EIGHT EXECUTIVE TRENDS FOR 2019
AUGMENTED LEADERSHIP

PageExecutive

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AUGMENTED LEADERSHIP:

Harnessing the human in digital change

Business is facing the most significant shift in a generation – the rise of artificial intelligence and automation – and companies are responding with the best weapon in their arsenal: people.

The most agile are going to great lengths to become more empathetic, purpose-driven, diverse, open and understanding of people's wellbeing. In short, more human.

Now in its fourth edition, Page Executive's Eight Executive Trends for 2019 explores the challenges facing business leaders around the world. This year, they are measurably different.

We examine the drive to find purpose in business by exploring what constitutes meaningful employment. We look at millennials in management and how they are changing the world of work to align with their beliefs. And we consider the relationship between executive board and C-suite, revealing how CFOs are the key link between the two and the counterweight in balancing short-term results against long-term vision.

Eight Executive Trends for 2019 also highlights opportunities where you can find the space to grow, particularly when it comes to attracting and retaining the best talent on the market.

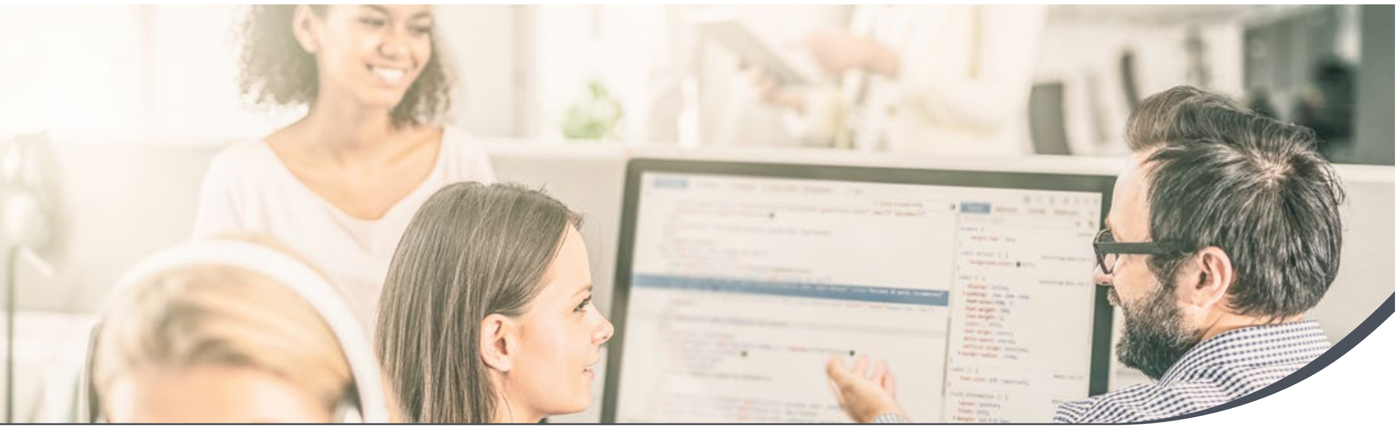
As your business needs and goals evolve, Page Executive's team of 160 consultants in 26 countries is ready to help you capitalise on these trends and contribute to making your business thrive.

On behalf of all of us at Page Executive, I wish you an inspiring read.

Steve Ingham
CEO PageGroup

HUMAN ORGANISATION THROUGH DIGITAL TRANSFORMATION

How technology is elevating people's potential



Technology is changing faster and businesses are reaping the benefits. Rather than a unique phenomenon, the digital revolution is actually a growing wave of technical disruptions to communication and interaction everywhere.

Effective chief executive officers understand the need to lead their business productively through their digital transformation and instead of passively adapting to the changes, proactively develop the skills and vision to take advantage of them.

The most effective chief information officers will navigate the rapidly approaching talent shortage and implement the technology necessary to add value. The big question for every C-suite is: does the rest of the team have the skills required for this task and do they recognise what's truly at stake?

WHO WILL LEAD THE TRANSFORMATION?

According to a study by Forrester, more than 60% of global executives believe their company is falling behind on digital transformation and is not doing enough to prepare for the future. Forrester predicts that around 20% of CEOs will put their company at risk by not acting on digital transformation. Correspondingly, a Commvault study shows a high number (around 40%) of companies have not developed a cogent strategy for digital transformation.

These companies are missing an opportunity, according to Fernando Andraus, Senior Partner for Latin America and Head of Global ICT Practice, Page Executive: "Technology is vital for cost reduction and process improvement, as well as for new ways of serving clients and managing teams. This generates data to better understand client and team needs and behaviours."

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> Technology is vital for cost reduction and process improvement, as well as for new ways of serving clients and managing teams.
>
> *Fernando Andraus, Senior Partner for Latin America and Head of Global ICT Practice, Page Executive*

Jeanne Ross, Director at MIT School's Center for Information Systems Research, agrees that the key to a company's digital transformation lies in treating data as an asset, and using technology to construct a platform consisting of data, people and processes. Ross believes that data allows us to understand and better serve customers, and that leaders must "stay focused on what's going to drive the most value, what's the most important thing to do, what you can pull off."

It comes down to clear leadership, Fernando Andraus points out: "When setting up a strategy for the transformation process, CEOs and CIOs should ask themselves whether they want to be pioneers, early adopters or followers for these new technologies."

The barrier to effective leadership, action and transformation is often fear: in much of the general discourse, digital and technology are used interchangeably with AI and automation, which can lead to misconceptions and misplaced anxieties.

AS TECHNOLOGY SHIFTS, SO DOES RESPONSIBILITY

In many industries, such as construction, logistics and manufacturing, automation and artificial intelligence are replacing lower-skill jobs. People previously in these positions need managerial and technical training to oversee operations conducted by machines. The European Commission warns that a shortfall of 825,000 workers with the requisite digital managerial and technical skills will emerge by 2020, meaning investment in skills is urgently needed today.

This does not mean that everybody needs programming skills, but that the C-suite must facilitate collaboration between teams. Training and collaboration are pushing digital transformation onwards, meaning departmental silos will cease to exist. In a disrupted future, it makes more sense to set up dynamic offices and adapt to project-based work.

Chatbots are primed to take on customer-facing roles, although currently limited in what they can do, with humans necessary for complex tasks and to supervise the digital agent. IT professionals are needed for technical issues, maintenance and operational improvements suggested by the human controller. Gartner predicts that "by 2020, 20% of companies will dedicate workers to monitor and guide neural networks," which again poses the question: where are these workers coming from?

As organisations rely more on data, so senior leadership needs to view data not as a necessity, but as a strategic asset for the success of their business. Commvault explain that more

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than 50% of participants see the key for success in "better data collection and management", as well as "new tools to analyse increasingly sophisticated data."

HAND IN HAND: CUSTOMER AND EMPLOYEE EXPERIENCE

The CIO needs a clear vision with team goals that satisfy the customer, retain talent and mirror the overall leadership strategy. IT professionals need to know they are working towards a common objective and developing disruptive tech for the customer that fulfils business goals.

This work is, by definition, meaningful and transformative, with results measured by its impact on business. Automation plays a big part in this development, because employees will have more time to think and act on creative solutions, as the PWC 2016 Industry 4.0 study explains. Besides machine learning and artificial intelligence, influencing and relational soft skills will be highly in demand.

We expect CIOs to lead the transformation process together with the CEO. However, Fernando Andraus warns us that "CIOs sometimes perceive these new technologies as potential sources for cost reduction and process automation, rather than business transformation tools. To change the mindset, it is key to have a deep understanding of the company's business model and industry trends."

"

CIOs perceive new technologies as potential sources for cost reduction and process automation, rather than business transformation tools.

Fernando Andraus, Senior Partner for Latin America and Head of Global ICT Practice, Page Executive

This is a clear shift in focus. Until recently, companies concentrated on the product and to a lesser extent, the customer experience (CX). While employees focus on CX, CIOs need to look closer at their employees' experience in the organisation. Fernando Andraus sees the client and employee experience walking hand in hand, and a clear opportunity for the C-suite: "IT tools that are mainly designed to learn about client experiences and needs can be used and adapted to have the same approach for employees."

