



YSC'S LEADERSHIP INFLECTION POINT SERIES: PART TWO

THE WORLD IS ON THEIR SHOULDERS



The world is grappling with critical and complex challenges. Some of these are long-standing issues with many layers of intricacy, such as creating an equitable world or halting climate change. Other challenges are completely new and are marred with uncertainty, such as leading a hybrid workforce or integrating AI with human work. Gone are the days where the world's challenges are left to governments and policy makers to solve. As the top corporations are now richer than entire countries, it is only logical that society expects businesses to serve a social purpose in solving systemic problems. This places a revolutionary responsibility on business leaders, who find themselves simultaneously unpicking the world's complexities alongside trying to lead through the chaos and uncertainty of a pandemic. It's no wonder they may feel the world is on their shoulders.

No longer can one function or team of experts in a company hold token initiatives off to the side - ESG challenges are being placed at the centre of strategic plans. Leaders are expected to integrate multiple transformational change agendas into their strategy, deliver on these at pace, all whilst trying to manage their own well-being after a sustained period of turmoil. Most leaders have progressed in their careers through mastery of functional knowledge and managerial expertise. The ask is suddenly a lot bigger, and yet not much is being done to enable leaders to fulfil the ask. To be able to respond to the monumental external challenges and lead through the uncharted territory of the post-pandemic workplace, organizations need to equip their leaders with a new set of skills and mindsets.



So, world problems have become organizational problems and organizational problems are bestowed on their leaders. It is easy for corporations to make company-wide commitments to respond to government, societal or consumer demands for change - but there is a gap between intentions and the ability to execute. How do leaders create a truly equitable team culture if they themselves do not understand how privilege impacts progression? How do you address the climate crisis if you have not had to factor in the development of sustainable solutions or supply chains in the past? How do you digitalize a core service if you do not understand the potential possibilities created by technology and data?

As organizations strive to integrate ESG challenges into their strategic plans and core business priorities, they need to first equip their leaders to have sufficient understanding of the problems they are expected to solve. But more importantly, companies need to create the thinking space and cultural conditions for leaders to collectively envisage a radically different business before they can expect new strategies and solutions to materialize. Adaptive mindsets are crucial to think more fluidly about the opportunities that a new set of challenges pose for organizations.

The pandemic has disrupted our sense of what is possible, but that does not make it easy to keep challenging our sense of what is possible. Humans crave stability, so in many ways it is tempting to stick to what we know when

there are no immediate demands to change. Here are five ways organizations can support their leaders to think more adaptively in response to the changing demands of their customers, people and investors as we look to the future of work.

> Share foundational knowledge

Each challenge that falls under the ESG umbrella comes with its own complexities due to the systemic nature of issues to resolve. In short, it can be difficult to know where to begin. Added to this, ESG challenges are laden with strong emotive sentiments, political pressure and regulatory changes. Whilst the need to integrate strategic initiatives like digitization, sustainability or innovation into the overarching strategy is now widely accepted, there is still a need for experts who have an in-depth understanding of contextual variables or the complexities of certain issues. To enable enterprise-wide change, those specialist teams need to equip all leaders with enough foundational knowledge to appreciate both the current day challenges and the future opportunities. Teams leading digital change or embedding a DEI agenda often shake their heads that other leaders do not 'get it'. More often than not though, not enough information has been shared or shared in the right way for others to fully understand.

Organizations need to create a balance between the leaders and teams that bring expertise on a matter, with encouraging the rest of the business to take ownership of the value and realize the need for change. Whatever the change you are seeking to drive, leadership is inherently collaborative. Leaders need to create an inclusive space for all to participate, connect to the opportunity, feel competent enough to make a change and identify their role in enacting it. Consciously decide what your business unit and functional leaders need to know, including that which is relevant to your business but outside your direct remit, before moving to strategic planning.

