THE R&D BOOM: WHY DATA MATTERS

2 DON'T STINGE ON RESEARCH

6 CAN YOU UNDERSTAND YOUR DATA?

9 GIVING 'HEART' TO THE 'ROBO' ADVISERS

Available in print every fortnight. To read all our past issues, go to bit.ly/ldrEmag

If you would like your organisation to be featured in this pullout, contact us at editor@leaderonomics.com
In order to grow, innovate!

Why R&D should be the last place to cut

By Dennis Carey, Brian Dumaine, Michael Useem, and Rodney Zemmel

When Sir George Buckley assumed the role of chairman and chief executive officer (CEO) at 3M in 2005, he found a company that had long been known for innovation—it had created Scotch tape, Post-it Notes, and thousands of other consumer and industrial products over its proud 100-plus year history.

He also found a company that was suffering from sluggish growth and had just gone through severe layoffs and a bout of cost-cutting.

In the four years before he arrived, capital spending had been slashed by 65% and research and development (R&D) by 25%.

Earnings had indeed improved under Buckley’s predecessor, but the newly installed CEO was worried about the future.

Buckley, a straight-talking Brit who grew up under tough circumstances in the slum area of Pitmoor in Sheffield, England, is an engineer by training—and, he says, by inclination.

He displays an uncanny knack for driving straight to the heart of a problem and inspiring people to rise to the occasion to solve it.

But the executive team and workforce he says he encountered when he arrived at 3M were demoralized and scarred by years of cutbacks.

How could he get them to rekindle their imagination, take more risks, and become more innovative again?

Companies looking to build a strong R&D culture first tailor what is measured, monitored, and controlled to suit their long-term outcomes and then strike the right balance between performance and innovation.

When Buckley asked himself why 3M wasn’t enjoying solid growth, he discovered that the board and the former leaders had not made the natural link between innovation and growth and had been solely focused on classical financial metrics: earnings per share growth and economic value added— a measurement of how efficiently the company deployed its capital.

The root of the problem, as Buckley saw it, was that in the name of short-term results, innovation (and the growth that came along with it) was being shortchanged.

In addition, the company’s scientists and engineers had been made to feel like second-class citizens.

Buckley reached back into 3M’s history and reinstated a key metricknown as the New Product Vitality Index (NPVI).

He examined the decline of 3M’s core businesses and found that just to overcome natural attrition of 14% of the company’s revenues must come from products introduced in the last five years.

“No one in the company knew these numbers anymore,” recalls the CEO.

“They should have been front and center to them, but they had fallen into disuse.”

But this 14% only holds the company’s revenue at the point where they start to think they can really do this.”

Companies looking to build a strong R&D culture first tailor what is measured, monitored, and controlled to suit their long-term outcomes and then strike the right balance between performance and innovation.

We identified five critical principles that led to 3M’s turnaround.

1. Know that short-termism hurts innovation

What Buckley knew from previous experience was that you can’t compete in today’s environment without spurring cutting-edge R&D.

As we all know, the rise of big data, next-generation analytics, artificial intelligence, the Internet of Things, and robotics are turning multiple sectors of the global economy upside down.

All this disruption also means that over the next decade, there will be a heightened premium on innovation.

To compete, more established companies will need to spend a great deal of capital to keep their products and services constantly a step ahead of their rivals.

2. Find the money elsewhere

If Buckley was to get 3M to reach his goal of getting at least 30% of each division’s revenues from products introduced in the last five years—he knew he would have to find the money to fund R&D without diluting earnings.

He did two things. He freed up capital by reshaping his portfolio of businesses, and also by making his supply chain and operations more efficient.

3. Listen to the rank and file

Now, Buckley had to decide where to spend his R&D war chest. Buckley and chief financial officer, Pat Campbell, listened to the input offered by the leaders and employees of their 37 divisions.

Each was asked to put together a one-page business plan to talk about new products and growth potential, as well as the split between capital expenditure and how much they wanted to spend on expenses, R&D included.

Then, the duo ranked them based on the quality of their ideas and on their historical growth rates in sales and earnings.

4. Nurture an innovation culture

Money is a necessary but not entirely sufficient means to spur innovation in organisations. CEOs must create a culture where people feel they are not only supported by the executive team but also safe to take risks and perhaps even fail.

Whether you worked in 3M’s biggest or smallest division, you had a shot at getting increased R&D and growth funding.

And once people started realising that projects they had been afraid for years to propose might get funding, a floodgate of ideas opened up.

During his first year on the job, the number of ideas increased from none to 60. By the end of the second year, the executive team had twice as many good ideas as it could fund without affecting operating margins.

And employee engagement numbers had risen significantly—at the end of his tenure, they had risen by a factor of five.

5. Seek innovation in the everyday

Any CEO wanting to spur innovation should understand that there can be as much gain in improving processes and materials as there is in new product launches.

In other words, innovation can be about not just adding technology but doing something you used to do at a fraction of the cost.

3M, for example, is the largest respiratory mask maker in the world. At a strategic planning meeting, Buckley asked what it cost to make each mask. He was told it cost over a dollar. So, he then challenged the leader of that division to make one for just five cents.

