



Driving Organisational Growth through a Culture of Innovation and Resilience: **Key Issues for the Board**

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“People prefer remembering to imagining.

Memory deals with familiar things; *imagination* deals with the unknown. *Imagination* can be frightening – it requires risking a departure from the familiar”

- *Shimon Peres*, Start-Up Nation by Dan Senor and Saul Singer, Sept 2011

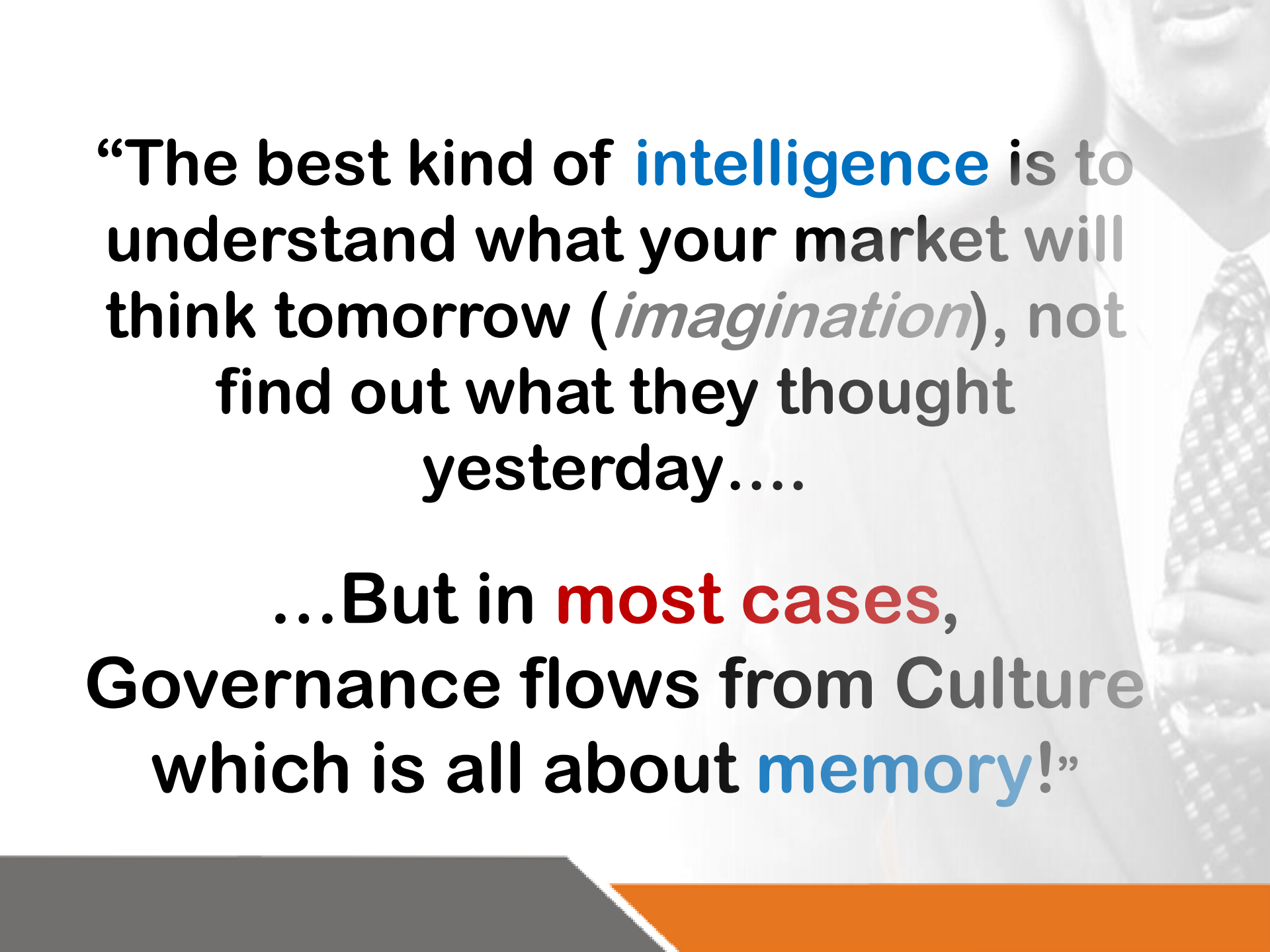
Four things I wish to achieve

- 💡 **Briefly present my understanding of the role of the board in Organisation Growth, Innovation & Resilience**
- 💡 **Share thoughts on how to attain Organisation Growth through Innovation & Resilience**
- 💡 **Share experience on Board approaches to Innovation and Resilience**
- 💡 **Respond to *Comments/Questions* as best as I Can.**



BUT FIRST:

Permit me to provide some context to the session



“The best kind of **intelligence** is to understand what your market will think tomorrow (*imagination*), not find out what they thought yesterday....