MACHINES WILL MAKE US MORE HUMAN AGAIN

CIOs do not need deep technical knowledge of new technologies, but they do require a clear vision about business needs and the possibilities technology presents. It is, after all, up to the CIO to choose the right tool for the right team at the right time, because as technology leader for the

company, they have the ability and mandate to improve adoption and acceptance.

"The question is, 'What engagement is expected from clients and employees regarding the use of these new technologies?'" says Andraus. "Sometimes senior management has a strong belief in transformation technology. Its success, however, depends on its importance to clients and the employees affected by it."

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It benefits us all to adopt a more pragmatic stance on what digital technology ultimately is – a tool of incredible potential to increase productivity – and what AI really means: the automation not of jobs but of tasks.

Companies in which leadership puts a clear strategy in place, based on knowledge rather than fear, and harnesses that reality will position themselves to become more human than artificial intelligence can ever be. As a result they will be ideally placed to profit from providing value to people: namely their customers and employees.

Digital transformation is about bringing that all together. A true digital leader connects all the infrastructure, professional and cultural aspects of a business to keep employees happy, helping them collaborate to do more meaningful work.

That, ultimately and inevitably, will make customers happy.

KEY TAKEAWAYS

Used effectively, machines enable people to focus their creativity on the human-centric elements of their jobs and automate repetitive tasks.

- Many global executives feel their companies are falling behind, with no developed strategy for digital transformation.
- Businesses need to decide whether to be digital transformation pioneers, early adopters or followers.
- The key to digital transformation lies in treating data as an asset.
- Data from automation, AI and chatbot technology will help reduce costs and improve processes.

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BUILDING TOMORROW'S LEADERS

Harnessing the value-based millennial mindset

Millennials are coming of age as an employee demographic. Already passing Baby Boomers and Generation X as a share of the workforce in some countries, they will comprise 50% of the global workforce by 2020, according to research by PWC.

Millennials are taking their place as tomorrow's senior leaders. The implications will be transformative.

This is a generation of contradictions. Academically tested and measured throughout school life more intensely than any previous cohort; yet also taught that participation and effort count at least as much as winning. Stereotyped as shallow or overly interested in superficial interactions on social media, while sweepingly labelled as snowflakes for apparently caring too much about issues like climate change and equality.

Millennials reached adulthood during the global recession and entered a workforce changed by the pressures of globalisation and the financial crash. Things have not become any easier: they now find themselves caught in the currents of historic technological shifts that affect all areas of business.

Beyond the lazy stereotyping, there has been plenty of serious analysis of how the values of this generation – for example, their desire for flexible working practices, less rigid corporate structures and meaningful work – will impact corporate thinking and practice. This is a generation now moving into management and affecting organisational structures.

In terms of management positions, research from EY found that, globally, 62% of millennial employees manage the work of others in some

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form. In China, this number is significantly higher at 90%, highlighting that, while the rapid rise of millennials to the top is a global phenomenon, Asia is leading this charge, thanks also to India (85% managing the work of others) and Japan (85%).

Millennials represent not just a powerful demographic force, but a uniquely human resource: driven by deeply-held values, an instinct for purpose-led work and natural empathy. So, the question for today's C-suite should be less how to adapt to this misunderstood generation and more how to harness it. The question is how to forge these new managers into senior ones, able to turn the challenges of today into the sustainable results (including profits) of tomorrow.

A DIFFERENT APPROACH TO MANAGEMENT

Although money remains, as ever, a motivator, studies such as KPMG's Meet the Millennials demonstrate clearly that this generation places more importance on impact and meaningful work than on financial gain.

> Expectation and motivation of what [millennials] want to achieve from their careers has changed. It's less about money and more experiential. They care about their employer's purpose.
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> *Simon Nolan, Senior Partner and Head of Global Consumer Practice, Page Executive*

Simon Nolan, Senior Partner and Head of Global Consumer Practice, Page Executive, says that "the expectation and overall motivation of what they want to achieve from their careers has changed. It's less about money and much more experiential. They care about their employer's purpose."

To attract the best managerial talent, the responsibility lies with companies to ensure they convey their employer value proposition to millennials (alongside the rest of their workforce), while actively managing their reputation. Millennial managers, like their peers, want to see the effect of their actions. They prefer and demand constant communication and informal feedback to formal, infrequent performance reviews.

At the same time, millennials need to be fulfilled by the work that they do. Job satisfaction is very important to this generation and they are rarely willing to settle or stay in an unsatisfactory position. Managers need to create structures that work best for them and their teams' fulfilment, such as mentoring to retain the best employees. Because, as EY highlights in its study, a lack of mentoring is a key reason for millennials deciding to leave.

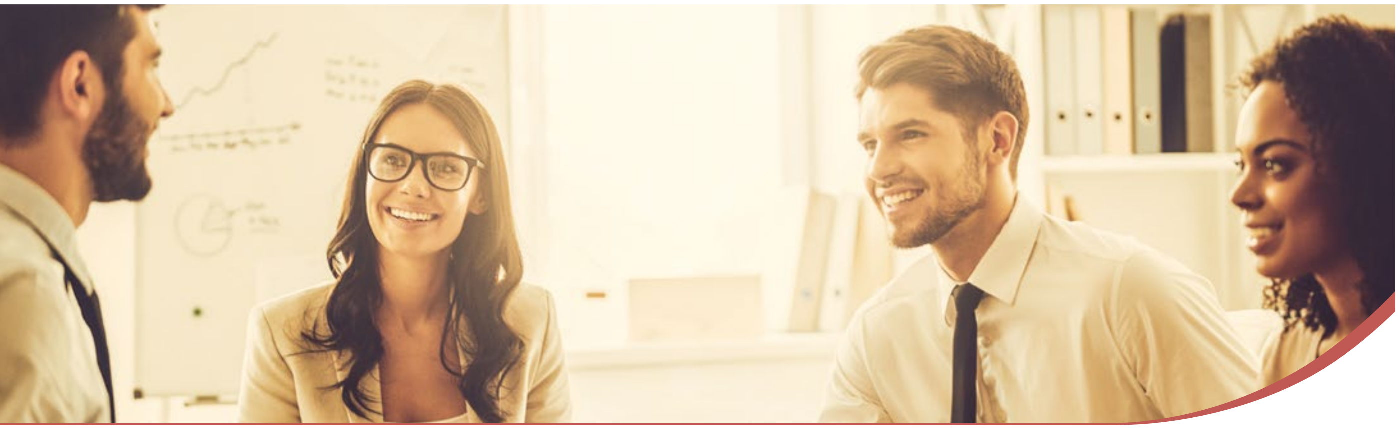
PWC's research supports this, as it explains the ability to quickly progress to a managerial level role is more important to millennials in a company than competitive salaries (52% vs 44%), emphasising that meaning and clear purpose are crucial psychological drivers. These findings explain one of the more frequently cited theories of millennial attitudes – that they are less loyal than previous generations – with one in four expecting to have more than six employers during a career, compared with just one in ten in 2008.

All of this poses a vital question: by aiming for management positions, might this generation be climbing the ladder quickly so they can bring about the positive changes they believe should be available and applicable to all employees?

WORK-LIFE BLENDING

Twenty years ago, Generation X managers developed and popularised the concept of work-life balance, a phrase that quickly entered the Oxford English Dictionary.

Today, millennials are refining that concept and taking ownership of what it truly means in practice. The concept of working outside of office



hours has not suddenly become anathema, but there is a clear expectation of a quid pro quo. As further research by KPMG shows, there needs to be a common-sense trade-off that allows time for personal life and obligations during official work hours – a pragmatic and honest expectation that explains their preference and propensity for flexible working options.

Nolan sounds a note of caution here, as flexible working is always a balancing act between team-building and freedom of location: "While it is important to empower employees with flexi-work benefits, we need to be careful not to lose the value of in-person, in-office engagements. If you want a team to truly grow together and prosper, you need them to perform in close physical proximity to each other."

