

Andrew Liveris & TTU

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To think the unthinkable, we need to absolutely realise that the unthinkable is now the new normal. We got to disrupt ourselves. We've got to change the narrative.

Nik Gowing

Welcome to talking about, Thinking the Unthinkable. Our latest leadership, conversation, and podcast.

I'm Nik Gowing, Founder and Director of the Thinking the Unthinkable project. As a leader how well are you adapting and coping with the ever deeper and wider levels of disruption? The question is relevant, whatever the size of your organisation, some of you cope well many struggle because of the nature and the scale of change. Also, because of fears that if you read events wrongly, and make decisions you get criticised for, it could possibly lead to being fired.

So how to handle disruption positively. I'm delighted to be joined by Andrew Liveris. Until 2018, Andrew was Chairman and Chief Executive of the giant Dow Chemical. He spent 42 years at the company, he'd grown up in Darwin, Northern Australia. As what he describes as a raw, introverted, unconfident, outback boy. He now sits on a host of international boards, and funds his own Leadership and Innovation Academy in Queensland, Australia.

Through his new book, here it is, Andrew wants to encourage and alert leaders on how to lead through disruption. With what he calls this changemakers guide to 21st century leadership. Within our 18 minutes, let's explore what that is Andrew, welcome.

You say very clearly, and very bluntly leaders skills need to be reimaged and retaught. Leaders lack a toolbox for this century. So what must they accept, then overcome?

Andrew Liveris

Thank you Nik. The process I went through life, the 15 years I was CEO of constant disruption was the new abnormal. My observation was that the skills that I thought I had to be a leader, were changing on me on such a constant frequency.

And I was looking for the frameworks. And though so within that context, I understood that the horizontals of leadership mattered as much as the verticals. So the rule books of the last century, were functional and vertical and sequential, post World War Two to the end of the century, what I grew up in, those frameworks were no longer relevant to run anything of any size or anything small.

In the 21st century, the new reality was that those frameworks were creating leadership vacuums, actually. And what we came to accept as a rulebook around globalisation was being tossed out by massive interventions, digital, environmental, social, geopolitical, all colliding at once.

So what I started to understand, and through the process of writing this book, and, you know, I brought a lot of stories to the bear is how leaders in the 21st century and the new rule book wasn't written. And that people like me, who experienced it, had to start setting out what that rule book would be. And to think the unthinkable to use, of course, what you talk about, is to completely redo it for the 21st century.

So in the book, I prescribe what some of that might look like, and I'm sure we'll get into and this contextual understanding of what the world is doing outside of your boundary condition from the 20th century is the major thematic. The case for change to create convergence out of divergence is to understand that the boundary condition is society. The boundary condition is a sort of licence to operate. And the boundary condition is almost anarchistic, communities and people are protesting because short termism is overwhelming, or the decision making of the 21st century and that is the wrong answer.

Nik Gowing

Andrew, you say you have, even have your own memo pad from when you were growing up as an executive. And you now realise the whole thing is totally obsolete now.

Andrew Liveris

Absolutely. And I did what was standard practice, we were all taught by the consultants, the management consultants, but God bless them that you know, go benchmark what excellence looks like bring it to the table.

I did that. I went and talked to Top 30, Top CEOs around all sorts of sectors. When I first became CEO, encouraged by my predecessor, I wrote it all down and I said, okay, I'm going to follow this playbook. And within a year or two, I realised I had to toss it out. That world was changing at such a speed. And this was a period of time in the early 2000s, 9/11 was happening, wars were going on, terrorism was a new factor. And people were now starting to talk, climate change as a must do, not a nice to do. These sorts of interventions, well before A.I., well before digital, were making my playbook that I wrote out when I first became CEO, irrelevant.

Nik Gowing

So what about what kind of playbook there needs to be? You say there's really no tool book in what is now a very abnormal environment in which leaders are having to operate. Can they do it with the kind of thinking that got them to the job that they've got now?

Andrew Liveris

Absolutely not. I think we need to reskill and reskilling should be at the school level and university level. That's why I've started the academy at the University of Queensland that you referenced in the intro. This academy has 100 students in it and what we're teaching in the curricula is absolutely how to repurpose what they were learning from a functional point of view.

So going out into the workforce, and then just building a career like I was taught to do is no longer the driver and the driver is purpose based profits, that you absolutely have to join institutions, not in a polarities, government, non government, business government, not in their separateness, but in their togetherness. Profit based collaboration models based on purpose is earning the cost to operate in the profits that come from creating new profit pools, were at the core of it is working with government to set the new rules and regulations, for the planet, not for just your boundary fence, not just your operation.

That type of repurposing of a leader has to happen early and early in their career. And that's why I've got the academy. I say in the book that to do that. I really, really strongly urge people to have multiple changes to their career patterns early. So they can learn these tools from different perspectives and different angles as fast as they can. In fact, I suggest many go into government service and community service rather than go and pursue profit for the sake of profit.