...But in **most cases**,
Governance flows from Culture
which is all about **memory!**”

The Biggest Challenge facing Boards of Companies today is the Culture of BOARDS!

QUE: Is the Board ***culture*** conducive or supportive of change, innovation and does it possess built-in resilience?

For most boards, this is not the case.

Up till now, the thinking around change has been inverted; while management changes, the board often retains status quo.



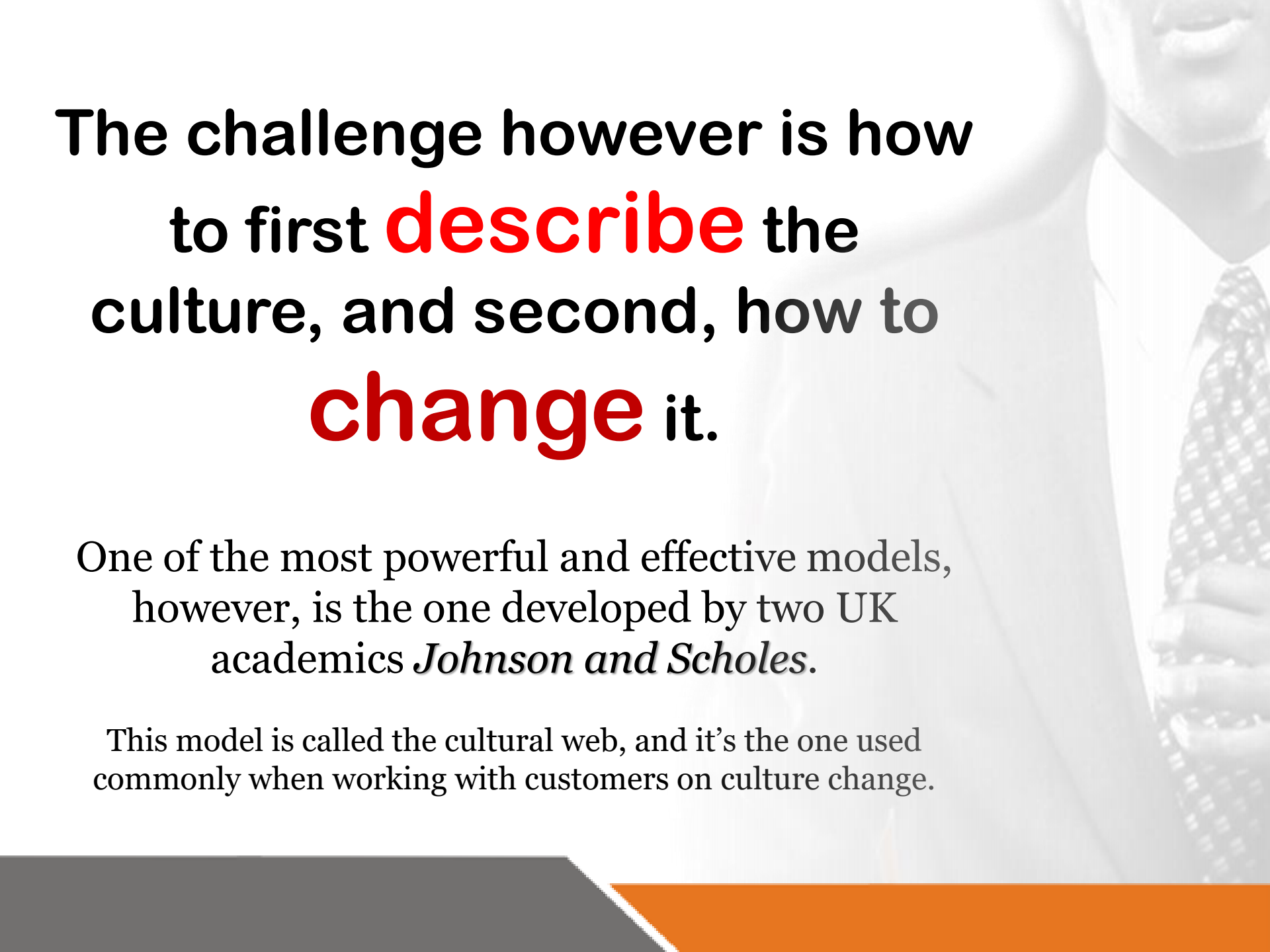
When do we begin to rethink the
role of the board?

