

# Reviewing Business Excellence and Innovation Policies and Priorities

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The quality of an offering and whether it is viewed as excellent can depend upon expectations and its purpose. Assessments may reflect processes, such as those for its production, delivery, support, maintenance and/or disposal, experience of use, resulting outcomes, or considerations such as reliability, relevance to requirements, sustainability and available alternatives. What is thought innovative and welcome at one moment and/or place may be viewed as dated and even unacceptable at a different time and location. The 31<sup>st</sup> World Congress on Leadership for Excellence and Innovation provided an opportunity to rethink the nature and role of excellence and innovation in today's world (Coulson-Thomas, 2022).

## Recognising Changing Perspectives and Priorities

Experienced management services professionals recognise that customers may hold differing views of what is excellent and innovative, and employ varying criteria for deciding what represents quality, excellence and innovation. These may evolve over time if situations and circumstances change, as can factors influencing production, purchasing and consumption choices. Whether a Government or regulator might wish to influence such decisions or interfere with related activities and transactions, or a practitioner might advise or act could depend on the context and possible consequences, implications or opportunity costs. .

Older practitioners might remember a time when the challenge was often to produce enough of an offering to meet demand at an affordable price and at a cost to a company that would generate enough cash to enable it to continue and grow. For many boards, providing strategic direction and running a business have become more complex in recent years, as further considerations such as environmental and other consequences, desirability, resource limitations, priorities and sustainability have increasingly to be addressed. Excellence and innovation may now be less about differentiation and more about our collective survival.

Covering the cost of doing something that is possible and affordable and creating a surplus, may no longer justify going ahead, if resources are limited and there are better uses for them, and/or disproportionate costs on others and the environment might well result. If negative externalities were taken into account, many current activities would no longer be sustainable, responsible or desirable. They may be destroying eco-systems, polluting the environment, reducing bio-diversity, contributing to global warming and using up resources required for climate change adaptation and mitigation (UNEP, 2019; Dasgupta, 2021; IPCC, 2022).

## Embracing Sustainable Development Goals

Professionals should be aware of the pressures on boards. When making decisions, directors are now expected to take the interests of a wider range of stakeholders and social, environmental and other considerations into account, including those relating to the purpose, vision, goals, objectives and priorities of a company. These should be periodically reviewed (Coulson-Thomas, 2019b). Some boards consult key stakeholders and/or seek advice on the

best interests of those without a voice such as future generations and the natural world. Guidance could be sought from UN Sustainable Development Goals when setting corporate objectives, and agreeing criteria and priorities for excellence and innovation (UN, 2015)

The strategic direction provided for excellence and innovation could be to support collective and sustainable responses to existential challenges facing mankind such as climate change adaptation and mitigation and further UN SDGs (UN 2015; IPCC, 2022). This might involve reducing or stopping some activities and the expansion and introduction of others. The latter might seem more positive than the former and attract the ‘brightest and best’. In comparison, the former may seem negative, time limited and a dead end rather than the future.

Boards should ensure the reduction of harmful corporate activities and negative externalities gets the priority it deserves. Innovation in repair and recovery and/or the disposal, handling and recycling of waste and the pursuit of circular economy opportunities may be more important than innovation which adds to the world’s growing rubbish burden (World Bank, 2018). Maximising future reuse potential, or increasing reprocessing operations, could be an innovation goal and a responsible arena in which to strive for excellence.

#### Ensuring Ethical and Responsible Innovation

Something that is demanded and could be supplied, or an innovation that is suggested and seems achievable, should not necessarily be provided or pursued. For example, to do so might harm those concerned or the environment. What is sought could be legal. It may meet regulatory requirements. However, in the present context it might not be desirable, advisable, or ethical. While some Governments opt for realpolitik responses, stakeholders may pressure corporate boards to do what is morally right, whether in relation to climate change or to disassociate from a country that has violated the UN charter by invading a neighbour.

Innovations often have long-term consequences. They can be critical for environmental sustainability and tackling climate change (Coulson-Thomas, 2019a). However, regulatory, legal and policy changes may occur infrequently and after consultation. A current framework might not reflect contemporary concerns. Professional advice should reflect international events and market and operating environment developments. Directors should try to ensure that, regardless of legality, what a company does is ethical and responsible. They should form their own opinions and aim to do what is in the best long-term interests of stakeholders.

Vested interests may favour continuing operations with negative externalities. They may propose changes to allow an activity with damaging consequences to avoid restrictions, or take advantage of a loophole, or be allowable. Governments might even incentivise activities that increase longer-term risk and/or environmental harm. They may put short-term national interests ahead of wider global concerns, especially when certain supporters benefit, while costs are borne by people in general. It may fall to directors and their advisors to act ethically.