Nik Gowing

That's one of the extraordinary things is you talk about a new form of capitalism quoting Marc Benioff, who's the Executive Chairman of Salesforce and Creator Salesforce, but he also say, a company has to put the future of the planet on its balance sheet.

Now, that's something which surely is anathema to most people in business.

Andrew Liveris

Yes, so the rule book of the 20th century is that we could put ourselves on the planet and not take the consequence of the cost of that investment, then installation that building that factory, you know, our house, valuing nature, as an asset is a today thought, in other words, rivers, air streams, everything on this planet has to be valued at this, at the cost of use and replacement, replacement recycle. I mean, the whole discussion on climate change, which I'm sure we'll get to, decarbonisation is a complete recycle reuse phenomena.

But if you don't have a value on the price of water, on the price of air, on the price of forests, on the price of the natural environment, then how will you ever make a decision that replenishes, and until we go colonise some other planet and live and have an ability to live on that planet, which I'm sure will be sometime this century, this century has to be marked on preserving and growing the natural asset of the planet to sustain life equitably. For 9 billion going to 11 billion people. That means it's at the centerpiece of strategy. It's at the centerpiece of government. It's at the centerpiece of business.

And society is asking for it but doesn't know it's asking for it. We confuse society with all this rhetoric around, you know, saying, oh, we've got to have a COP 28 that discusses how to get climate change commitments and investment from rich countries to poor. We confuse the topic completely, by saying no, it's not rich and poor. It's all of us. We're all going to be poor if we don't get the solution put in place. And so I suggest ways to get that done.

Nik Gowing

Andrew, how fast is it moving because it's what, five years since you left Dow. Could you have got away with this kind of respect for nature if you, when you were still Chairman and Chief Executive of that massive corporation, Dow Chemical?

Andrew Liveris

In the book I have a whole sector, and a sector devoted to the notion first chapter actually on how we did it at Dow, by putting sustainability at the core of our profit enterprise. In other words, sustainability became a business driver.

I did get away with it. Not only did I get away with it. We are actually grew business because we could recycle, reuse, renew. And we put partnerships in place like with the Nature Conservancy, where we have projects, and we develop algorithms and models and market them free to everyone to use to absolutely totally value the cost of nature.

We replace gray infrastructure with green infrastructure, we took the notion that if we used to locate a facility in a location, then the surrounds needs to be valued and put into our balance sheet. When you do return on investment calculations of Dow today, our financial models includes the value of nature, we did put it in place and made sustainability a top driver of business, not an adjunct not an extra report, not a bureaucratic thing, not a government thing. But a business driver.

I'm convinced that if we put these big thematics, at the center of how business operates, and actually, frankly, it's probably the only institutional app that can do it. If business doesn't do it, I'm not convinced governments or with elected officials we have today can get it done. Because they're there for three years, four years, and they're out. And they don't think they have to put things in place for 10,20,30 years. And so as a consequence of that the business drivers have to be there. And that's how we did it a Dow. By making the sustainability drivers, the business drivers.

Nik Gowing

One of the things you emphasise is the SLO, the Social Licence to Operate. Do you think that is radically shifting?

Because I put you at this time of significant agony and real fear about what is happening on the climate emergency, and all the biodiversity emergency, the nature emergency, there's a degree of digging in that's going on, as opposed to really opening up to what really needs to be done.

Andrew Liveris

I fault both sides of debate, I talked about the five D's in the book is one of the new leadership paradigms.

Nik Gowing

One of them is 'deny'.

Andrew Liveris

Yes, 'deny' and 'defy' are two of the five, the last one 'do' an in between is 'debate' and 'discuss'. But the do part is where we're failing on both sides of the debate.

We're staying in the debate mode on the topic that you're talking about, which is basically that at the end of the day, if we don't absolutely totally get together and create the common motive here, in terms of the paradigm of absolutely solving the debate with respect to prototypes and actions that we can demonstrate, and that the society licence to operate is explained to people that it's a transition, it's not, this or that.

It's not 100 fossil fuels, percent, fossil fuels, 100% renewables. The two sides of the debates go there. We've got to actually say, no, no, we've got to go from here to there. And to get from here to there, it's going to take 10 years, 20 years. And in those 10 or 20 years, here are the key things we need to do to change society's behaviour, to change the way we use fossil energy, to change the way we use renewable energy, and then integrate it into a plan as a transition.

But we're impatient. Digital, has given us impatience and A.D.D. We're all demanding something now. And frankly, the work to get something done now is not integrated into the work plans of these con-fabs we tend to have, you know, I get so tired of being in meeting rooms, where everyone is saying the obvious, and no one is actually doing it. No one's scaling what needs to be done. And money chases money, it doesn't chase the outcome.

The outcome is set on agendas of 3 and 4 years, where they need to be set for 20,30 years. Running a company like Dow, nothing I did had to be for the 90 days. And that's why at some points in times, I was unpopular with investors, because I did things like building Saudi Arabia for 50 years, or we do what my successor has done, build decarbonisation plans that have to be done in 10 years, these sorts of cycles is where management really needs to put their intention. And business needs to be judged.