Beyond fiduciary and statutory
obligations, what are the **new**
drivers of growth and how does
it affect the **culture change**
needed in boards to drive
organisation growth?

“Culture eats strategy for breakfast”

- Peter Drucker

One of the holy grails in **board governance** and organisational development in the last decade has been to find a way of creating a **board culture** that is flexible and innovative; where individuals take **responsibility for results** – moving away from bureaucratic silos where formulaic approaches dominate.



The challenge however is how
to first **describe** the
culture, and second, how to
change it.

One of the most powerful and effective models,
however, is the one developed by two UK
academics *Johnson and Scholes*.

This model is called the cultural web, and it's the one used
commonly when working with customers on culture change.



Johnson and Scholes Cultural Web

What past events people talk about inside and outside the organisation-success or failures.

Who and what are heroes/heroines?

Internal control systems relating to e.g. finance, performance quality and rewards/salaries.

Organisational 'semiotics' including, logos, how grand the offices are, plus formal or informal dress codes.

This includes the formal organisational structure, and relationships that dictate whose contributions are most valued.

Behavior and rules that signal importance. So what's supposed to happen in given situations and what's valued by management.

Pockets of real power & influence over decisions, operations, direction.
This can include social power








BEYOND MODELS HOWEVER:

Some practical insights and uncommon truths.....



Board Culture – Driving Organisational Growth

-  A pivotal and core responsibility of the board of directors is to provide leadership in the development and execution of a strategic plan; its importance mirrors hiring the CEO.
-  This responsibility involves oversight of strategy including approving the plan, followed by monitoring its progress and results and adjusting as appropriate.
-  Historically, boards focused on strategy once annually, often at a 1-2 day off-site retreat. This is evolving into a *discussion on strategy* at each board meeting to ensure that appropriate progress is being made and that new competition or technology is being assessed in a fast-moving world.




Board Culture – Boardroom Intelligence

- 💡 Much of board meetings is spent reviewing past performance, measuring metrics and discussing risk and compliance – all very important topics – versus discussing strategy and identifying growth opportunities?
- 💡 The key is **balance**; not doing one while sacrificing the other but doing both at an appropriate level and depth.
- 💡 The specific *ratio is situational* varying with the company and its needs; and must be determined by the board and management.
- 💡 It starts first with members of the board? Are they able to deliver on the innovation for growth needs of the firm?

Board Culture – **Nemo dat quod non habet**

-  In a highly regulated industry, some boards spend up to 90% of meetings looking backward on performance, compliance and risk management. They ask - what would the results be if we emulated Bank X *for example*, who *ironically* spends 80% of their meetings looking forward?
-  Imagine spending the bulk of the board's time and intelligence focusing on strategy: growing the business, anticipating and working with disruptive technology (*as opposed to reacting after being negatively impacted by it*), understanding the competitive landscape and identifying contacts to form strategic alliances or expand into emerging markets.

Board Culture – **Composition & Competencies**




-  Board composition and competencies matter.
-  When relatively few directors have comprehensive understanding of underlying industry dynamics, economics or competitive positioning, it hinders their ability to provide meaningful input.
-  A lack of technology fluency makes it challenging to understand how new developments are impacting the company, much less anticipate the impact of emerging innovations. All of these dynamics can fundamentally impact financial metrics: revenue, profits, return on invested capital and share value.







WHAT IS:

***ORGANISATION GROWTH, INNOVATION &
RESILIENCE***

Definitions – **Org. Growth, Innovation & Resilience**

-  Organizational growth is a stage a company reaches when it can consider expansion and may look for additional options to generate more revenue. Organizational growth is often a function of industry growth trends, business lifecycle and the owners' desire for equity value creation.
-  Innovation is the practical implementation of ideas that result in the introduction of new goods or services or improvement in offering goods or services.
-  Resilience is the ability an organization has to quickly adapt to disruptions while maintaining continuous business operations and safeguarding people, assets and overall brand equity.

