Joining the Dots on Today's Best Thinking and Practice: What Next?

In partnership with:

The Chairmen's Forum
Working Together to Improve Board Performance

Churchill 2015
‘THE GREAT WAKE-UP’

Top decision makers in business and other sectors increasingly recognise the need to work together to find innovative and practical solutions to the challenges presented by the growing range of complex risks, disruption and ‘unthinkable’ issues that they now face.

That was the key conclusion of the closed door brainstorming event on Thinking the Unthinkable: Joining the Dots on today’s best thinking and practice, hosted by CIMA in partnership with The Chairmen’s Forum and Alvarez & Marsal on 23 February 2016.

In doing so the hosts underlined both their need and willingness to share in confidence their experience and to express their concerns that we not only risk being overwhelmed by the speed and proliferation of ‘unthinkable’ events, but that many fail to ‘join the dots’ and seize the huge opportunities for future value creation now opening up as a result of change in global markets.

The gathering successfully gave voice to the scale of the problems as well as the diversity and intensity of the issues that need to be addressed. Charles Tilley, Chief Executive, CIMA described it as ‘really excellent’ in recognising the candour, rigour and authenticity of the discussion which took place.

Presentations were made on the following reports which are available to download:

**Thinking the unthinkable: A new imperative for leadership in the digital age**

By Nik Gowing and Chris Langdon, was published to coincide with the brainstorming. It warns that the conformity which qualifies many executives for the top also disqualifies them from embracing the scale of change needed to adapt to the new unthinkables. ‘Leadership has not necessarily failed when judged by the qualities and skills that qualified it for the top. Instead, the world has moved on dramatically,’ it concludes.

**Joining the dots: Decision making for a new era**

Commissioned by CIMA, highlights the scale of new tensions. ‘Business as usual no longer exists… [and the] rules of the game are being transformed.’ As a result ‘high quality decision making has never been more important – or more difficult.’ The confirmation comes from executives themselves. ‘Many leaders were candid in admitting they are not as effective as they would like to be in key areas.’

**Boards in challenging times: extraordinary disruptions**

Brings together research for the Henley Business School and Alvarez & Marsal (A&M). It was overseen by a committee chaired by Sir Peter Gershon, and inspired by the fact that: ‘the question of how to lead in times of extraordinary disruption has been much neglected.’ Too often, the C-suite imperative for incremental change means that the unthinkable is missed, or viewed as a temporary aberration with the assumption that old realities will return. ‘During extraordinary disruption, many leaders feel overwhelmed, emotionally challenged and sometimes unable to cope.’

The research proposes a new categorisation of disruptions, the key leadership requirements for each category, personal qualities and leadership disciplines which are needed for successful leadership, together with a detailed methodology for leading through disruptions.
The three independently written reports validate in a meaningful and profound way more than what one report alone can do. They confirm what is fast becoming a scary new existential frailty for the current cohort of leaders in the private and public sectors.

Tony Manwaring, Executive Director of External Relations, CIMA, said: ‘Those three reports coming together, suggest that now is the time of inflection; that business as usual isn’t the path to the future; and that leadership as usual therefore needs to be questioned. ‘The reason? ‘It’s the sheer pace of curve balls that are being thrown at you. One after another…after another.’

The closed-door meeting engaged more than 50 senior figures from the worlds of business, finance and government at Grocers’ Hall in the heart of the City of London. It was designed to air and test for the first time the findings of the three reports, then hear reactions.

There could have been significant push back. The reality was the opposite. Instead there was barely a hint of challenge to the nine core reasons set out for why unthinkables are causing such concern for top corporate or public service executives.

The brainstorming heard a sample of the impatience and frustration from the next generation of leaders – the millennials who say they see stark shortcomings in the current generation of top executives. Darshita Gillies, Founder of Blu Dot says: ‘Thinking the unthinkable, and thinking the unpalatable, is the first step. But the second step is how, and what action needs to be taken specifically, to make that happen.’

