

IOD (India) Annual Directors' Conclave 2020

28 - 29 October 2020

Theme: Re-imagining the Future of Business beyond 2020: A Strategic Foresight

Day 2: Recommendations

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In rapidly changing situations and contexts, past assumptions, experiences and lessons may no longer be applicable. Directors and boards need to be future-ready. They should periodically and consciously review their aspirations, assumptions and priorities, their roles, memberships and practices and their relationships with management and stakeholders.

They should also review the purpose and strategic direction they establish for the companies for which they are responsible. In so doing, they should engage with stakeholders and be open to a wider range of inputs when re-imagining corporate futures.

Reviews of corporate purpose should address the question of what a company is for. Their outcomes and whether or not purpose is aligned with the aspirations, aims, hopes and longings of stakeholders can influence and even determine a company's perceived relevance, legitimacy and value.

Reviews of purpose could also include discussion of the role a company should play in relation to sustainable development goals and the priorities of national Governments and local communities. A key question to consider is whether emphasis should be switched from the pursuit of quantity of output to the quality of life and from consumption to fulfilment.

While navigating short-term Government interventions and other pressures, a board should stay focused on addressing longer-term issues such as climate change and sustainability.

Wherever possible, innovation and future development should be inclusive, responsible and sustainable. Over-exploitation of scarce natural capital and damage to the environment should be avoided.

In rapidly changing situations and contexts, past performance may be a poor indicator of future success. Boards must adapt to changing aspirations, requirements and priorities. Shared purpose, alignment and coherence are especially important during a period of transition and/or transformation.

In uncertain and challenging times, directors and boards should also review and rethink what is meant by a competent director and an effective board and how they should be assessed and developed.

Those who advise and support directors and boards, whether Chief Financial Officers, Company Secretaries or risk and compliance officers, should be responsible enablers rather than negative constraints. Assessments of risk and what represents value must be current. More boards may need to accept and tolerate higher risk appetites.

When confronting multiple and inter-related issues that impact upon different areas of business, a variety of functions and many organisations, more attention should be given to collective and joined-up responses and collaboration.

Remaining bureaucratic and hierarchical organisations should transition to flexible and responsive networks of relationships that can more quickly adapt, take and implement decisions and scale up and down as requirements, priorities and Government and regulatory interventions change.

When assessing directors and boards, more attention should be paid to strategies for the organised, caring and responsible disengagement or withdrawal from activities that damage the environment, reduce biodiversity and contribute to global warming.

Creative re-imagining, reinvention and repurposing and effective innovation, transition and transformation require openness to ideas and possibilities, diversity of thought and a willingness to explore and test different options.

Future proofing has become more urgent. Particular attention should be given to agility, flexibility, resilience and capacity to anticipate, initiate and/or react to change, and to adjust, adapt and evolve in order to survive, remain engaged, and stay current and relevant.

With more accessible digital technologies, less capital intensive business models, and quicker positive cash generation, in recent years the listed company has no longer been the preferred vehicle of many entrepreneurs. Excessive regulation and onerous and inflexible requirements should not become a barrier to enterprise.

Some democracies and market economies have struggled to cope with the Covid-19 pandemic and take coordinated action to deal with climate change. The support of future generations should not be taken for granted. Directors and boards should also re-imagine the future of caring and responsible business, enterprise, entrepreneurship and capitalism.

Boards should engage with changing stakeholder expectations. Thought should be given to the form of organisation and additional mechanisms that would best enable desired relationships with them to be built and how they should be governed.

When re-imagining governance arrangements, re-purposing and undertaking other reviews, directors should give careful thought to the role of independent directors and steps that could be taken to provide them with more support and increase their contribution.

When reporting, thought should be given to what recipients of corporate information would like to receive and how the process could be more flexible and responsive. What is provided should be purpose driven and business specific. If issues are raised, an indication should be given of how they have been or will be addressed.

Thought should also be given to how digital technology could be used to improve access, accountability and transparency, increase understanding and dialogue, and ensure content provided during a period of transition between business models or contexts is current.

Directors and boards should champion and embed flexibility and resilience. They should encourage others to question, challenge and co-create. While inspiring them to explore and investigate, they should remember that what is possible may not always be desirable or an appropriate priority for a particular company.

Directors should not allow their own limitations and lack of imagination, energy and/or vision to hold back or stunt the growth of companies for which they are responsible. They should be willing to cooperate and sufficiently self-aware to recognise the complementary qualities and capabilities needed in their own ranks and an executive team.

While re-imagining, re-inventing or re-positioning, directors and boards should not be overly constrained or limited by what they and the companies for which they are responsible do not own or do not have the scale to achieve. Directors and boards should be open to the possibilities to collaborate with others. Opportunities and purpose can be shared.

The future is for directors and boards, and those for whom they are responsible, to create as well as encounter and navigate. Increasingly, corporate employers and entrepreneurs require innovative and enterprising business partners rather than dependent employees.

In many companies and communities, people are anxious and insecure. Directors and boards should alert them to arenas of opportunity and encourage them to take the initiative rather than passively hope for the best. Board leadership and corporate communications should foster creativity, encourage innovation and champion entrepreneurship.

Further Information

The Annual Directors' Conclave 2020 is organized by India's Institute of Directors (<http://www.iodglobal.com/>). Further information and the agenda of the two days of the international conference can be obtained from: <https://iodglobal.com/annual-virtual-directors-conclave-2020.html>

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