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The Michael Page Working Life study in Europe found employees of all generations desire a better work-life balance and less intrusion into their private life from work. Even if we are not familiar with the statistics, we likely all recognise the picture they paint: 62% of Europeans in employment check work emails outside of office hours every weekday, along with 57% who answer work-related calls. Nearly half of workers say that out-of-office communication negatively affects their work-life balance, while 40% of Europeans still have no access to remote working at all.

A more flexible, sustainable and productive blend of work and life is clearly needed. Millennial managers will both expect it, and expect to deliver it.

RELATIONSHIP MANAGEMENT IS KEY

For millennials, the traditional hierarchical structure that Baby Boomers or Generation X-ers work or worked under is simply outdated.

They believe open, honest communication across experience levels is more valuable than a formal chain of command. Instinctively attuned to the impact of relationship power-dynamics on culture and workflow, managers of this most empathetic of generations want more communication and less bureaucracy in the workplace.

US-based shoe and clothing e-retailer, Zappos, adopted this flattening of hierarchy when they instituted holacracy in their organisation. Their aim was to empower creative collaboration to support new initiatives across all roles, while reaping the cost-saving benefits of needing fewer employees, since all roles expanded.

But this is not yet the norm. "We've been accustomed to this idea of upward mobility at work for decades," Nolan expounds. "I haven't seen much of a move away from that in most companies.

Even a company as progressive as Amazon still has a hierarchal organisation structure."

> I haven't seen much of a move away from [upward mobility] in most companies.
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The wide-scale adoption of flatter hierarchies will not happen overnight – old habits die hard – but companies that explore communication-led and bureaucracy-light structures will undoubtedly be the first to harness the millennial mindset.

Millennials need to see this kind of positivity not just in their structures and leadership teams, but also in the focus of the company itself. The 2018 Deloitte Millennial Survey shows that while they see business leaders as generally positive (44%), these leaders remain some way behind NGO leadership (59% positive), highlighting that the purpose of the company and leadership they work for is vital.

LOOKING FORWARD

There is no right answer to the question of how to position a company to harness millennials' mindset, in terms of building the senior leaders of tomorrow.

The best approach may be a blend of forward-thinking strategy and tried-and-tested tactics.

Companies need to take the time and effort to understand the research that has been done into this generation, to properly understand the values that drive millennial managers.

The next step is to consider how those values can be harnessed to respond to the challenges that are coming, such as AI and automation. By ignoring the stereotypes about this generation, it is possible to see millennials as the most human of human resources. Complex, deep, shaped by contradictions – and powerfully placed to build truly human organisations, focused on what employees, customers and stakeholders want and need.

All of us should be excited about that future and what it will look like.

KEY TAKEAWAYS

Millennials are making workplaces more human by demanding more flexibility, bringing their values into play and harnessing the power of feedback.

- Millennials will soon be senior leaders: the implications will be transformative.
- China, India and Japan are seeing the biggest influx of millennial managers.
- Companies need to convey their employer value proposition to attract talent.
- Companies should blend forward-thinking strategy and tried-and-tested tactics.
- Mentoring programmes, open communication and job fulfilment are keys to engaging younger generations.

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FAST-TRACKING DIVERSITY IN THE BOARDROOM

Why recruiting diversely puts the human into HR

Business has a diversity problem. Any leadership team should reflect the diversity (which is to say, the reality) not only of its employees and customer base, but of society as a whole. The corporate world is now dealing with the structural challenge this presents and, arguably, is yet to fully appreciate the opportunity it offers.

When former PepsiCo CEO Indra Nooyi stood down in August 2018, the pool of women (and ethnic minorities) leading America's largest companies shrank again. Caucasians account for 73% of the leadership teams at the 16 Fortune 500 companies who reported their diversity efforts. Women make up just 6.4% (in itself an all-time high) of CEOs in these businesses.

Making boardrooms more representative is not just morally right and commercially sensible, but the best strategic response to the rise of technology. In the coming years, where huge technological changes will impact the workplace and the relationship between people and work, it is one of the best ways to respond to the rise of artificial intelligence (AI). Human intelligence – with its infinite diversity – is irreplaceable by any machine.

What are companies doing to achieve C-suite diversity goals? How are they making the shift from exclusively women-focused initiatives towards minority representation, creating more inclusive team dynamics from the top down?

WORKING TOWARDS A CHANGE MINDSET

The human brain sometimes is unconsciously biased and this makes its way into companies and their hiring practices. Hiring managers and senior leaders need to be aware of their unconscious biases to ensure fair hiring outcomes. But bias still finds a home in gendered job titles, as Asma Youssef, Principal, Page Executive, explains: "Even today, gender-biased job titles still exist, such as any role ending in *men* or *man*. We encourage our recruiters to advocate the use of gender-neutral job titles and embrace fair equality of opportunity."

"Millions of people have taken Harvard's Implicit Association Test to measure their prejudices and the data reveals a majority have a bias towards their own race. Assumptions made about candidates have lasting implications upon who is hired and on who gains promotion to the leadership team."

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>
> *Asma Youssef, Principal, Page Executive*

Careernetworx CEO Gail Tolstoi-Miller recommends two words to challenge one's own unconscious bias: "So what?" She says that hiring managers need to accept that interviewing a different gender or nationality from their own can give rise to bias and, whenever they make a decision about a candidate, ask themselves that question. Youssef adds that "recruitment firms championing diversity will have a trickledown effect into the diverse candidate pool they generate for clients."

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DIVERSITY QUOTAS WORK

Most workplaces believe in and operate on the basis of meritocracy. But hiring reality is often quite different, with quotas a necessity given the challenges women, people of colour and other minorities face navigating their way to the top. Although misunderstood and sometimes contentious, quotas are effective in correcting under-representation of minority groups.

"Quotas worked when nothing else did," explains Rana Nawas, Ellevate Network's Dubai Chapter President. "With the introduction of quotas, many highly qualified women have been hired to join boards. More women on boards will bring more women in the C-suite. That's when the positive impact on business outcomes become evident."

A study by McKinsey, Diversity Matters, discovered that boards with top-quartile diversity performed better than less diverse ones, with returns of equity (ROE) that were 53% higher on average. These more diverse boards also contributed towards 14% higher earnings before tax and, astoundingly, as Credit Suisse explain in a similar report, "large-cap companies with at least one woman on the board have outperformed their peer group with no women on the-board by 26% over the last six years."

TECHNOLOGY CREATING DIVERSE LEADERSHIP PIPELINES

Technology adds to the complexity of business today. Traditional leadership teams and boards can lack the diverse skill sets required to face the complexities that the fourth industrial revolution (the Internet of Things, or IoT) will bring. Tackling these challenges requires agile leadership that itself is diverse and that fosters new thinking and reinvention.

Headquartered in Amsterdam, Booking.com's technology team boasts 1,600 people of 80 different nationalities. As women comprise half the company's customer base, the e-commerce platform is directly addressing the gender gap and currently has more women in tech jobs than industry averages.

How do they recruit? Booking.com avoids platforms like LinkedIn, taking advantage of tech-specific online platforms such as stackoverflow, a knowledge-sharing and career building website with an audience of over 50 million developers, and Dribbble, a platform where designers inspire themselves and secure jobs.

EDUCATING THROUGH COACHING

Mentorship programmes have become increasingly important initiatives. As Rupert Forster, PageGroup's Managing Director for China, explains, "Mentors and role models at work should be visible and consistently display what great looks like."

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Companies can display their commitment to creating an inclusive workplace culture by launching diversity training and implementing mindset coaching. Better frameworks can make more people aware they are capable of achieving greatness despite traditional structural and business challenges. Such initiatives enable companies to demonstrate strong value systems, which can help in recruiting the right talent across all management levels.

"As a recruitment agency, we emphasise the values of our clients and the significance of their D&I initiatives while making executive and senior management hires," concludes Forster.