And inclusive capitalism that you mentioned, is I think, the way we're gonna get there. To build a movement of like minded businesses that absolutely have purpose driven profits, and work with governments to set regulations for a decade, not three years.

Nik Gowing

Now, you've obviously been writing this book in your mind for a long time, and certainly since you left Dow five years ago. But what about the change that's underway even since you started writing the book, particularly when it comes to, and I'm gonna quote you, Larry Fink, the head of Blackrock.

Two years ago in 2021, in his annual letter said very clearly, that green is the way forward. But what you've seen is a pushback. You're seeing a pushback against ESG as well. In other words, it's less fashionable, even though it's more necessary than ever. What are you seeing happening, in other words, this lust for cash, this lust for profit, and also a resentment about what is happening when it comes to sustainability, or am I overstating this? Andrew.

Andrew Liveris

I think the pushback that goes on when people take absolute positions is probably justified. In other words, if you say it has to be this green, ok and now everyone respond to that, by putting money into green, okay, I understand that. Because if you're basically sitting there and saying, well, it's not affordable, we're going to lift power prices by 10x, we're going to change the cost of mobility and cars, to the point where it's unaffordable to drive a car, then the consumers are not going to adopt green, they're going to basically say, in this case of, you know, the example of the energy transition on fossil fuels.

So, we simplify very complex topics. And what I love when I worked with President Obama was we developed the strategy on energy transition, which I believe current day President Biden is doing, which is an all of the above transition, that doesn't go green overnight. And it doesn't stay in fossil fuels forever. It has a transition. And this all of the above strategy is really based on this notion that when you write absolute positions, please explain that the transition means we're going to go from here to there using current technology, but we're going to put money in developing new technology. And if we put money in developing new technologies, like the Chinese do, like Nation States do, Singapore, Japan, etc. Saudi Arabia of recent times, then we can actually affect the transition in a logical way, not take an absolute position, I'm not a fan of just sending out letters and saying, look at me, I'm now green, and therefore put all the money in this when there's no plan to support it on a technology basis.

Nik Gowing

We're almost at the end here, Andrew. But you make a point of saying do well, and doing good must be in the DNA of a good leader. Now, how much are you still challenging the basic intrinsic culture, which is to keep making profit.

Andrew Liveris

I think my thought provoking ideas of the 15 years I was a CEO, made me sometimes unpopular already mentioned this. I remember making a speech at a conference where I was basically saying, I've made more money than I can ever imagine, please tax me more, I need to pay more taxes. I said that to be provocative.

In other words, we've got a system of capitalism, that is enabling the rich to get richer and leave a whole lot of people behind. Okay, and that ultimately is going to catch up with us. And I suggest in the book, it's beginning to catch up with us already. The climate change, discussion, societal equity conversations, this whole discussion about equality as it relates to gender and minorities. And then the big topic of geopolitics. And, you know, punishing bad people and being on the side of good people, which is a whole other topic. And then the digital paradigm, who owns A.I., and will the machines to take over.

You think about all those topics, and then you say to yourself for just a second, I've got to absolutely totally think a little differently than just making money off any of those topics. I've got to back off for a second and figure out what's the long term use of all that, in terms of the use case, and in terms of

the benefit to society. And if the benefit to society lives, all of society, then I have a use case. That sort of thinking is not popular by financial owners or politicians.

What I'm basically saying to maybe end by saying you're alone, to think the unthinkable, we need to absolutely realise that the unthinkable is now the new normal. We got to disrupt ourselves. We've got to change the narrative. And people like me writing books like this, what I'm doing, and thanks to you helping amplify with your, your medium is push it as hard as I can to especially give young people, the authority to act.

Nik Gowing

And in half a minute, that's all we have left.

Andrew, what about the overarching message then for those who are sitting there listening to this thing, he's absolutely right, but I'm not sure I dare to do it.

Andrew Liveris

Not only do I dare to do, if you don't dare to do it, okay, that's your call. But you know, somebody who will dare to do it, go support the anarchists around you. Go support that person who wants to change, but stop them protesting the change, get them to act the change.

I made a whole career by acting out what I believe to be right and I was sometimes wrong, but I definitely took the action. Again back to my five D's, 'promote', and 'provoke' and actually do it for yourself. But if you're not willing to do it for yourself, do it for that person you can see around you that's willing to do it. That's what I'm doing.

I'm supporting these 100 students at my academy, come and apply to my academy. Really work hard on finding the coalition of the willing, to cause and create this change, or you will be changed.

Nik Gowing

Andrew, I look forward to applying for a semester at Brisbane. Thank you very much, Andrew.

Andrew Liveris, thank you so much. The transcript is posted in parallel on our website. Do please join us when we next have a conversation about thinking the unthinkable. From me, Nik Gowing.

Until the next time, keep thinking unthinkables. As Andrew has just underlined, more than ever this is possible but it's also necessary. Bye, bye.