

First, find your purpose

Nik Gowing and Chris Langdon on how to cope in the Millennials' ever-changing world



Writing in *The World Today* in June 2016 we ventured that two almost unthinkable developments could soon happen. The UK could vote to leave the European Union that month, and Donald Trump could be nominated as Republican candidate for US President and then elected. Both seemed outlandish. Neither was widely considered in corporate or political risk assessments.

These events have now become templates for a world in which what was previously unimaginable is close to becoming routine.

Four years ago, we started our research into the role of leadership in an age of uncertainty with a simple question: why were so many leaders in government, business and non-governmental organizations struggling to cope with the gathering pace of disruption? There has, of course, always been disruption; what is different now is the sheer pace of change and the total transparency in which events unfold.

We have interviewed and had private conversations with hundreds of top leaders. The interviews are mostly off the record, but often recorded by agreement. Throughout, we have been astonished by candid revelations about their fears for the future and their sense of being overwhelmed.

Our main finding is unchanged from 2016, but deeper and even more troubling: the conformity which gets leaders to the top disqualifies most of them from grasping the scale of disruption and knowing what to do about it. In the words of Geoff Mulgan, former director of policy for Tony Blair and now chief executive of the National Endowment for Science Technology and the Arts, we are living in a time of 'zombie orthodoxies' which have yet to be updated for the 21st Century.

Steven Schwarzman is chairman and chief executive of the Blackstone Private Equity Group, which owns 120 companies and employs up to 600,000 people. He offered a chilling message for 3,500 corporate leaders last year: 'There are now no more conventional types of investments. Technology is affecting almost everything we know,' he said. 'This is a warning to all of you who live your lives and think everything is going to be the same the next day'. His executives were being sent 'back to school so they can learn.'

The natural expectation is that there are ready solutions to any problem. That assumption is a product of conformity,



A Kenyan shop offering the M-Pesa mobile phone payments system introduced by Safaricom

and is wrong. A doyen of radical strategic thinking agrees. Peter Ho, the former head of Singapore's civil service, says that trying to break down today's challenges in the expectation of neat solutions misses the point. Solving such problems simply cannot be achieved in a world of extraordinary uncertainty and change. So the new mindset for leaders must be different.

'Their causes and influencing factors cannot easily be determined. Furthermore, they have multiple stakeholders who see these problems from different perspectives, and who have divergent goals,' he said. 'This means there are no immediate or obvious solutions, because nobody can agree on what the problems are, never mind what the solution should be.'

Ronald Heifetz, a Harvard professor, labels these problems 'adaptive challenges' that are often murky, systemic

problems with no ready answers. We have searched for companies and organizations that have experimented with radical options for adaptive problem solving. Included on the next pages are two examples: one is the East African phone company Safaricom, and the other is the British Army as it tries to embrace new world realities following its Iraq and Afghanistan campaigns.

What unites General Sir Nick Carter and Safaricom chief executive Bob Collymore is a determination to work with the next generation. They agree that leadership must be tempered by humility and empathy.

This in turn creates a core challenge to put a new purpose at the heart of organizational culture.

'Who are the leaders that are going to be successful tomorrow?' asks Paul Polman chief executive of Unilever, the

Anglo-Dutch consumer goods giant. They are 'the leaders who don't work for their own interest, but work for the common good; the leaders who can have a longer-term vision; the leaders who are driven by a deeper purpose so that they can take some more risks in doing so. So those are the ones that we need to nurture.'

Polman is a visionary who can irritate many of his peers because of his relentless pressure on working for the common good. But he has seen off critics, especially shareholders impatient for a sharper focus on profit. In recent months we have begun to hear more corporate leaders willing to join him, but few have done so publicly.

In that one word 'purpose' is the principle that companies must focus on more than just shareholder value and quarterly numbers.

'It's only when you start to really press CEOs on precisely what is the purpose of their business that you realize that they often do not have a clear notion of it,' says Professor Colin Mayer, of the Said Business School, in Oxford. 'Or it often does boil down, in the case of publicly listed companies, to something about profit, rather than about companies producing goods and services that benefit us as customers and communities and, in the process, producing profits.'

The need for change is urgent. The fear is that talk of 'purpose' still remains convenient, but empty.

The concept will only be widely adopted when there is hard evidence that having strong values adds money and social value to the company. When there is only anecdotal evidence, it is not enough for hard-nosed investors.

The challenge is even more acute in a world where the next wave of digital transformation is already upon us. Artificial intelligence and other technologies bring in their wake huge changes to society. So for leaders, a new clarity of purpose and a moral compass is essential.

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The British Army

General Sir Nick Carter

General Sir Nick Carter became Chief of the General Staff of the British Army in 2014, after the withdrawal of UK forces from Iraq and Afghanistan. The army needed to adapt to a new world of security threats. But he quickly found that the professional environment was 'much more constraining and restrictive' than it had ever been before.