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PageGroup aims to build the same kind of teams internally as it does externally. The Shared Services Centre in Barcelona, for example, has a leadership team made up of three women and four men, which itself mirrors the structure of the executive board, made up of four women and five men. Although just the first steps on the way towards gender equality, having a representative board and leadership team is a company priority.

AI AIDS HIRING MANAGERS IN AVOIDING BIAS

If making companies more representative of diversity and more human is key to countering fears about artificial intelligence, it is worth looking at how AI can be harnessed to help.

AI is disrupting almost every industry and the recruitment sector is no different. Used well, AI can help companies become more representative. Take the work being done by HireVue, which is

attempting to solve the speed-quality problem in hiring by using AI to challenge traditional biases.

Unilever used HireVue to place 800 people from a pool of 250,000 candidates for its Future Leaders Programme. The software produced a 16% increase in hires from more diverse backgrounds. Other tools such as Textio, an augmented writing platform, use AI to analyse bias in the language of job descriptions and adverts, helping companies recruit a more diverse workforce. In 2018 Textio was named one of the World's Most Innovative Companies for Data Science.

Using Textio, Expedia altered its job posts to become gender-neutral in tone – and roles were filled eight days faster than job posts that reflected unconscious bias. As far as executive recruitment is concerned, the tech not only assesses the candidate's functional expertise, but also their cultural and emotional cognisance, helping to identify company fit in a candidate more quickly and with greater accuracy.

Diversity isn't optional. Not in the workforce or the boardroom. Representative leaders of representative companies more accurately reflect the diversity of the people that make up political regulators, the supply chain and the customer base.

That makes commercial sense. And it is common sense if we want to keep business human.

KEY TAKEAWAYS

Data and AI, together with quotas and education, are helping organisations become more diverse, inclusive and representative of their stakeholders.

- Boards with more diversity perform noticeably better than those without.
- Mentoring and role model programmes may help companies create inclusive workplaces.
- Recruitment firms championing diversity will generate a richer candidate pool for clients.
- Hiring managers and leaders need to be aware of their biases to ensure fair hiring.
- Video and text analysis software can help remove unconscious bias from the hiring process.

PUTTING MENTAL HEALTH CENTRE STAGE

Why the business of empathy and understanding has never been more important

Mental illness affects more than 300 million people globally. Leaders who adapt to educate, support and accept mental illness can avoid significant expenditure and better retain employees, vital when the costs of mental health for businesses rose to US $246 billion globally in 2017.

At a time when societies and governments are thinking about how to harness the rise of technology such as artificial intelligence (AI) while dealing with the threat of job automation, it is vital for businesses to become ever more human in terms of their understanding and empathy.

The importance of nurturing workplace mental health has increased in recent years, as has the scrutiny on business leaders when it comes to having robust support systems and clear policies.

But how well equipped are organisations to offer this support? Are senior leaders themselves doing enough to look after their own mental health?

WORKPLACE SUPPORT NETWORKS

According to the UK-based Mental Health Foundation, 86% of employees believe their job and the act of being at work are important for their mental health. This highlights the need for a supportive company culture that helps make any problems visible and better understood. And that should come from the top down. Although C-suite executives should lead by example, it is important to remember mental illness does not discriminate by level of seniority.

People with responsibility and the pressure to set an example have an even higher risk of suffering from mental illness. Business in the

Community's Mental Health at Work report says "authority may be linked with depression and CEOs may be at twice the risk of the general public."

MANAGING MENTAL HEALTH IN THE WORKPLACE

Executives and employees suffer the effects of mental illness, so why are people not talking about it? UK charity Mind's 2018 study revealed that 50% of employees who experienced poor mental health spoke to their employer about it. But PageGroup research shows that, of employees who reached out, one in five felt misunderstood and no better off after talking to their manager about their mental health.

While half of mental illness sufferers talk to their managers about their problems, those who do are often reaching out to someone without the experience to help them. This highlights the need for education on mental health and training for managers to help recognise and respond to employees' mental health concerns.

Companies like RBS and Unilever offer training to help managers identify signs of mental health distress so they can connect employees with treatment programmes. Many companies have incorporated telemedicine technology for employees, which allows people to access healthcare remotely though live video. This means employees can speak to specialists when necessary, including psychologists.

FIGHTING STIGMA

There is a reluctance to talk about mental health in the workplace, which has contributed to an increased presenteeism (employees working when sick, injured, fatigued, or below normal productivity). In Japan, the costs of presenteeism due to mental health issues reaches US $14 billion per year, and affects almost 22% of the working population. In the United States, the only advanced economy that doesn't guarantee paid vacation time, this cost represents US $225.8 billion annually.

PageGroup research found that people think talking about mental health will hamper their career (36%), leave them ostracised (20%) and reflect badly on their ability to do their job properly (34%). Many felt their colleagues would judge them for talking about their condition (52%).

"HR directors should own the wellbeing strategy of an organisation. They are responsible for the strategy, but the responsibility to push the agenda and support the programme sits with all senior leaders," Jessica Whitehead, Partner and Head of HR Practice, Page Executive, explains. "A key aspect is strong communication channels, to ensure conversations are being had about mental health."

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>
> HR directors own the wellbeing strategy, but the responsibility to push and support it sits with senior leaders. Strong communication channels are key to ensure conversations about mental health happen.
>
> *Jessica Whitehead, Partner and Head of HR Practice, Page Executive*

Some companies are battling the stigma behind mental illness. Barclay's launched This is Me, where employees shared elements of their personal life, touching upon mental health issues like depression, personality disorders and anxiety. The campaign was so successful in educating people that other companies launched their own versions, reaching people from the UK, US and South Africa.

Top-level professionals often work excessive hours and have limited days off, meaning they have less time to access support to manage their own mental wellbeing. Andrew Berrie, Time to Change Employer Programme Manager at Mind, explains that CEOs need to be more open about their own problems, as this will cascade down.

"One of the biggest challenges for CEOs is to accept the advice that is now being shared with employees as part of corporate wellbeing strategies – don't suffer alone, learn to manage your stress, understand that depression is common and treatable, maintain a balanced life and do things to boost your wellbeing," Berrie explains.

Arianna Huffington, Huffington Post founder and CEO of THRIVE Global, is a public advocate for the management of mental health. Influenced by her own experiences, she believes in the power of mental health for a more "productive, inspired, and joyful life." Her company, Thrive Global, offers a platform for open discussion of corporate and consumer wellbeing.

A SUPPORTIVE COMPANY CULTURE

To drive the change surrounding mental health in the workplace, businesses should build cultures of trust, acceptance and openness, as this makes a positive difference and empowers people to develop in their roles.

"Company culture is vital in supporting employees overcoming stressful times. Personal circumstances often impact performance at work, particularly when faced with a difficult situation or tough period," Simon Nolan, Senior Partner and Head of Consumer Practice, Page Executive highlights.

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"Over the last 10 years, we have seen a shift towards companies providing flexible working environments," Nolan says. "Talented professionals seek companies that provide flexible, family-friendly working practices."

DIVERSE, INCLUSIVE AND INSPIRING LEADERS

Leadership needs to start the conversation shift, encouraging open communication between employees and management. The economic benefits of an open approach to mental health in the workplace are plain to see: a WHO study into mental health treatment and productivity found that every US $1 invested in care programmes resulted in a US $4 improvement in health and productivity.

> Businesses have to remember the role that senior leadership plays in driving inclusive cultures and destigmatising mental health problems.
>
> *Sarah Kirk, Global Diversity and Inclusion Director, PageGroup*

As Sarah Kirk, Global Diversity and Inclusion Director at PageGroup, explains: "Businesses simply have to remember the vital role that senior leadership plays in driving inclusive cultures and destigmatising mental health problems. Employees can benefit from directly hearing senior executives talk about their career journeys and vision for an inclusive workplace."

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>
> *Sarah Kirk, Global Diversity and Inclusion Director, PageGroup*

Creating a culture of openness and trust is crucial, and using your leadership team to do so is powerful. By being more educated, supportive and open, businesses can transform the issue of mental illness into a platform with life-changing impact and long-term payoff.