> Understand changing sentiments

It is easy for a term like stakeholder capitalism to take hold in corporate board rooms, but it is hardly a motivating reason to make change. To articulate a compelling case for change that resonates within your business, leaders need to look to the external trends and understand how customer, employee and investor values have significantly shifted in the last two years. For those who may not be compelled by calls to save our planet, the increased urgency in addressing the climate crisis has many drivers beyond ethical concerns. A Washington State University study highlighted 83% of the workforce between 25-40 years of age want to work for a company that has a positive impact on the environment. Customers of today are increasingly choosing brands that are carbon neutral – if we fast forward a few years, will that preference have turned into a non-negotiable? Investors have seen these consumer trends for some time now; impact investing has moved from fringe to mainstream.

Organizations that embrace multiple stakeholder views are more likely to attract and retain tomorrow's talent. Executive teams and their senior leaders should map out their primary stakeholder groups and ask themselves what do they expect of our business in terms of societal changes, environmental impact and our role in market governance.

> Look for the overlay

To make challenges feel more manageable, it is tempting to solve them in isolation by delegating to different teams to solve. However, issues are rarely siloed in their cause, impact or resolution. They are tangled up in an interrelated web and therefore require an intersectional approach. Digitalization offers the possibility of more sustainable supply chains. Bringing in greater diversity of talent can accelerate innovative thought. Evolving to a hybrid workforce allows organizations to reach more diverse pools of talent and remote working can positively impact sustainability goals.

Explore where one need might be served by a change in another area – particularly if you already have transformation agendas around digitalization or creating an agile culture. By looking for the overlay, you can start with one of the opportunities that matters most to your business that also addresses more than one issue for your enterprise. Answers may not be easy or obvious. Organizations need to value curiosity to explore possibilities and courage to try something new, rather than expecting water-tight solutions for challenges which do not have a single right answer, whether they be novel or centuries-old.

> Bring the outside in

Many leaders are trying to solve world issues from their homes. It is hard to imagine what is possible when working remotely with limited interactions with others outside of your workplace and you have pressure to deliver today's numbers. Bringing in leaders from other industries who have made significant progress in their fields can spark the imagination of what could be possible. There are lessons to be learnt from start-ups that have identified weaknesses in legacy businesses and are offering innovative products or services that sustainable, digital or both. Listen to how other leaders spotted opportunities or used pandemic-related disruptions as a catalyst to creative thought. Learning about businesses that are both profitable and purpose-led can dispel tightly held assumptions. Envisioning a future business that operates in a fundamentally different way from today is hard to do from current state. It helps to bring the outside in to reimagine what might be possible in our own worlds. This is where the value of diverse teams comes to the fore as diverse experiences and alternative perspectives are needed to shape our unfolding future.

> Collective action requires collective creativity

The importance of teams is not new, but the challenges of today are amplifying the need for shared leadership to think together to discover how to lead into the future. And this is not just about leaders leading together, it is about engaging and empowering their teams and their team's teams.

The incoming generations have a lot of influence over consumer and employee sentiment. They may not have the experience to offer, but they do not have experience in constraining their thinking. An abundance mindset is needed – not only in seeing challenges as opportunities but seeing a range of inputs as an opportunity. Organizations that create space for a cross-section of their people to come together will empower innovative thought that is more likely to be enacted. It is also the reason that teams are the most important unit of change in organizations on a journey to renew.



The pandemic overturned our workplace and forever changed the expectations of employees, customers and investors. In the future, we will look back at this time not only to remember the pandemic-induced changes, but as a period in which consumer, employee, investor and community sentiments changed the way businesses thought about their business. The rapid rise of ESG in investor decision making and the influence of social justice are fuelling the changing role of corporations. A paradigm shift has occurred that requires companies to move from siloed CSR efforts to intersectional ESG approaches.

Business leaders find themselves torn in many directions, simultaneously needing to solve world problems alongside leading through the continued uncertainty of the pandemic. Whilst the demands of leaders have escalated, their capacity to meet these heightened expectations does expand overnight. Some organizations will need to radically pivot, others might only need incremental changes, but the need to adapt and evolve is universal. If organizations are to succeed in the future, they need to recognize how crucial it is to invest in the evolution of their leaders today.



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