**NINE KEY REASONS WHY UNTHINKABLES ARE CAUSING CONCERN:**

1. **BEING OVERWHELMED BY MULTIPLE, INTENSE PRESSURES**
2. **INSTITUTIONAL CONFORMITY**
3. **WILFUL BLINDNESS**
4. **GROUPTHINK**
5. **RISK AVERSION**
6. **FEAR OF CAREER LIMITING MOVES (CLMs)**
7. **REACTIONARY MINDSETS**
8. **DENIAL**
9. **COGNITIVE OVERLOAD AND DISSONANCE**
A role for millennials on Boards was one issue aired. One senior figure from the investment world said that in Silicon Valley: ‘We would be talking about the 22-year old, or the 30-year old’ on a Board. It is important to think beyond the UK-centric model where this is the rare exception. After all, by 2020, millennials will be half the workforce.

A far greater diversity of views on Boards is essential. Sir Peter Gershon, Chair of National Grid plc said: ‘You need one or two people, who are capable of coming up with completely... what the rest of the Board would regard as “wacky, off the wall ideas”. Out of that interaction comes all sorts of other ideas.’

Core areas identified for attention were executive behaviour, culture and mindsets in order to overcome the fast growing costs of conformity. Tony Manwaring urged participants to embrace the current ‘time of discontinuity. A time of systemic change. A time of needing to recognise external challenge. But also how we need to change ourselves. And others around us need to change as well. The external and the internal need to come together so that we can see our way through this.’

Nik Gowing, co-author of *Thinking the Unthinkable*, quoted one stark example of the conformist culture to be overcome. One top-level, sub-board executive had confessed: ‘We don’t feel we can express the unthinkables, and what we’re thinking might be possible because we’re fearful of having our legs chopped off, in terms of career, reputation and where we go next [professionally].’ A leading Chair urged that the issue of corporate culture be taken more seriously. ‘You could argue that some of the problems of the financial services industry over the last few years, is that perhaps there was a culture void.’

Noel Tagoe, Executive Director of CIMA Education, emphasised two immediate needs. Firstly to ‘overcome bureaucracy, so as to be agile in our decision making’. Then secondly, ‘building greater levels of trust, in order to improve collaboration’. All of this should be brought together with integrated thinking, and that requires optimum relevant information. This is in the context that the latest research on 58,000 companies quoted in 120+ countries and 120 stock exchanges, with a value of some $71 trillion dollars, which shows that over half of that is intangibles.

Such is the scale of the challenge that Chris Donnelly, Director of The Institute of Statecraft, warned executives that the unthinkable realities of the new normal — rapid, profound and sustained change — which they now face should be understood as a ‘state of war.’ The Darwinian principles hold that: ‘It is not the biggest or the strongest that survive when faced with sudden change, it is those most able to adapt.’

And history confirms that conformity guarantees failure in a war. Only a small fraction of the British Army officers in command positions at the start of World War II in September 1939 were still in place six months later. Donnelly’s message: it is the same for the highest level executives and public servants now, given the pace of change and the consequent scale and nature of unthinkables which they face. ‘The skills, the abilities, the attitude, the mentality, the behaviour that you need from an officer in the army in peacetime are radically different from those you need in wartime.’

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JOINING THE DOTS ON TODAY’S BEST THINKING AND PRACTICE: WHAT NEXT?

Joining the Dots pinpoints six avenues which are routinely ‘overlooked’ by executives. They must not be sidelined any longer.

**SIX AVENUES ROUTINELY ‘OVERLOOKED’ BY EXECUTIVES:**

1. **ENSURING DIVERSE PERSPECTIVES ARE HEARD**
2. **LEARNING FROM PAST OUTCOMES**
3. **INVOLVING RELEVANT PEOPLE**
4. **BREAKING DOWN SILOS**
5. **ENGAGING EXTERNAL STAKEHOLDERS**
6. **APPLYING BIG DATA ANALYTICS**

Such is the sense of executive unease that the urging from the brainstorming was swiftly to commission a second stage of work to seek solutions. This research must recognise that many may already have been identified. But as the *Thinking the Unthinkable* report shows, the problem is that they have either withered due to resistance from conformist executive instincts, or been actively blocked because they threaten to undermine executive authority.