From now on businesses that succeed in a world fuelled and disrupted by technology will be those that learn to make the most of human intelligence. That begins with keeping the mind of every employee healthy.

KEY TAKEAWAYS

Businesses that create supportive people-centred cultures reduce the effects of mental health illness, improving enterprise performance.

- Employees avoid talking about mental health issues for fear of negatively impacting their career and being judged by colleagues.
- Seniority may be linked to depression. Executives are at twice the risk of suffering from mental health issues.
- Company culture needs to express trust, acceptance and openness.
- Economic benefits behind an open approach to mental health include ROI reaching 400% in some cases.
- Established company policies and training around mental health are necessary.

THE BUSINESS OF MEANINGFUL WORK

How finding a company's purpose can unleash potential

Leaders of the past may have viewed the idea of company culture and purpose as window-dressing when set against the serious architecture of product, margin and supply line. In today's environment, companies no longer simply offer a product or service. Companies have a voice and communicate clear beliefs as an integral part of brand, taking pride in their heritage.

The key to having an organisational purpose is communicating it to employees, and vitally, to your client base. Customers are a huge key driver of the why behind purpose, and the growth of a purposeful organisation often outstrips a mission-based one.

Research shows that this difference in growth can be stark, up to 28 times the level of national economic growth.

Becoming more purpose-led means examining commercial mission and thinking deeply about how it meaningfully relates to customers. What does it mean for them to be the drivers of company revenue? How do its products or services fill a gap in their lives? Will they emotionally connect to the corporate mission statement?

"If you have a strong company culture, in turn you'll have a team of better engaged individuals," explains Gary James, Chief Operating Officer of PageGroup. "They will feel encouraged and inspired to want to work and achieve more in that environment."

Purpose, then, is crucial for winning and retaining both customers and talent today. How can business get to that strong culture, where employees, leaders and customers understand the purpose behind the company?

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THE PURPOSE BEHIND GROWTH AND RETENTION

There is a growing expectation for companies to measure success beyond financial results. Some 87% of consumers believe companies perform best over time when their purpose goes beyond profit. As EY's study Winning with Purpose explains, the benefits of a purpose-driven culture are very visible, and tangible, for leaders and the bottom line:

"Organisations that embody purpose see significant, measurable results. They get and keep the best employees (1.4 x more engaged, 1.7 x more satisfied, 3 x more likely to stay). They attract, retain and engage customers (72% of global consumers would recommend a company with a purpose, a 39% increase from 2008). And they increase returns for shareholders (purpose-led companies outperformed the S&P 500 by 10 x between 1996 and 2011)."

The value of purpose to the bottom line is even more apparent when we look at revenue growth over the past three years. As EY highlights, 64% of the top performing organisations grew by 10-30%, compared with the lower performing ones, where 24% experienced revenue decline in the same period.

Further evidence comes from the EY survey: 81% of top performers have seen improvements, with 67% receiving a boost to employee engagement, compared with 41% of lower performers, who improved customer satisfaction (and just 37% increased employee engagement).

MORE THAN JUST A BUZZWORD

To work together well, teams need to buy into the same principles: "Just like any pursuit, you can't succeed in business without clear direction and a plan. The same applies to managing your people," notes Greg Tadman, PageGroup's Regional Human Resources Director, Asia Pacific.

> You can't succeed in business without clear direction and a plan. The same applies to managing your people. Get it right and your talent will understand that your company supports their ambitions.
>
> *Greg Tadman, Regional Human Resources Director, Asia Pacific, PageGroup*

He notes that while purpose could sound like a buzzword, it is fundamentally important to building successful teams.

"Get it right and your talent will understand that your company supports their ambitions, they'll go into battle for you," he says.

And if they get it wrong?

"Put it this way," Tadman says. "When groups turn toxic, they can lose their employee branding and buy-in frighteningly fast."

Patagonia, an American outdoor clothing company, is a global leader in terms of purposeful business culture. Its product lines, supply chain, even the pricing of its products are aligned with its sense of purpose, driven by CEO Yvon Chouinard to: "cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis."

One example of this purpose in action, of changing to organic cotton in their clothing lines, raised

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the prices of products as well as requiring new sourcing and supply-chain solutions. However, the reasons behind the move were clear to the firm's employees and customers, and Patagonia is thriving because of this focus on their overall business and not simply the bottom line.

The most important lesson for executives here is twofold: authenticity and communication. Purpose cannot be confected. It must be real, credible and sincerely believed on its own merits: not merely a cynical ploy to convince customers and employees that the company is worth investing their money and energy in.

As long as it is authentic, purpose must be communicated passionately to all audiences, internal and external, consistently, clearly and continually. It should be the starting point for every decision, investment, marketing campaign and corporate action.

LEADERSHIP IS LISTENING

The purpose of leadership goes beyond setting your teams up for battle. Companies are judged on what they're actually fighting for.

Gina Hayden, a leadership trainer and author of Becoming a Conscious Leader: How to Lead Successfully in a World That's Woken Up, explains that today's successful leaders mine inputs very differently than in the past: "I think it's important not just to look at customers, but at the information or data points of all parts of the system, including internally."

Moving the focus away from the bottom line and towards the purpose of a business can seem like a leap of faith for leaders, who understandably have an economic view of their company and strategy. In Creating a Purpose-Driven Organization, Robert E. Quinn and Anjan V. Thakor use the example of American energy company DTE Energy President Gerry Anderson. DTE had a mission – to create long-term gains for shareholders – but no purpose for its workers or customers.

Then the financial crisis of 2008 hit. Anderson knew he needed to get more from employees and customer base. The crisis highlighted a painful point about the business – employees were not engaged, were stuck in behaviours, lacked creativity and were not reaching their potential. A DTE board member, Joe Robles (also CEO of USAA), explained that Anderson's most important job was "to connect people to their purpose."

The company leadership supported the new culture through improved onboarding and training programmes that talked about the purpose behind their work (keeping the world moving, keeping the lights on). They held town-hall meetings, and created culture-building activities, such as sing-alongs, and it worked. Employee engagement scores rose. DTE won a Gallup Great Workplace Award five years in a row. And financial performance skyrocketed, with the company's stock price tripling from year-end 2008 to year-end 2017. What did DTE and Anderson do so well? They overcame the biggest barrier to welcoming purpose into a business: they forgot the transactional view of employee engagement (money as the driver).

TALENT FOLLOWS PURPOSE

The immediacy of peer reviews available online means that talent today gets more of a say than ever in where they go next and the kind of company to which they'd like to belong (rather than merely be employed by). Thanks to Glassdoor, we can see inside companies, get a sense of their

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purpose and values, and assess what our own leaders might be doing right or wrong.

Jon Goldstein, Regional Director of Southeast Asia and India, Page Executive, follows the competition for C-level talent every day. He says a purpose-led culture is ignored today at a company's peril: "It might not sound like a major factor to many leaders, but you do see the difference for top candidates. In sectors where certain talent profiles are in red-hot demand, having a demonstrable purpose-driven culture can be the difference between success or failure. Where brand used to be king, today culture rules."

