

# what's on CEOs' minds?

by dr marc levy

## Right thinking

In December 2016, I interviewed 23 CEOs from eight industries and I asked them to tell me about two or three key issues that were on their minds.

This article identifies five issues on CEOs' minds relating to planning amid uncertainty, resource allocation to digital, how to get the most from big data, building capabilities and keeping great people and fostering agility.

There's nothing more important for a professional services firm than the issues and concerns occupying the minds of its CEO clients. Along with our own ideas about how to improve society, industries and organisations, what CEOs are thinking about is ultimately what drives our impact and our economics.

For this Right Lane Review, I interviewed 23 CEOs from eight industries. I asked them questions relating to what they had learnt from reorganisations. Their insights on this topic are described in article four of this issue. I also asked them to tell me about two or three key issues that were on their minds.

This article examines patterns in their responses to this question.

All 23 CEOs shared with me three key issues, except two CEOs who listed two, so the 'long list' included 67 items. From the long list, I excluded industry specific issues such as public sector CEOs' frustrations with the fiscal constraints within which they were working and some super fund CEOs' frustrations concerning the direction of policy change. From this modified list, I looked for common themes and identified five, which are described here.

## 'Future proofing' in an uncertain world

CEOs shared with me a range of environmental uncertainties, from societal changes impacting organisations' 'social license' to the potential impacts of Donald Trump's election ('What are the policy platforms under the platitudes?').

There is a sense that the world has changed and that contemporary trends and events are causing organisations to 'dial down' their risk appetite, narrow their tolerances, and adjust their controls.

'Everything is so much more transparent now ... [for example, with social media] you can be in the middle of a storm in hours.'

Some CEOs shared with me their increasing uncertainty about the evolution of their industries. What new actors or business models might threaten our competitive position? How do we confidently make opportunistic 'bets' in the absence of sufficient evidence? What are the decision making processes and tools we can employ to recognise changes that matter, whether beneficial or disadvantageous? One CEO laid blame at the feet of our political leaders:

'With so much economic uncertainty, and the lack of a strong political narrative or direction, how do you balance these investment decisions while facing those unknowns?'

There are of course methods of engaging with uncertainty (Levy & McSwain 2013), and these CEOs were generally aware of them; but there remained a general nervousness about the known and unknown-unknowns.

Some CEOs were particularly mindful of unforeseen competitive threats, including new online competitors.

'It's [simple enough] to look at a process, map it, and do it online. But that doesn't quite get you there in terms of the threat



of disruption. Someone might see it completely differently and do it better.'

Another CEO spoke of the challenges of incumbency:

'How does a big ... reasonably settled institution think in disruptive terms ... we're not as nimble or as radical as we could be; we're more incremental.'

## Resource allocation to digital

Several CEOs spoke about their organisations' considerable investments in digital programs and wondered about the efficacy of their efforts. Were they focusing their digital investments in the right areas – to simplify service or reduce cost, to attract new customers or engage existing ones? While the CEOs I spoke with had digital strategies and programs, some were experiencing a kind of decision making anxiety that sometimes accompanies significant 'shocks' or disruptions both before and after they are known.

This anxiety is exemplified by these quotes: 'It's [digital is] the future, but where should I place my bets', 'How much should I spend, on what, and for what return?'. To what extent should these investments displace other worthy



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projects? 'It's not straightforward ... to run a comparative IRR [internal rate of return] ... more a leap of faith.'

## What to do with big data

Some CEOs were 'blown away' by the insights generated from burgeoning internal data analysis teams, particularly about customers and products; but they were less enthusiastic about their organisations' capacity to harness those insights. As one CEO observed, 'There's a lot of it [data], but much of it is not especially useful ... there are more people [in these roles] than ever ... [but] coherent, actionable insights are thin on the ground.' The same CEO proposed a more scientific approach: 'We've been guilty of starting from a position of collecting data [for the sake of it] ... that's wrong ... start from the questions you want to answer.'

## How to build capabilities and keep great people

Some CEOs were more concerned about capabilities, including the perennial issue of what capabilities will be required to be successful in the future and how their organisations could start building them now. Interviewees shared their apprehension about how best to time, pre-emptively, capability building in an area of emerging strategic importance, while 'turning off' another that was becoming less relevant.

Many of the CEOs were expecting low growth in the economy and their industries, and, to meet the needs of their stakeholders, were on the hunt for new sources of revenue. Some of them had recently been through growth options evaluation exercises and identified promising organic growth strategies that had faltered in the experimentation stage or failed to reach targets. This was causing some CEOs to build execution capability and/or show greater interest in what could be achieved through new business models or partnerships and alliances with other organisations with complementary capabilities.

A few of the CEOs were worried about losing capability, in the form of some of their best people, under threat not only from rivals offering them a better employee value propositions, but also the allure of contracting: 'Some people are prepared to work on contract ... and trade off security ... to accelerate their careers and increase their remuneration [considerably].' The cost of living in Australia's major cities was exacerbating this trend.

## Remaining agile as we grow

Several of the CEOs were interested in maintaining or fostering agility and flexibility, and keeping things simple: 'How can we build an agile workforce to keep up with change?' and 'We need to continue to improve our processes but how do we do that without adding layers of unnecessary bureaucracy?'

Two CEOs whose organisations had experienced considerable recent growth, propelling them into the orbit of larger organisations, described their intentions to find more efficient, fit for purpose decision making approaches and 'operating rhythms' for their organisations. These CEOs were concerned to ensure that the limited 'bandwidth' of their scarce, talented people was not unnecessarily contained by getting caught up in matters in which they need not be involved. This was mostly about getting the right people involved in the right projects, the right decisions and the right organisational interactions; that is, the ones that added the most value to the organisation and to their development. One of the CEOs said that the answer was to build more organisational resilience for robust conversations about how people spend their time.

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This article paints a portrait of CEOs as a nervous bunch, but this has as much to do with the nature of the question 'What's on your mind' and the relationship I have with them, which is to sometimes help fix things that aren't going well, as it does with their mindsets. That said, there is a ring of truth about what a CEO recently said to me:

'There will never again be a year in which the pace of change was as slow as it was last year'.

The environment is inevitably becoming more knotty and challenging. Being able to see a clear path through it is more valuable than ever.

### References

Levy, L & McSwain, B 2013 'Living with uncertainty: how to get fit for the game of strategic change?', *Right Lane Review*, May

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We are an ethical consulting firm with a strong belief in the work we do, and with a passion to give back to the broader community with the skills and expertise available within our walls.

Right Lane was established in 1997 to help private, not for profit and public sector clients to clarify and accelerate their future plans. Over the past 20 years, we have helped the executive teams and boards of more than 150 organisations to define and adapt their direction and strategy, identify and clarify their priorities, align their efforts with their aspirations, get their major projects started and finished, and measure and improve their performance.

## Our areas of focus

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- Implementing strategy through aligning and engaging the organisation, and measuring and monitoring performance
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