular projects. Enablers of innovation should work with the grain. Recently thousands of children walked out of school to campaign for action to address climate change. The consequences of our inaction will really bite in their lifetimes. They asked a question Lord Stern has put: Why are we waiting? More pointedly, they asked: Why are we trashing their futures? Do we want our children and obituaries to view us as self-absorbed talkers and complacent ditherers?

Leadership should be concerned with giving a lead and providing direction. IOD's strapline is building tomorrow's boards and this has never been more needed. Some boardrooms seem like bunkers in which people hunker down and hope for the best as storms of change and opportunity rage outside. Some directors who rarely meet customers and investors defend their inaction by saying the timing is not right or that stakeholders are not yet ready.

With climate change, if we wait for other people to catch up we may condemn our children and grand-children to a future of scavenging in dumps of our rubbish while dealing with extreme weather events. Responsible and transformational leadership requires a change of gear and a shift of focus to the innovations we need to address certain challenges that threaten to overwhelm us and create and seize opportunities to build a sustainable future.

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An experienced chairman of award winning companies and vision holder of successful transformation programmes, Colin is the author of over 60 books and reports. He has held public appointments at local, regional and national level and professorial appointments in Europe, North and South America, Africa, the Middle East, India and China. He was educated at the London School of Economics, London Business School, UNISA and the Universities of Aston, Chicago and Southern California. He is a fellow of seven chartered bodies, obtained first place prizes in the final exams of three professions and obtained the CSR Lifetime Achievement Award at the 2018 CSR Leadership Summit. Details of his books and reports can be found on: <https://www.adaptation.ltd/>

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