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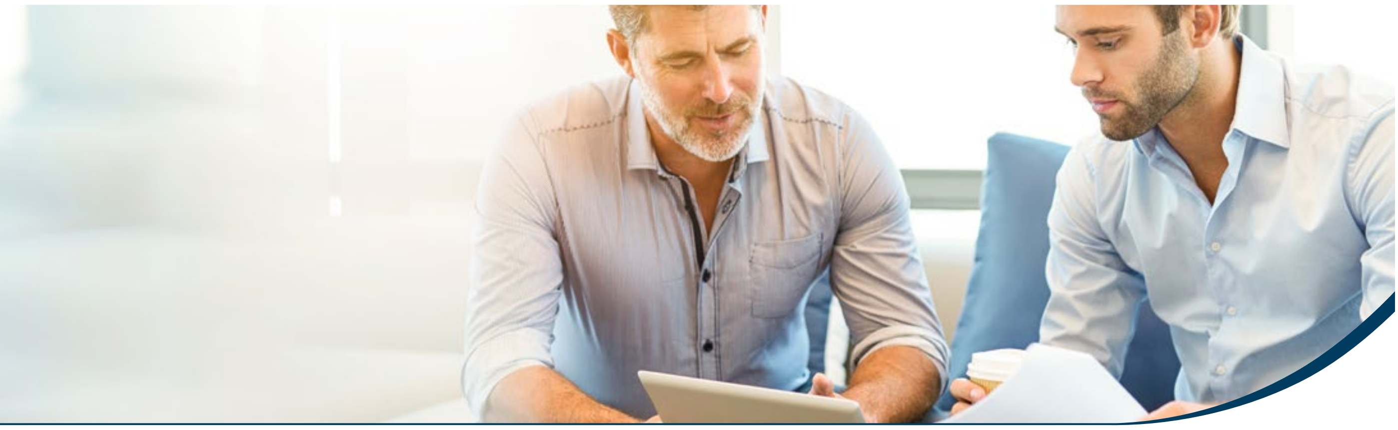
KEY TAKEAWAYS

A business with purpose drives growth and employee retention by promoting a culture where all stakeholders feel invested in the company.

- Purposeful organisations have better employee engagement, leading to improved customer satisfaction levels.
- Purpose helps to move leadership away from a transactional view of employee engagement.
- Purpose must be real, credible and believed in on its own merits.
- The key behind purpose is communicating it to employees and clients.
- Strong cultures help individuals perform better as they feel encouraged and inspired to achieve more.

CHIEF HAPPINESS OFFICERS – SUPERFICIAL OR REVEALING A BIGGER TRUTH?

The rise of new C-suite titles and why they matter



At the core of any modern business is a relentless drive for simplicity and productivity in the face of rising complexity. That increasing complexity takes many forms: digitalisation has taken centre stage, artificial intelligence (AI) is beginning to disrupt entire industries and economies, and human skills sets are evolving faster than ever in response. The emergence of new and changing C-suite titles in boardrooms is a natural consequence.

But because today's era of chief internet evangelists and chief happiness officers (CHO) is unprecedented, it is relevant to ask what is real and what is superficial? How many of these new titles are really needed? Are we inflating boardrooms with very specific technical or functional expertise, when all that really matters are leadership and business acumen?

To answer these questions, we need to understand what lies behind the rise of the new C-suite titles.

Companies are changing rapidly; becoming more customer-centric, diverse, millennial and empathetic in mindset, and increasingly driven by data that shows specifically what customers and employees want. But one thing has remained constant: the importance of ideas. Something only human, rather than artificial, intelligence can contribute.

And, as Jon Goldstein, Regional Director of Southeast Asia and India, Page Executive, explains, the exploratory trend for new executive functions – regardless of the particular nomenclature – is really just an acknowledgement that companies need to be more human than ever and speed up the flow of ideas.

"The more C-titles a company has, in theory, the faster it can pitch the CEO ideas and act on them," Goldstein says. "You don't have hierarchy getting in the way, wanting to control. The new C-titles can take control of ideas, own them, take them directly to the decision maker, speed up processes and be more reactive".

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NEW ROLES NEED NEW SKILLS

Many of the newer titles seen in the C-suite relate to specific business areas not focused on previously, such as customer experience or diversity, or not on the radar of the top table, namely digital and data roles. The skill squeeze has been laid bare by the rapid growth of technology and the changes it has brought to business.

Goldstein comments: "I placed a Chief Diversity Officer recently. Titles like this are good; they show companies recognise the importance of making the leadership board truly representative. The issue is not what title people have, but whether they have a voice. Many companies have new titles, but are they on the executive board making decisions? Success comes when companies have these titles and allow the people holding them to genuinely influence business outcomes."

> Titles like [Chief Diversity Officer] are good; they show companies recognise the importance of making the leadership board truly representative. Success comes when companies have these titles and allow the people to influence business outcomes.
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This notion is most clearly demonstrated by looking at the difference between the more established CTO (Chief Technology Officer) and the new breed of CDOs (Chief Digital Officer) and CISOs (Chief Information Security Officer).

CTOs often come from an IT background and look after infrastructure, and so can be less individual, less unique, and perhaps, add less human value in the sense of ideas. On the other hand, CISOs and CDOs are typically more highly paid and perceived as more important than many other CxOs. Why? Because of their value.

Goldstein explains this change as an understanding of the importance of digital roles in business. "Roles like CDO or CISO are, from a data and security perspective, absolute necessities. What you see with this 'C' is the importance they have in the company – IT is no longer simply support, they are business partners. The digital function and data security are almost more important than your product, because how you protect yourself secures the identity of your brand."

HAPPINESS IS A DRIVING FORCE

In a similar vein, roles like Chief Privacy Officer and Chief Transformation Officer can be more clearly understood to have a basis in contemporary business need. But what about happiness?

Chade-Meng Tan (Google), Alexander Kjerulf (WooHoo Inc), and Laurence Vanhée (Belgian Social Security Minister) all hold or have held the title of CHO.

What skill sets and performance indicators did they bring to their companies and countries? Their focus on employee wellbeing is easily quantifiable in terms of decreased turnover, burnout, absenteeism and other measurable factors. The focus on happiness is also a direct counterbalance to other management techniques popularised in the '80s and '90s, such as activity-based costing.

So while it can sound superficial, largely because it is unfamiliar and focused on a human emotion rather a company function, the thinking behind a CHO role is, in fact, far more profound.

The point of a CHO is to create a place for humans in a system not made for them.

As Alexander Kjerulf, founder and CHO of WooHoo Inc explains, the role of the happiness officer is, in itself, transformational and very grounded in the reality of improving retention and employee feeling.

"No job is perfect and only creates positive reactions, but research indicates to thrive, humans require positive emotions over negative," Kjerulf says. "Positive emotions drive employee loyalty more than traditional retention tactics. Basically, if your job makes you happy you will stay longer, even if you could leave for a better salary elsewhere.

"Happiness is an inspiring term compared to engagement or wellbeing; it's relatable. Researchers use happiness when talking in layman's terms, because everyone understands it. No expert definitions are needed because you know if you are happy at work," Kjerulf explains.

THE TRANSFORMATIONAL OFFICERS

From a manufacturing perspective, transformation involves the whole company. It needs leaders that can deliver this change, ensure the workforce understand it, and that the company can profit as a result. As Goldstein explains, "CTOs are in manufacturing companies to implement operations change. Why? Because they need to become an 'Internet of Things' producer, an automated and extremely efficient production hub.

"However, many companies don't want change and are scared of implementing it. This is prime CTO territory, when a company recognises there is unused capacity and needs to unleash it."

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The trend for expanding the C-suite seems to be grounded in a logical, strategic assessment of contemporary commercial reality. But it would be foolish not to acknowledge the very real risk of title inflation.

The C-suite team needs to be a business partner, bringing leadership as well as operational expertise to the company leadership. So, how grounded in reality is, to take one popular new example, a Chief Scrum Master (CSM)? Although the title presents the role as serious, is this really a glorified team leader? Do CSMs bring leadership and additional value across the whole enterprise?

In terms of skills, the CHO brings existing skills from the top table to the role, but with a new mandate: to help employees understand the meaning behind their work, the purpose.

As Kjerulf points out: "The CHO job is both inspirational and practical. CHOs can be anyone, often it's someone from HR, but at a client in Denmark, it's the Head of Legal. So it is not the CHO's job to run around making people happy all the time. It's a project manager role, planning initiatives to make people happier – such as training, events, celebrations – activities that help people see the purpose of what they do."

This is crucial. Purpose is increasingly important in an era where people must reassert their primacy over AI, in which millennials are set to become the dominant demographic in terms of workforce, leadership and customer base.

BRIDGING GAPS IN AN ENTERPRISE

In the end, the growth of new nomenclatures in the C-suite points to many things. There is growing diversity in the workforce in general and this needs to be reflected at the top. Critical stakeholder pressures, such as accountability and threats to organisational reputation, require C-level leadership. Technology has led to greater uncertainty thanks to disruptors and changing customer demands.