His solution was that talent should not be oppressed by conformity and tradition, he told the authors earlier this year. Leaders must be 'downward looking' so they could get to know the younger generations of soldiers, who often had bold ideas about how the military could function and they needed to be heard and listened to.

Rather than a culture of just obeying top-down orders, Carter set out 'to cascade the idea of empowerment down into the bowels of the institution'. Views from all levels must find not just a voice but a hearing. 'What I was determined to do was to create a culture and an institution in which people would argue and debate until the decision was made, and then obey orders.'

Much of what was required of a modern army was beyond the range of its current capabilities, yet there was a 'fixation with the status quo'. 'We are totally unprepared for the new realities,' he said.

'Commanders must allow those who work for them to fail' because fear of failure suppresses risk taking and maverick thinking.

The career structure was too rigid and offered no career incentive to mavericks. 'If ... they don't profit from it, you will never, ever encourage able people to go and push the envelope. And you'll never encourage people who've got maverick, or imaginative, or innovative tendencies to go and do this.'

An early start, six months into his tenure, was when he brought together 800 of all ranks he commanded to answer a big question: 'How do we make this great institution greater?'

Reassuringly for an army, they identified combat ethos and fighting spirit, hard earned in Iraq and Afghanistan, as fundamental priorities. But even more important for achieving reform were two other issues. First, the empowerment and



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decentralization that soldiers expect in conflict should be embraced by the army culture in peace time. Second was the imperative for a leadership culture based on values.

Remarkably for a military officer, General Carter urged a new spirit of humility. He revealed that in late 2016 he had subjected himself to a 360-degree personal assessment, with feedback from a wide range of sources, including subordinates. As a result, he resolved that he had 'to be more accessible, recognize I don't have to win every argument, and give people more space and time to deliver'.

Looking back on his four years as head of the army as he prepared to take on the top job in the UK military as Chief of Defence Staff, Carter reiterated his conviction that 'culture trumps strategy'. To sell new principles of leadership you need to tell a story. It is more important than the strategy. 'You're almost better to have written the story before you write the strategy.'

He had once described the challenge as like 'eating an elephant in one mouthful.' After four years he recognized that significant parts of the elephant remained uneaten.

General Sir Nick Carter takes up his position as Chief of Defence Staff on June 11

Safaricom

CEO Bob Collymore

Safaricom is an East African mobile phone company that transformed the lives of millions by introducing the money transfer system M-Pesa. Everyone, including the smallest trader, could transfer money digitally via SMS messaging. No bank account was needed. People in Kenya found they could transfer cash and get paid with full confidence.

Ten years on, in 2016, the company's halo fell dramatically when, with no warning, thousands of dissatisfied customers, who called themselves 'digital ninjas', complained that the company was overcharging. Millennial consumers felt cheated and cried 'Thief!'

'I was being labelled a thief,' recalled chief executive Bob Collymore. This was not a deliberate attempt to steal but, he conceded: 'The fact is we were stealing because we were taking money for things which people weren't using.' It turned out that 600,000 people were not using all the data they were paying for. Tariffs were changed and adjustments made so data wasn't eaten up as fast when downloading video.

Safaricom was discovering that the tension between Millennial expectations and corporate realities is brutal. A million young Kenyans come on to the job market each year. Eighty per cent never have regular employment. Their lifeline is a mobile phone, no matter how battered, and they see cheap access to data as a 'human right', not a source of profit.

With half of the population under 26, Safaricom had to understand and meet

the needs of the youth market. It established what it calls a new youth network called BLAZE which 'supports unconventional journeys to success'. This could easily have been seen as a PR stunt, but two years on it has meant that the digital ninjas have warmed to Safaricom and given it a new chance.

At the same time, Safaricom set about embedding a new generation of Millennials inside the company. At its headquarters we heard these comments: 'They want to work with people who believe in them ... They want to make an impact in the world ... Keeping up with their language is a basic challenge! ... It is very difficult to motivate them with incentives. No cars! They don't want a car.'

Sylvia Mulinge, Safaricom's director for consumer business, said: 'They struggle in a bureaucratic organization.' This signals a problem for every company: how to keep the next generation, which instinctively does not like what they see inside corporate headquarters, on side.

All executives are now being reverse mentored. 'They have to sit two hours a month listening to the digital ninjas. And the core message from youth is that a company must have new purpose and values. Overall: 'You have to hang out with the right people,' says Collymore. 'If you hang out with thieves you become a thief.'

Revenues were up 14.8 per cent in 2017. But more bold experimentation, innovation, and risk-taking will be needed to ensure that the old ways do not return.



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