So what are the options? ‘Solutions are unlikely to derive from redrawing arrows of power and influence on office systems diagrams. This is about behaviour. It’s about culture. It’s about mindset as well, as opposed to lines on a systems map,’ said Nik Gowing.

Therefore, a far more productive route is likely to be the unlocking of resistances embedded in the largely conformist human software confirmed by executive cultures, behaviours and mindsets. That requires a deeper focus on neuroscience and understanding the current limits to the flexibility of human brains along with their ability to adapt under pressure.

The neuroscientist Dr Alan Watkins highlighted that when we debate the issue of ‘thinking the unthinkable’ we never think about thinking itself so we never ‘unlock the quality of our own consciousness.’ When we think about the complex problems we think about how such problems exist in society, in systems and in organisations. Dr Watkins suggests that such an approach is bound to fail because it is ‘one dimensional.’ He said: ‘all complex problems are actually multi-dimensional. They exist “out there” in the objective world; they also exist “in here” within us in terms of how we feel and think about them. They also exist in the “interpersonal” dimension by affecting our relationships with each other.’ Dr Watkins says that: ‘to be effective in thinking the unthinkable we “must take a multi-dimensional approach”. “We are human beings”, we are not human “doings” simply acting in a robotic fashion. We think, we feel and we relate to each other.’ Dr Watkins warned: ‘If we’re truly going to stay ahead and not be consumed by the Silicon Valley disrupters, we must understand the nature of our own thinking. If we don’t, then we could easily be toast.’

In the final minutes CIMA’s Chief Executive, Charles Tilley, captured the scale and immediacy of the challenge. ‘How do you build the resilience of your organisation so that it is able to adapt when... good, or bad, things happen? ... It’s about behaviour. It’s about leadership. It’s about taking responsibility. It’s about, I think, within the Board, creating a safe place for discussion.’

‘Solutions are unlikely to derive from redrawing arrows of power and influence on office systems diagrams.’
Nik Gowing, Co-author of *Thinking the Unthinkable*

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Dr Alan Watkins
It is a discussion which all those involved in the event, CIMA, the Thinking the Unthinkable co-authors, and The Chairmen’s Forum, now plan to take forward. Together we aim to draw on the extraordinary, positive spirit of the 23 February event by creating safe spaces, both in person and virtually. Here top executives can share comfortably the scale of their vulnerabilities and can also review the practicalities of possible solutions, by way of candid, un-attributable discussions. The progress and any outcomes, once tested, will then be shared more widely.

The scale of the challenge is immense. The priority is immediate.

If you would like to participate in sharing experiences and seeking solutions, please contact us at: Tony.Manwaring@cimaglobal.com

'It is very interesting reading, I found many common themes in line with my understanding and thinking.'

'Behaviours and culture are key, but is the real problem that we lack a sense of meaning and shared common purpose to enable us to address the unpalatable?'

'I have looked through the whole paper and it’s impressive. But I can’t help feeling that we exaggerate the importance and noise of the present. Take any five year period in the last century and you will find a good selection of unthinkable things, often in clusters. But the noise is much louder now and it is more difficult to think.'

'The conclusions are really scary – the world and Europe particularly is used to being lulled into a false sense of security and stability. Partly due to objective reasons, partly due to the absence of strong leaders.'

'Isn’t some of the pressure being felt, simply arising from the unacceptability of failure? Errors are not accepted by the press, the investors – isn’t that part of the cultural change we need?’

'The entire report chimes perfectly with our own position and messaging to our members and the wider risk community... We really like the expression “unpalatable” as opposed to “unthinkable” as it helps to explain the myopia we see everywhere.'