Just Concepts – or a Way of Seeing and Doing

-  Innovation is about what's new and what's next. It's about that exciting leap forward into uncharted territory.
-  Innovation is also about what works... better. It's about that incremental *step forward that makes old ideas new again* and repurposes the familiar into the unexpected.
-  Innovation, whether small or incremental, large or disruptive is all about change, dynamism and adaptability.
-  A growth focused culture is therefore about *safeguarding the going concern status of the business* - building resilience through innovation across the strategy, processes and people in the organisation.

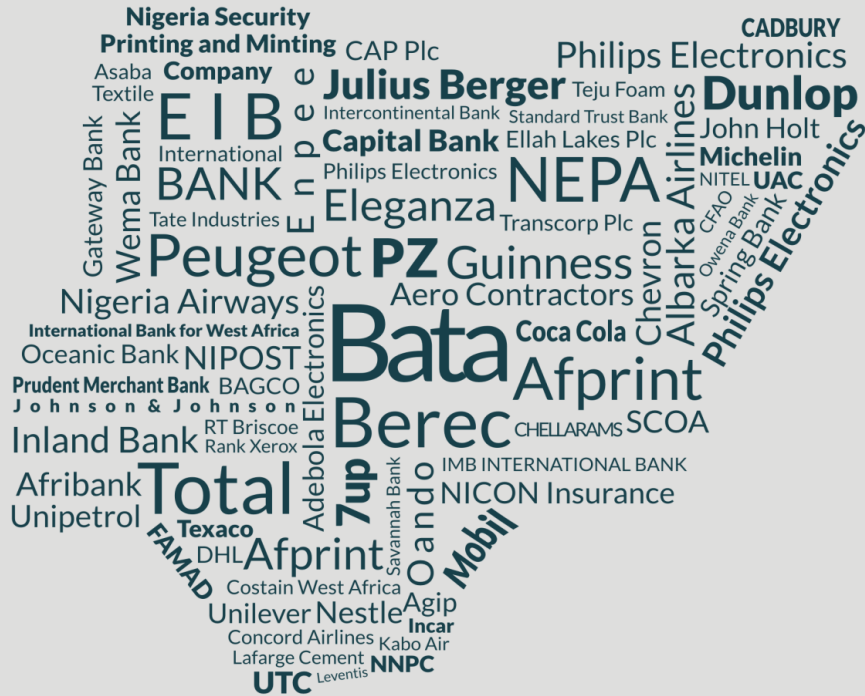


LESSONS?

***ORGANISATION GROWTH THROUGH
INNOVATION & RESILIENCE***

Business & Models Have Changed

Dominant Companies (1980-2010)



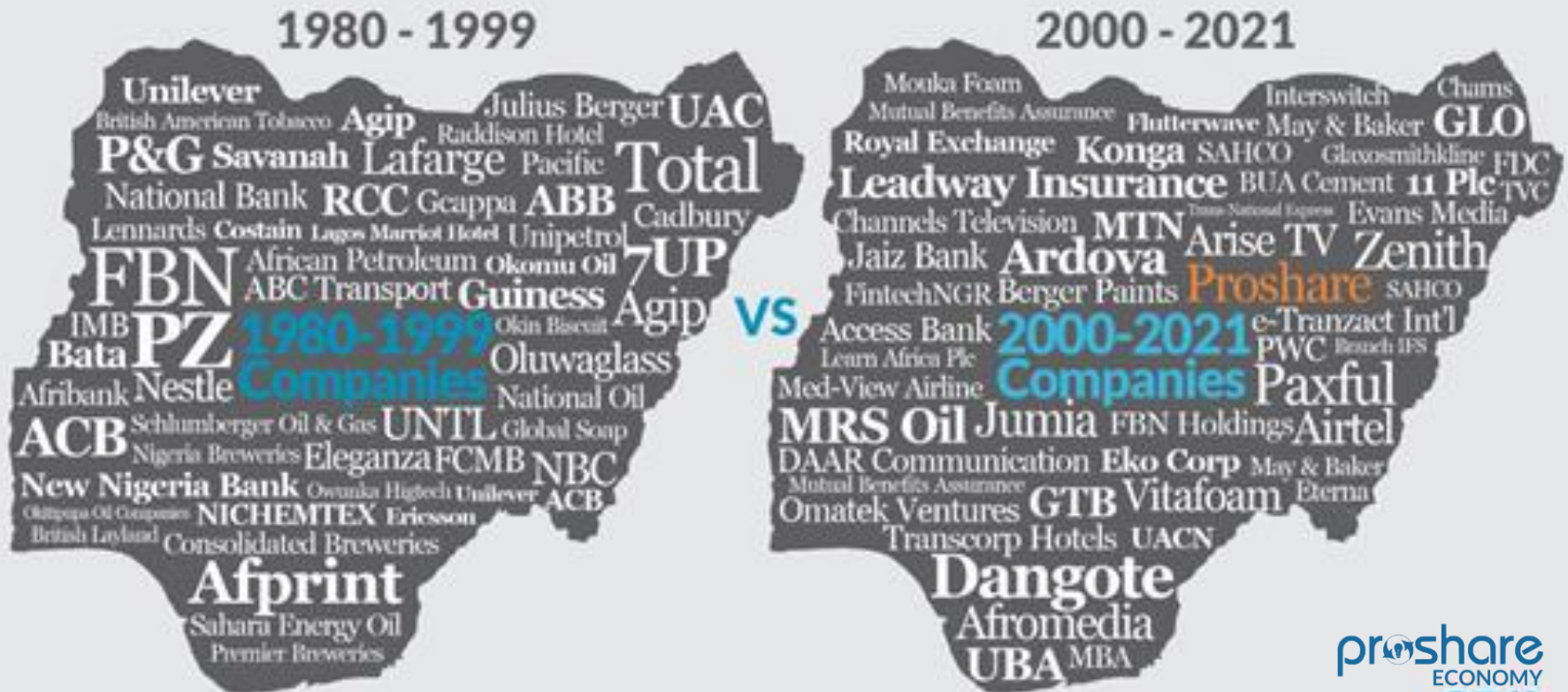
Dominant Companies (2010-2019)



