Developing the Global Leader of Tomorrow
Our research is based on 33 interviews and a global survey of CEOs and HR professionals at companies participating in the UN Global Compact conducted in September and October 2008.
Key Findings

• There are a host of new issues and trends in the external business environment that impact on companies, whether in terms of risks or opportunities or both.

• Capabilities and culture are at least as important a part of the organisational response as policies and systems.

• Three distinct clusters of knowledge and skills are required by senior leaders: context, complexity and connectedness.

• There is a clear performance gap between the importance senior executives place on these knowledge and skills and the effectiveness with which they are currently being developed by companies, business schools and professional bodies.

• A broad range of different approaches to learning are required to develop these knowledge and skills.

• A handful of household name companies are already adopting innovative approaches to developing these knowledge and skills.
There are a host of new social and environmental issues and trends in the external business environment that impact on companies, whether in terms of risks or opportunities or both.

Please indicate the extent to which the following trends are likely to impact your organisation over the next three to five years (either by presenting risks or opportunities or both):

- Increasing legislation and regulation
- Increasing demand for and scarcity of limited resources (e.g. energy, water, minerals, food)
- Changing consumer preferences in relation to social and environmental performance of...
- Shifts in centres of economic activity with emergence of China, India, Brazil and others...
- Increasing scrutiny of business behaviour and demand for transparency and accountability
- Growing numbers of more wealthy consumers in emerging economies
- Implications of mitigating and adapting to climate change (e.g. potential introduction of...)
- Implications of doing business in countries with poor public infrastructure and governance...
- Influence of civil society organisations on public opinion and public policy
- Growing influence of investors
- Increasing social inequality
- Increasing blurring of boundaries between your organisation and other organisations
- Aging population in developed economies
- Public health issues (e.g. obesity, malaria, HIV/AIDS, access to safe...)
- Biodiversity and species loss
Capabilities and culture are at least as important a part of the organisational response as policies and systems

Developing organisational capabilities (e.g. developing new knowledge and skills among senior executives, managers and employees)

28.0 33.3 25.3 8.1

Embedding consideration of these trends into strategic decision-making (e.g. entering or exiting from markets/products lines, making acquisitions, investments, innovating to offer new products/services and production methods)

24.1 35.3 21.9 7.5

Communicating & engaging externally (e.g. building relationships with key stakeholders, building new alliances & partnerships, engaging in multi-stakeholder initiatives to develop joint responses, engaging with governments, public relations & communication)

25.1 34.2 25.1 8.6

Stimulating change in organisational culture

18.8 34.4 26.3 12.9

Amending / implementing new processes and systems (e.g. increasing transparency and public reporting, introducing policies and management systems for environment, human rights etc)

15.6 32.8 25.8 18.3

Changing organisational structure

12.9 19.4 30.6 23.1 8.1

Please indicate where the most change will be required over the next five years to enable your organisation to manage the risks and opportunities associated with social and environmental trends
Three distinct clusters of knowledge and skills are required by senior leaders: context, complexity and connectedness.

**Context**
understanding and being able to respond to changes in the external environment

**Complexity**
having the skills to survive and thrive in situations of low certainty and low agreement

**Connectedness**
the ability to understand actors in the wider political landscape and to engage and build effective relationships with new kinds of external partners
Awareness that there is a debate among opinion leaders about different roles business plays in society.

Ability to articulate the business rationale for pursuing social and environmental objectives.

Understanding corporate governance frameworks.

Understanding how other organisations in your industry sector are responding to these risks and opportunities.

Understanding the implications for your organisation and your industry sector of how other actors are responding to and influencing these issues and trends.

Ability to factor into capital expenditure investment decision-making processes risks associated with social and environmental trends.

Understanding the business risks and opportunities of environmental and social trends for your organisation and your industry sector.

Ability to factor into strategic decision-making broad social and environmental trends that transcend competitive issues within your industry sector.

Ability to factor into capital expenditure investment decision-making processes risks associated with social and environmental trends.

Understanding the business risks and opportunities of environmental and social trends for your organisation and your industry sector.

Ability to articulate the business rationale for pursuing social and environmental objectives with financial goals.

Ability to use scenario building and horizon scanning tools.

Ability to use risk management tools.

Ability to factor consumer and opinion leader attitudes towards social and environmental issues into brand and new product development.

Understanding the implications for your organisation and your industry sector of how other actors are responding to and influencing these issues and trends.

Understanding corporate governance frameworks.

Understanding the business risks and opportunities of environmental and social trends for your organisation and your industry sector.

Ability to factor into strategic decision-making broad social and environmental trends that transcend competitive issues within your industry sector.

Ability to factor into capital expenditure investment decision-making processes risks associated with social and environmental trends.

Understanding the business risks and opportunities of environmental and social trends for your organisation and your industry sector.

Ability to articulate the business rationale for pursuing social and environmental objectives with financial goals.
Ability to make decisions and manage when faced with considerable complexity and ambiguity

Ability to anticipate the range of potential global implications that local level decisions might have

Ability to understand the interdependency of actions and the knock-on implications of decisions

Ability to be flexible and responsive in the face of change

Ability to find creative, innovative and original ways of solving problems

Ability to learn from mistakes

Understanding that business decisions are not always driven by rational quantitative analysis, but often by feelings, emotions, values and intuition

Understanding the limitations of a short term ‘maximising shareholder value’ approach and the rationale for managing for long term shareholder value

Understanding the ethical basis upon which business decisions are being made

Ability to balance shorter- and longer-term considerations
Ability to **identify key stakeholders** that have an influence on business success and/or are impacted by business activities

Understanding the **business value of diversity** (gender, cultural background, social networks) in enabling the organisation to have the capacity to understand, anticipate and effectively respond to change

Understanding the **impacts of your core business activities**, both positive and negative, on the wide range of stakeholders that interact with or are affected by your organisation

Ability to **engage in effective dialogue** with a wide variety of organisational stakeholders

Ability to **engage and contribute to public policy**

Awareness of the perceptions of other people about **the way you interact with others** both inside and outside the organisation

Ability to **build effective partnerships** with internal and external stakeholders

Ability to **translate learning** from relationships with external stakeholders to situations within your organisation

**CONTEXT**

**COMPLEXITY**

**CONNECTEDNESS**
There is a clear performance gap

How important is it that the following organisations develop these knowledge and skills over the next five years, and how effectively are they currently doing so.

- 76% of senior executives say that it is important they have the knowledge and skills to respond to trends like resource scarcity, the low carbon economy and doing business in emerging markets.

- Fewer than 8% believe these knowledge and skills are being developed very effectively by their own organisations or business schools.
A broad range of different approaches to learning are required to develop these knowledge and skills.

Please indicate which (if any) of the following approaches you believe are important elements in the learning process for developing the knowledge and skills you think are important.
Case examples

A handful of household name companies are already adopting innovative approaches to developing these knowledge and skills:

- Unilever
- IBM
- Novo Nordisk
- BG Group
- ABN AMRO
- InterfaceFLOR