So, these new roles are there to help bridge gaps in an enterprise, integrate silos and ensure cross-functional work takes hold. They are the forefront of adaptability.

As Goldstein concludes, "Any role with a C-level title – HR, Technology, Data, and so on – has to be a business partner. The requirements are much more than for a job, you can't just tour guide.

"If a business can invest in the function and make people more engaged, happier and productive – driving revenue and improving the bottom line – that is the definition of good leadership."

> "Any role with a C-level title has to be a business partner. You can't just tour guide. If business invests in the function, making people more engaged, happier and productive... that is the definition of good leadership.
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> *Jon Goldstein, Regional Director of Southeast Asia and India, Page Executive*

KEY TAKEAWAYS

New job titles bring softer skills sets to an organisation, bridging knowledge gaps and helping enterprise transformation take place.

- The CHO role is to help employees understand the meaning behind their work: the purpose.
- New executive functions and titles arise in companies that need to be more human and speed up the flow of ideas.
- Any new C-level title should be a business partner with a voice at executive board level.
- IT is not a support function. Digital and data security are cornerstones of protecting brand identity.

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TRANSPARENCY AND A CULTURE OF CANDOUR

How far is too far with an open company culture?

Technology gives us unprecedented access to information previously beyond our paygrade. Recent political developments worldwide reflect our growing scepticism with the status quo. The more we know, the more we realise what we were not being told before.

Business as usual is over. Demand for greater corporate transparency is growing and most companies are responding. This is part of a wider, more complex trend for businesses to become more human and authentic: witness similarly the drives for diversity, for empathy with regards to mental health, and the primacy of purpose.

For this generation of employees and consumers, it is vital that companies are open about their policies and actions. According to a recent study by Sprout Social, more than 86% of people in the United States believe that transparency of businesses is more important than ever before. Governments are enshrining business transparency in law, with the General Data Protection Regulation (GDPR) in the European Union just the latest example.

A culture of candour is good business sense. In a transparent culture, leaders make better informed decisions. A perfect illustration of how this works is a relatively unknown experiment by NASA with cockpit crews. They placed a pilot, co-pilot and navigator in a flight simulator and watched their responses to a potential accident.

Typical take-charge pilots made far more mistakes than more open and inclusive pilots who asked their crew for input before making a decision. Crew members who regularly worked with decisive pilots were unwilling to intervene, even if they had information that might save the plane: "Crashes are invariably errors of teamwork and communication," explains Malcolm Gladwell in his book Outliers: the story of success.

A commitment to transparency can be truly beneficial. But are there pitfalls for the well-meaning but unwary? And how far should open company culture go when it comes to recruiting and retaining candidates?

TOO MUCH INFORMATION

Management books sing the praises of corporate cultures where information flows freely among managers and employees, and outward to customers, candidates and other stakeholders. However, studies show a culture of complete openness and inclusion can backfire.

"Too much transparency may create conditions in which employees feel their autonomy and uniqueness are being challenged,"explains David De Cremer, professor of management studies at the University of Cambridge. The question is how CEOs can create an open company culture while avoiding the transparency trap.

BALANCING ACT

Finding the right balance starts with the way candidates are recruited. A transparent recruitment process is extremely important if employers don't want to lose the best people.

"The way you handle potential job candidates has a high impact on your reputation as a company," says Stephan Surber, Senior Partner and Head of Global Financial Services Practice, Page Executive in Switzerland. "They want to know exactly what to expect. Especially in senior and executive roles, people want immediate feedback. How many other candidates are there? What is the next step? One of the biggest frustrations for candidates at any level is that the process is unclear."

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CONTROVERSIAL ISSUE

After rumours last summer that Google was launching a censored search-engine app in China, hundreds of employees called for more transparency about the new product. In an open letter, they demanded that at least one employee supervised the project. The year before, more than a thousand Google employees decided to publish their salaries and bonuses to create more openness around income.

The Google employees aiming to create salary transparency touched on one part of the

recruitment process that is controversial. There is no doubt that more openness about salaries is good for candidates – for one, it could help close the gender pay gap.

But a completely open salary policy can also create tension between employees: "As a hiring manager you would like to have the possibility to offer more if you think someone is the perfect candidate for a position. It can be demotivating for the existing team if they know what you offer a new joiner," explains Surber.

> Hiring managers want the possibility to offer more for the perfect candidate, but this can be demotivating for the existing team if they know what you offer a new joiner.
>
> *Stephan Surber, Senior Partner and Head of Global Financial Services Practice, Page Executive*

There is, in other words, no one-size-fits-all solution. Countries like Sweden, Norway and Finland, where all salaries are public, show that full transparency can work. There are also some companies, like Whole Foods Market, that provide fully transparent salary information, at least to their own employees.

THE SENSE OF BEING ON STAGE

The other important topic to consider, at least from an HR perspective, is how a transparent company culture affects retention of the best team members. One challenge is that completely open structures increase the sense of being on stage – on show, on display and under constant scrutiny. A transparent culture usually includes open office spaces, social media platforms and smart devices, so that information sharing can occur anywhere and at any time.

According to a study by the Harvard Business School, this kind of radical transparency can have the opposite effect: "We spend more time acting (...) and avoiding embarrassment," explains Ethan Bernstein, Associate Professor of Leadership and Organisational Behaviour. "We cater to our audience, doing what´s expected."

Too much transparency can make employees feel uncomfortable and eventually they may leave. Companies that know how to retain employees strike the right balance between transparency and privacy. The most famous is the 20% of time that Google engineers can devote

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to projects that interest them personally. This untracked 'playtime' has been credited with the incubation of many Google products including Gmail, Google News, and last but not least, The Google Transparency Report.

BEING HUMAN

The lesson is that, although more transparency tends to have a positive effect, it is not a quick or easy fix. Greater openness does not necessarily lead to a healthy company culture, improved trust and better performance.

Seeking to be more open, honest and clear are all necessary traits in an era where human values must be protected and cherished. Companies must also rely on that most human of characteristics: common sense.

Transparency must be an underlying but flexible culture and value system rather than a rigid, binary process. The top employers on Glassdoor are all transparent companies, to a degree. They are open when they can be and closed when they need to be.

In truth, transparency is really about communication: making sure employees, customers and stakeholders know a company's purpose and strategy, as well as their role in it.

KEY TAKEAWAYS

Transparent cultures allow better informed people to make better decisions, but too much openness can be counterproductive as people perform rather than produce.

- Demand for greater corporate transparency is growing.
- More transparency tends to have a positive effect, but is not a quick fix.
- Transparency must be an underlying but flexible culture and value system.
- Openness may create conditions where employees feel their autonomy and uniqueness are challenged.
- Transparent cultures can lead to better decision making.

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WHY THE CFO IS THE GUARDIAN OF THE BIG PICTURE

How the balancing act between CEO vision and board reality plays out

Nobody knows how Brexit or other political shockwaves will play out. Nor precisely what impact artificial intelligence (AI) and automation will have on jobs and businesses. But the fact that the future is unpredictable does not justify giving up long-term planning and ambitions for short-term results.

More than ever, the relationship between the executive board and C-suite is key to success. The board needs to understand the CEO's vision and believe in it.

How can leaders prepare for the future while dealing with short-term goals and safeguard core business to keep productivity high? How can they adapt to change and integrate it into the strategy developed by management?

THE CFO: EYES OF THE MARKET

The CEO is typically seen as the company's visionary, responsible for plotting a path to growth and expansion. But the CFO's guardianship of the big picture is critical. The CFO is a company's eyes of the market, responsible for financial stability and planning, which contributes directly to the wellbeing of all employees.

As Daniel Yates, Partner and Head of Global Finance Practice, Page Executive, explains: "The CFO forges a bridge between the company's long-term vision, grounded with the capabilities of the company, and the ebb and flow of the market."

CFOs need to drive organisational change, especially when it comes to transformation, scaling, data and the digital world. She or he is the key manager to make sure a company is not left behind by a narrow focus on short-term results or too much concentration on long-term goals.