#### Revisiting Excellence and Innovation Values

The values and drivers of excellence and innovation may need revisiting. Past assumptions and considerations such as the degree of novelty, being first or whether a breakthrough is

substantial and at the cutting edge, may be less important than practicality, scalability and resource requirements. Elaboration and greater complexity might need to give way to economy and simplicity in order to make fewer demands on energy and available resources. Flexibility, agility, resilience and mobility may become more important as requirements for climate change adaptation and mitigation mount and become priorities.

Habits and practices may have to change. With people around the world in large numbers facing common problems and shared challenges, niche strategies to differentiate and earn more from discretionary offerings for premium customers may need to be replaced by initiatives concerned with more affordable ways helping larger numbers of people to access the basics of life and survive. Innovators may need to become more integrated into the communities and networks of which they are a part, and more emphasis put upon co-creation.

Scientific, technical and process innovation may have to be complemented by economic and social innovation and innovation in ways of thinking, working, doing business, inter-acting, learning and living. Innovation in ways of living is especially important. The current lifestyle aspirations of much of the planet's population are incompatible with available natural capital and the survival of life-support eco-systems (Hannah, 2022). Less material and stressful ways of living and more sustainable, inclusive and sociable lifestyles in harmony with the natural world are urgently required. Remaining relevant will require continuing adaptation and interaction with changing aspirations, expectations and requirements as lifestyle evolve.

### Challenging Conventional Wisdom

Many directors and those who support them have spent much of their working lives striving to scale up operations and build a business. They may have been driven to do more and always looked for opportunities to expand and grow. Being quick to stimulate and respond to customer requirements in marginal areas for small improvements in the overall well-being of a few, may use up natural capital that will be required to safeguard the basic requirements of many more people in communities at risk. Growing awareness of the consequences of our lifestyles and business activities is causing more people to question conventional wisdom.

In the light of current environmental and societal challenges, directors and professionals should be prepared to question shared assumptions, critique common beliefs and challenge views that may be based upon prejudice or past experience rather than understanding and contemporary realities. Bringing fresh blood onto a board or supporting team that increases its diversity may open up new perspectives on excellence and relevance, on what is innovative and on what the priorities for innovation ought to be.

Boards should be open to ideas, collaboration possibilities and suggestions. They should encourage a CEO, executive team and professional advisers to be the same. Rather than pick particular ideas, they should allow more of them to run for longer to see if multiple viable possibilities might emerge that allow more bespoke, sensitive and inclusive responses. However, they should also ensure the protection of a company's own intellectual property. Cooperating parties should respect and fairly reward each other's contribution of know-how.

## Enabling Transition, Transformation and Transfer

Transition and transformation like innovation involve change. Over time, early instinctive creativity and openness to possibilities may be blunted by education, socialisation and accumulating assumptions, beliefs, habits and routines. Learning about certain answers to questions and received wisdom can discourage consideration of other explanations. For convenience, people may stick with the familiar and what they know. For a jaded executive, exploration, discovery and novelty may smack of uncertainty, insecurity and hard work.

Boards may need to encourage critical thinking and invite challenge. As well as supporting transition and/or transformation to more sustainable operations, a priority for many boards is the related transfer of resources and capabilities. This may involve reskilling and the repurposing of facilities and infrastructure. As unsustainable and damaging activities are run down and wound up, a rush to exit areas regarded as undesirable can depress asset values and amounts realized. Their irresponsible disposal may also be environmentally damaging.

Effective and timely responses to existential threats and coping with challenges such as climate change may be dependent upon access to capabilities that have hitherto been devoted to other purposes. Achieving a quicker and smoother transfer of resources from sunset sectors to sunrise activities could be a priority arena for innovation, like recycling, recovery and reuse. Responsible end of life disposal of assets no-longer required and the recovery or repurposing of elements within them for use elsewhere represent areas of opportunity. More value might be realised by working with specialists in these areas.

## Increasing Diversity for Excellence and Innovation

Innovation, new-thinking and re-purposing and re-invention are needed on multiple fronts. Where they are priorities, tolerance of greater variety and heterogeneity can be more important than following fashion, rules and standards. Organisations and professions should avoid a dull uniformity and unquestioning conformance to long-established practices and routines. People and teams could be encouraged to work and learn in ways that best enable them to harness their potential, contribute and add value. Diversity of approach, discipline, experience and perspective within workgroups can assist problem solving, encourage critical thinking and enable a wider range of options and possibilities to be explored. It can be conducive of creativity, innovation, enterprise and entrepreneurship.