Source: Proshare/Olufemi Awoyemi (2019)

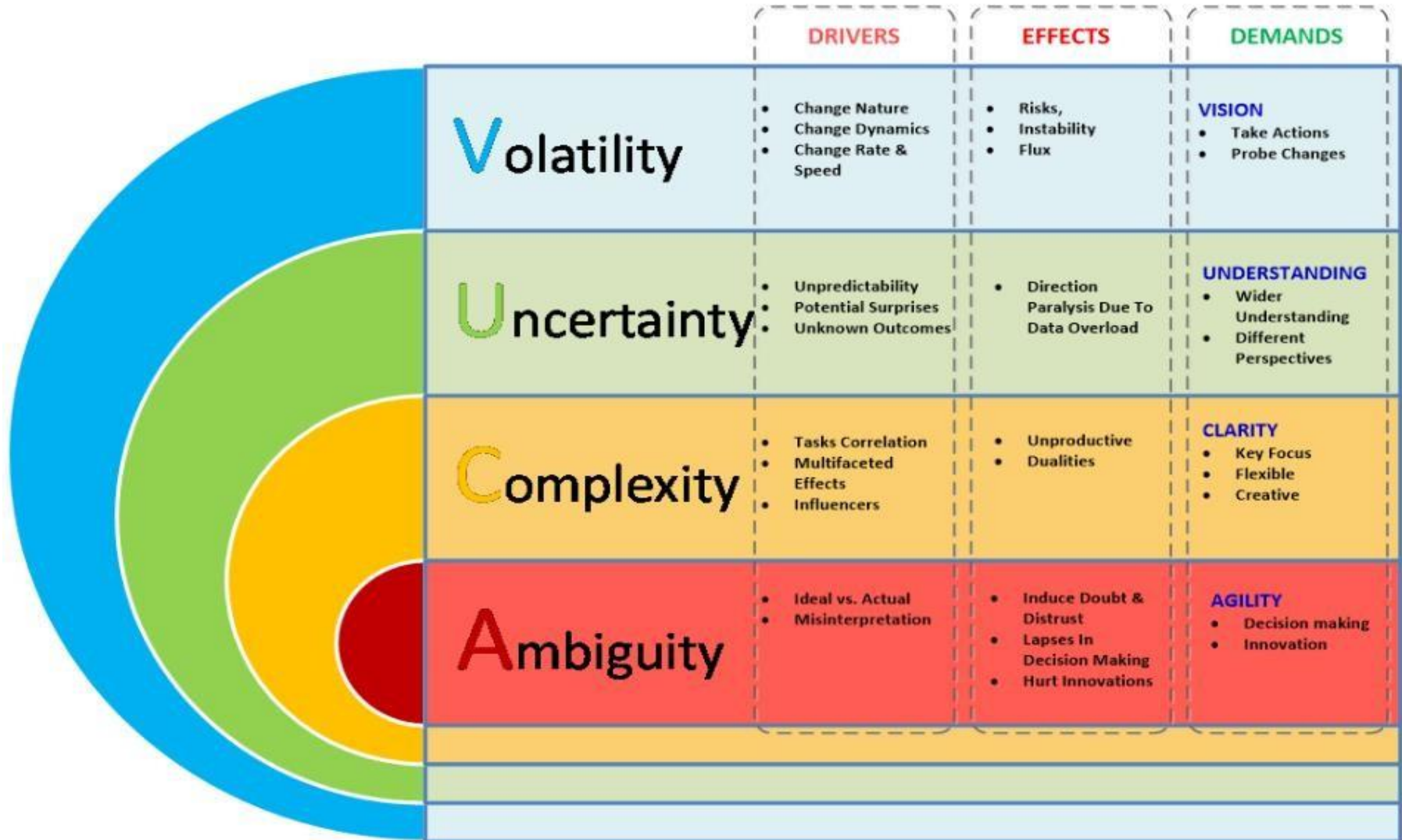
Business & Models Have Changed

Top Companies




Source: Proshare Research, Ecographics

VUCA Happened.....



Source: Vijay Kambhammettu (2014)



We are not going to achieve a quantum leap by embracing a tunnel vision

..we will make mistakes, have false steps but we must recognise that this current state is NOT another crisis... **it is a disruptor in our governance model...**

We must dare to **RE-IMAGINE!!!**

GENERATION IN TRANSITION



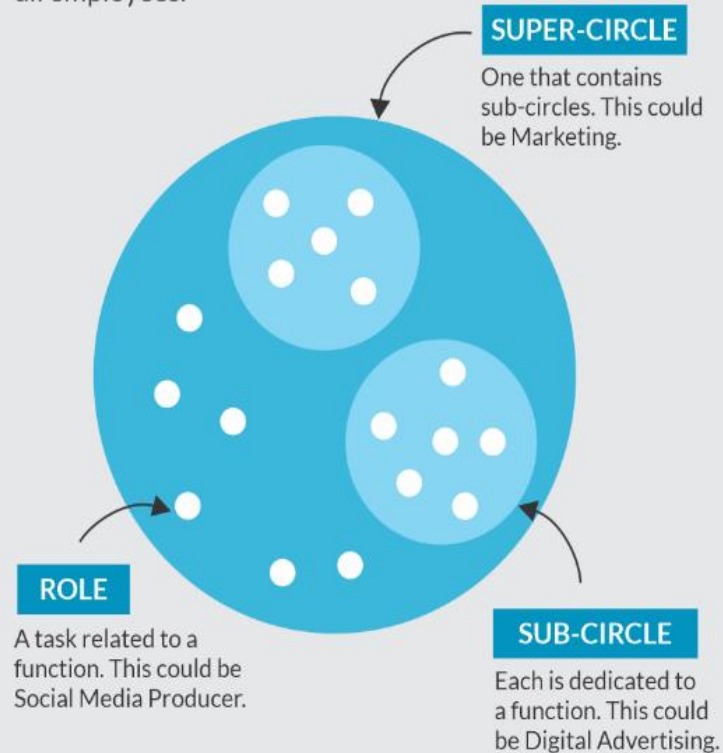
Today's young people differ from yesterday

	<div>B</div> Baby boomer 1940-59	<div>X</div> Gen X 1960-79	<div>Y</div> Gen Y (millennial) 1980-94	<div>Z</div> Gen Z 1995-2010
CONTEXT	<ul style="list-style-type: none">• Postwar• Dictatorship and repression in Brazil	<ul style="list-style-type: none">• Political transition• Capitalism and meritocracy dominate	<ul style="list-style-type: none">• Globalization• Economic stability• Emergent of Internet	<ul style="list-style-type: none">• Mobility and multiple realities• Social networks• Digital natives
BEHAVIOUR	<ul style="list-style-type: none">• Idealism• Revolutionary• Collectivist	<ul style="list-style-type: none">• Materialistic• Competitive• Individualistic	<ul style="list-style-type: none">• Globalist• Questioning• Oriented to self	<ul style="list-style-type: none">• Undefined ID• "Communaholic"• "Dialoguer"• Realistic
CONSUMPTION	<ul style="list-style-type: none">• Ideology• Vinyl and movies	<ul style="list-style-type: none">• Status• Brands and Cars• Luxury Articles	<ul style="list-style-type: none">• Experience• Festivals and travel• Flagships	<ul style="list-style-type: none">• Uniqueness• Unlimited• Ethical