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>
> *Daniel Yates, Partner and Head of Global Finance Practice, Page Executive*

Why? Traditionally, CFOs were specialists in numbers and analysis, focusing on treasury, accounting and budgeting. But in recent years, business has seen a shift towards CFOs being more proactive. This has given rise to a more strategic profile, allowing them to affect planning, strategy and performance management in a more profound way, thanks to their analytical abilities and new soft skill competencies the 21st century CFO requires.

This is why Airbnb hired Dave Stephenson, a 17-year veteran of Amazon, as CFO. In the same role within Amazon's Worldwide Consumer Organisation, he had steered the company through the acquisitions of Whole Foods Market and Zappos. His prior experience is a no-brainer for Airbnb as it looks to transition from a private to public company in 2019. It needs to keep institutional investors and other stockholders on-board as they push for more growth, possibly impacting the balance sheet in the short to medium term.

FRICTION AT BOARD LEVEL

The CFO is a bigger unifying force than ever. And the lessons for what can happen without that unity, when the executive board, C-suite and shareholders do not agree on the big picture vision, are salutary.

One damaging result is a shareholder rebellion, stemming from poor performance, executive bonuses or strategic disagreement with the C-suite. Stockholders may even threaten to reduce the share price through synchronised selling of their holdings.

In 2005 Michael Eisner, then Chairman and CEO of The Walt Disney Company, retired after Walt Disney's nephew, Roy Disney, led a shareholder revolt. The allegation was that Eisner did not have managerial skills, which would have caused a creative brain drain of the Walt Disney empire. In 2010, British Petroleum and Shell faced a revolt due to discord in decisions on Canadian policies to deal with tar sands.

According to Yates, some "Institutional shareholders can be negligent in holding administrations accountable because they concentrate on choosing correct actions rather than protecting their interests through their actions."

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> *Daniel Yates, Partner and Head of Global Finance Practice, Page Executive*

WHY GUARDIANSHIP OF THE BIG PICTURE MATTERS

Even the idea of the big picture matters. Where the phrase once meant simply thinking of the long and not just the short term, today it means looking far beyond commercial impact.

B Corporation is an independent assessment firm that evaluates the positive impact of companies on society, addressing ideas of governance, sustainability and transparency, considering long-term profitability and long-lasting change for all stakeholders, not just shareholders.

Danone is one major firm that is fast-tracking certification as a B Corp, after announcing in 2017 the push for accreditation for its North American operations.

Why is Danone so eager to get B Corp status across its global operations? Because, as Chairman and CEO Emmanuel Faber explained in a recent LinkedIn article: "B Corp can provide a framework that enables a relevant response to the mounting pressure to measure the non-financial externalities of their impact."

In the same article, Faber noted that the company syndicated a EUR €2 billion loan from 12 global banks, with interest rates that lower as the company moves forward on its journey towards B Corp status. As Faber said: "The paradigm shift is that these banks have identified B Corp as lowering the beta risk of our credit status."

Certification like this ultimately compares what a company says to what it does. It offers transparency with regards to standards of social and environmental practices, and financial rewards for companies that stay true to their word.

BALANCING THE SHORT AND LONG TERM

The balancing act between quarterly results, constant search for new profitable opportunities and the big (or bigger) picture requires strong leadership. CFO is emerging as one of most vital roles in getting that balance right, because CFOs are well-placed to understand and advocate for the right kind of measurement.

Fernando Andraus, Senior Partner for Page Executive in Latin America, says the point of balance between short and long-term strategic projects lies in which KPIs are used. He insists that "quarterly indicators and annual results are not able to inform economic performance in a real way due to the volatility of these numbers. You need to find KPIs with values that do not change suddenly, such as the value of customers."

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TURNING SHORT-TERM LOSS INTO LONG-TERM GAIN

The strategy of making major expansion investments to gain market share and to profit in the future is common in the technology sector. Mobility apps like Uber exemplify this perfectly.

Operating globally, disruptors do not need to make a profit today or in the next quarter, but they must in the medium-term. Early losses are understood as expansion investments only as long as a company is scaling rapid growth.

Uber, valued at almost US $70 billion, invests heavily in new markets (and legal battles) so that they can operate without regulation unlike taxi drivers. That is reflected in its strategy: expand to as many locations as possible, have more drivers than the competition, and generate high returns for shareholders in the near future.

Quick actions are necessary, but with caution. There is great risk in decisions that can negatively influence the future of the company - especially in an environment in constant technological transformation. Uber has suffered major public relations setbacks because the big picture –the brand, not just the business – was arguably neglected in the race to justify early investments.

BALANCE IS KEY

Only a strong C-suite team that anticipates and understands the concerns of the board and shareholders, while maintaining future strategy, can avoid the conflict that comes through misunderstandings within the leadership structure.

Businesses need a CFO with one foot in the market and the other in the C-suite, who offers in-depth analysis that can assist in building a lasting legacy for the CEO's vision and the board's needs. By keeping innovation and expansion in mind, aligning systems for better reporting and driving performance, CFOs can do more than navigate a company through uncertainty. They can be the counterweight to short-termism and pilot companies to long-term success.

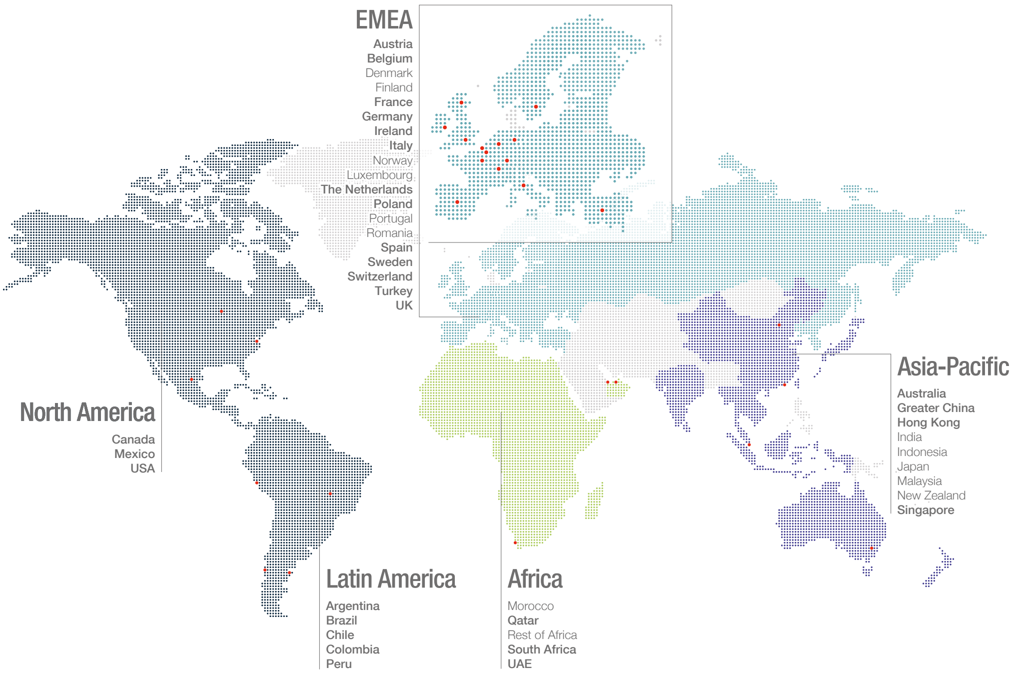
KEY TAKEAWAYS

CFOs and the data insights they bring are key to short and long-term stability, but it requires support from the right people organisation-wide.

- The executive board and C-suite relationship is key to a company's success.
- Strong executive teams anticipate board and shareholder concerns, maintain future strategy and avoid conflicts at senior level.
- CFO is emerging as one of most vital roles in balancing quarterly results with new profitable opportunities.
- CFOs affect planning, strategy and performance management by utilising analytical abilities and soft skills.

OUR GLOBAL PRESENCE

Experienced and dedicated consultants worldwide



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