Climate change adaptation and mitigation and transition and transformation to more sustainable activities are urgently required. In many cases, there is insufficient time for incremental change to have an impact before it will be too late to prevent catastrophe. Our only hope is the radical and rapid change that innovation can bring about. It is vital that people are encouraged, inspired and motivated to question and challenge and think creatively about alternative and better ways of coping with our shared existential challenges. They may need to be set free from the limitations and constraints of assumptions, expectations and beliefs that date from a previous era, and encouraged to discover, explore and pioneer.

Many boards may need to take a hard look at themselves and the lack of diversity in their own ranks as a result of the members of nomination committees favouring candidates like themselves who might be expected to 'fit in' rather than 'rock the boat'. More of the same might result in stagnation and decline into irrelevance. Embracing the concerns of a wider range of stakeholders could require board memberships that have more empathy with their concerns, are more reflective of their diversity, and are better able to re-purpose and re-invent and participate in the collective responses to shared challenges that are now required.

### Supporting Collective and Community Innovation

As global warming continues and extreme weather events increase, more practitioners may become involved in collective responses as opposed to giving advice as individuals. Certain locations may become uninhabitable at an affordable cost. Many coastal and other low lying areas, including some of the world's greatest cities may cease to be viable. Communities and societies will face difficult choices. If order is to be maintained during migrations and transitions, the goals, objectives and priorities of different parties will need to be aligned.

Hitherto, competition has often been a spur to innovation. Companies have sometimes competed to gain an edge and secure a greater market share of activities that are now viewed as having had harmful consequences. On occasion, the games played have been zero-sum. Today, the need for action is urgent. While many are still complacent and hoping for the best, and there may be limited windows of opportunity, there is an increasing requirement for positive-sum games. Individual company excellence and/or innovative initiatives may have to be complemented by community and/or societal activities if we are to collectively survive.

Collaborative innovative responses, at the level of a local community, city or wider society are now required, rather than isolated breakthroughs by individual enterprises that might not be widely adopted until it is too late to prevent a disaster. There will still be opportunities for creative and entrepreneurial individuals, teams and businesses to be rewarded and earn plaudits as innovators and as catalysts and enablers of innovation. However, collaboration may enable more rapid progress to be made in areas such as roll-out and quicker adoption at the latter stages of an innovation process.

### Giving Balanced Professional Advice

If our prospects are uncertain, transition and transformation journeys to more sustainable operations and lifestyles must be accelerated while they are still possible. We must act before tipping points are reached after which an existential challenge such as global warming becomes unstoppable. When the stakes are so high, it is especially important that the professional advice which boards and leaders receive is objective, balanced, dispassionate, focused, objective, realistic and responsible. Critical thinking is required. There are a variety of questions that management services practitioners should address (Coulson-Thomas, 2022).

Distractions such as disruptive and unnecessary applications of digital technology that run down reserves of scarce natural capital such as rare earths and are energy intensive should be avoided. Instead, applications and innovations that enable negative externalities to be

reduced, resources to be used more effectively, responses speeded up and more inclusive and sustainable outcomes achieved should be encouraged. Purpose and priorities can determine whether or not what is advised or undertaken might prove helpful or harmful (Mayer, 2018, Coulson-Thomas, 2019c). Open innovation that embraces external sources of knowledge and paths to market can address societal challenges and could be relevant to required collective responses to existential threats and social and environmental issues (McGahan et al, 2021).

Despite formidable challenges, there are multiple possibilities for truly sustainable communities, cities and wider society, and also less stressful and resource intensive ways of living and simpler, healthier and more fulfilling lifestyles. There are unprecedented opportunities for directors and those who advise them to initiate, collaborate and make a difference (Coulson-Thomas, 2022). Whether or not an entity is excellent and/or innovative may be less important than whether a community or society is, and whether individually and collectively we have the will and drive to question, think and act in pursuit of responsible, inclusive and sustainable activities, lifestyles and outcomes for humankind and the natural world.

#### Further Information

The Theme Paper for the 31<sup>st</sup> World Congress on Leadership for Excellence and Innovation, poses a range of questions relating to excellence and innovation that practitioners might wish to consider. It and details of the event are available on: [www.iodglobal.com](http://www.iodglobal.com)  
[[https://newsite.iodglobal.com/front\\_assets/images/events/cct-theme-paper-2022.pdf](https://newsite.iodglobal.com/front_assets/images/events/cct-theme-paper-2022.pdf)]

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