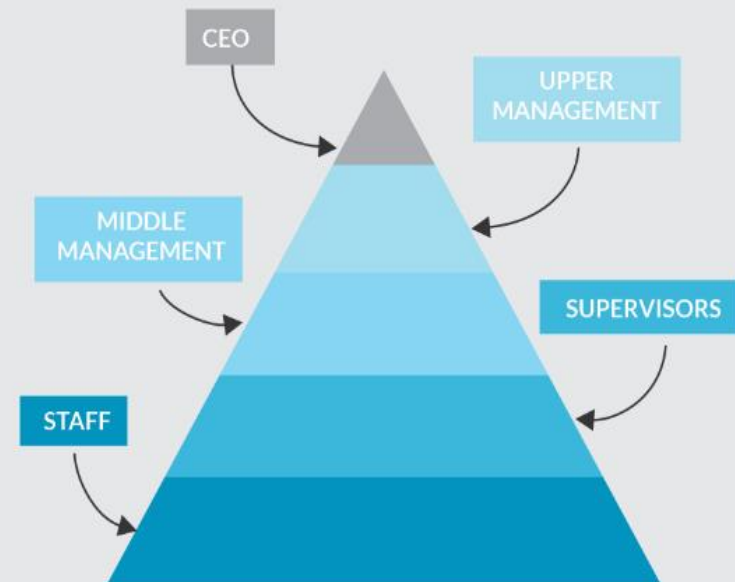


(flat, team-based collaborations)

Holacracy takes powers traditionally reserved for executives and managers and spreads them across all employees.



In a **traditional hierarchy**, layers of management establish how products are approved and monitored.



Source: McKinsey, Proshare Research, Ecographics



“Pain is Inevitable but Suffering is Optional?”

..for the birds of hope are everywhere, listen to them
sing..

EXPERINCE:

TAKING A HELICOPTER VIEW



Driving Growth – **Beyond a Band-Aid Solution**

- 💡 “For businesses, these exceptional times of a pandemic, volatile markets and uncertainty makes organizational growth slow, if it happens at all. These external challenges, combined with internal ones (*especially changes in the way we work*) make growth just a nice idea.”
- 💡 To some, even thinking of ‘growth’ is a stretch of the imagination. Most people are simply trying to survive. They say “If we can just ride this out, we will be OK.”
- 💡 Yet, if you have ever seen a person on an automated bucking bull, you know that the “ride it out” strategy will not last. It is a **Band-Aid solution**.

**Ride
or
Die**




FRASER 2019

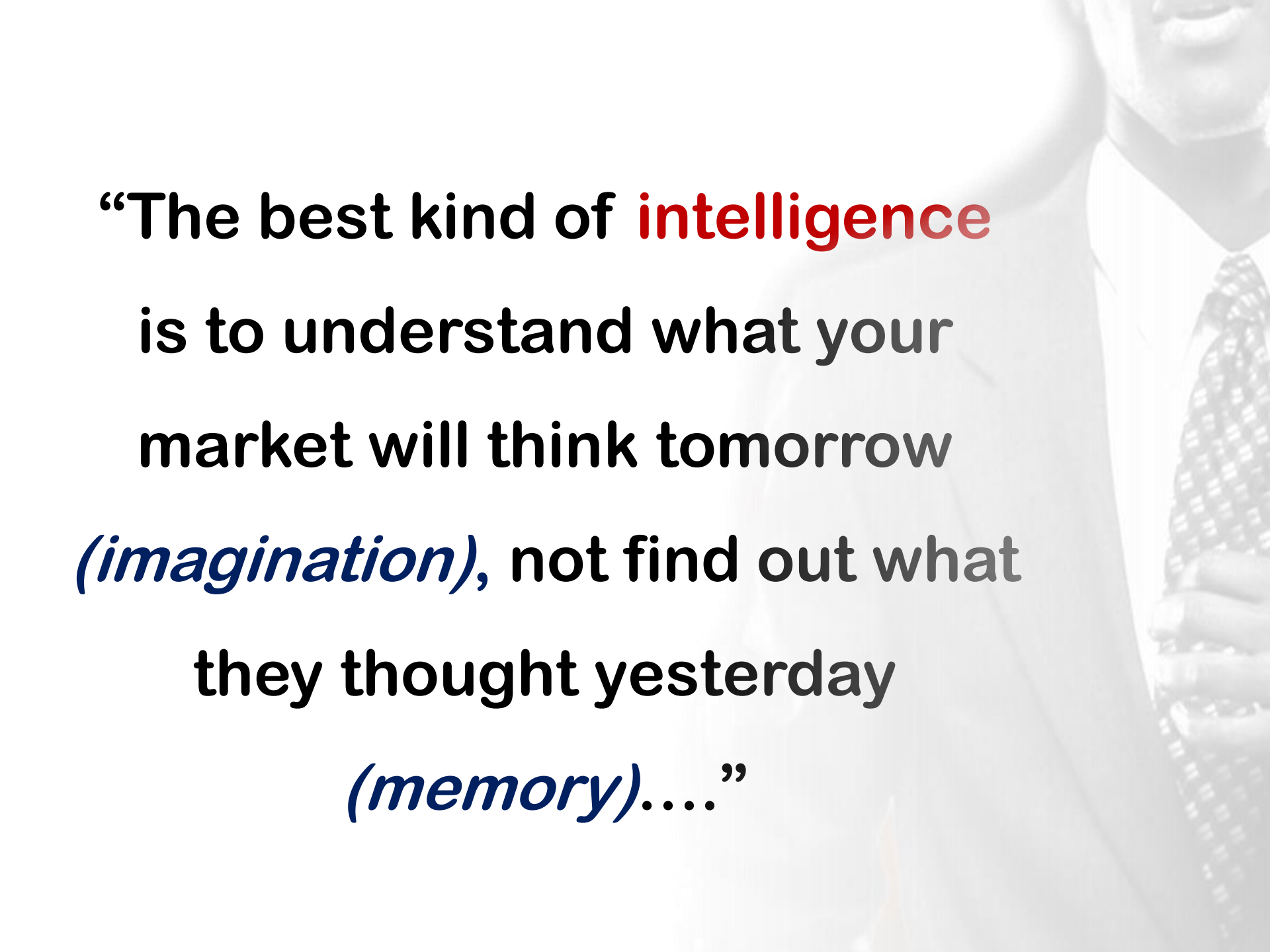


Credit:

ASEE's Conference Connection: 2009 ASEE Annual Conference & Exposition
Newsletter



Linking it All – The Growth & Trust Connection

-  For an organization to be successful, it must grow. It must change, evolve and adapt in sales, revenue, customer segments or products. The nature of, or enormity of the situation is only an excuse; not a reason.
-  Shareholders want returns on their investments, while employees want promotions or raises. **Regardless of the environment, organizations must find ways to grow.** And in these tough times, strategic growth practices must be cost-effective.
-  So, where must organizations start if they want to grow? It's simple: with trust.....and the board must take the lead.





“The best kind of **intelligence**
is to understand what your
market will think tomorrow
(imagination), not find out what
they thought yesterday
(memory)....”



Developing a Resilient, Innovative Org. Culture


-  With fast-evolving advanced technologies already disrupting business models, and macro economic realities affecting consumers and producers alike; **innovation** has become a **key focus area** of the board. **So what can we learn** from the several major lessons from our shared experiences that are especially relevant in today's post-pandemic era:
-  **Refocus the Board.** The culture change must start at the board level. Update, train and bring in people who can understand, appreciate and offer the advantages you seek. The board should learn how to embrace failure as a learning process and an “experiment in innovation”.

Developing a Resilient, Innovative Org. Culture

- 
- Collaborate.** Forget the normal boundaries and bring together talented people from a wide variety of fields and disciplines to work together and cross-fertilize. Look both inside and outside your existing organization for new types of innovation partnerships. Get everyone involved.
- 
- Create an active support system.** Develop a culture that supports, nurtures, and develops innovation in a systematic way. Creativity is only one part of the innovation picture. A disciplined yet flexible process is needed to launch new ideas and then scale them to the opportunity or problem at hand.

Developing a Resilient, Innovative Org. Culture

-  **Change agents are needed.** Senior leadership support for innovation is important, of course. But an organization also needs specialists who can foster innovation throughout the organization, both on specific projects and in structural ways that impact daily operations.
-  **Use new technology.** Forward looking organizations should identify and embrace new technologies that can increase the flow of input from external sources and simplify operational work.



...Edison's electric
light did not come
about from the
continuous
improvement of the
candle...

Innovation & Resilience is more about
Re-imagining

Q & A



Proshare.Africa
...the digital **financial information hub**

#Askproshare

Thank You



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