She looked at Buckley from the other side of the table and said, “George, it’s impossible”— the cost of the material alone, she said, was vastly more than five cents.

However, she soon took up the challenge, and a year later, 3M released a mask to market that cost less than 10 cents.

“3M, for example, is the largest respiratory mask maker in the world. At a strategic planning meeting, Buckley asked what it cost to make each mask. He was told it cost over a dollar. So, he then challenged the leader of that division to make one for just five cents.

She looked at Buckley from the other side of the table and said, “George, it’s impossible”—the cost of the material alone, she said, was vastly more than five cents.

However, she soon took up the challenge, and a year later, 3M released a mask to market that cost less than 10 cents.

“3M, for example, is the largest respiratory mask maker in the world. At a strategic planning meeting, Buckley asked what it cost to make each mask. He was told it cost over a dollar. So, he then challenged the leader of that division to make one for just five cents.

She looked at Buckley from the other side of the table and said, “George, it’s impossible” — the cost of the material alone, she said, was vastly more than five cents.

However, she soon took up the challenge, and a year later, 3M released a mask to market that cost less than 10 cents to make.

“There’s not a product in the world you can’t innovate,” says Buckley.

“Just use your imagination, lad, success, and ignore some of the failures, and this will change people’s attitudes to the point where they start to think they can really do this.”

And at 3M, they did.
THE BRAVE ONE

BE A LEADER

WHAT COULD HAPPEN IF WE LIVED THE COURAGE WE TALK SO PASSIONATELY ABOUT?

By ROSHAN THIRAN
roshan.thiran@leaderonomics.com

The great 17th century scientist Isaac Newton had once said that we know what we are to a drop, and what we don’t know is an ocean. He also opined that all great discoveries begin with a bold guess. I’m sometimes asked why there doesn’t appear to be as many great discoveries now as there have been in the centuries gone by.

Actually, there have been thousands of great discoveries in the 21st century. After a little digging in the conversation, the question is left as, “Why are we so afraid to be bold and innovative on an everyday level?” It boils down to a simple fear that holds us back: the fear of taking risks. Why rock the boat? If it isn’t broken, don’t fix it.

This is how we’ve always done things. These are the kinds of risk-averse clichés that get businesses into trouble, which can lead to disaster in some cases.

Business leaders talk often about the “ever-changing world,” the “rapid evolution of technologies” and the “need to adapt and thrive.” The talk always sounds impressive, but how many of us actually live the ideas we advocate and champion?

“Only those who will risk going too far can possibly find out how far it is possible to go.” — T.S. Eliot

BE BOLD AND INNOVATIVE

Pioneers and innovators are celebrated because they dare to explore their ideas in ways that most of us wouldn’t.

In extreme cases, such as James Young Simpson’s experimenting with the anaesthetic properties of chloroform, being bold and innovative can be highly dangerous, even if it does lead to groundbreaking breakthroughs.

To paraphrase Newton, any kind of progress requires risk. As the saying goes, ships are safest when they’re at harbour, but that’s not what ships are meant for.

Simpson was a radical innovator, but many of the greatest inventions since the wheels were developed has been with some degree of risk that constantly ran alongside the progress made.

Needless to say, being bold and innovative doesn’t have to lead to groundbreaking inventions or discoveries.

As business leaders or even in our personal lives being bold is about finding the courage to explore and test new ideas that can advance and build on past successes and triumphs.

“Why you have to do and the way you have to do it is incredibly simple. Whether you are willing to do it is another matter.” — Peter Drucker

DON’T AVOID THE IDEAS

One of the worst things we can do as leaders in our field is to distance ourselves from ideas and visions that are in line with helping us keep pace with the reality of change.

For example, I know some business leaders who have yet to move beyond traditional marketing as their sole means to cover their message an authentic and even modern methods such as digital marketing and social media that would allow their voices to be heard.

We have to keep moving forward or fall far behind – as a leader. Being unwilling to take risks is worse, in the long run, than taking no risks at all.

At Leaderonomics, I’m always happy to consider any ideas that are presented to me. The main questions I tend to ask are:

- Can it be done?
- Should it be done?
- How will it help to realise our vision?
- What’s needed to bring this idea to life?
- It would of course be unhelpful to say “yes” to every idea immediately. Being bold doesn’t mean being reckless.

But it does mean starting from the question, “Why not?” and being able to sincerely explore the potential benefits that an idea presents.

It can often be hard work. Sometimes, the resources needed aren’t immediately available at hand, and it can be the case that not everyone is entirely sure of how the process should go.

The one thing that these problems have in common?

They can all be overcome relatively quickly, and it’s amazing what can be achieved when people have a little bit of faith and the willingness to try.

“I am always doing that which I cannot do, in order that I may learn how to do it.” — Pablo Picasso

GROWTH IN DISCOMFORT

There’s an amusing joke which says that entrepreneurs are the kind of people who will jump out of a plane first and then figure out how to build a parachute on the way down.

As with many things said in jest, there’s a profound truth to be found.

In this case, the truth is that, for as long as we’re comfortable, we don’t grow.

It’s only when we commit ourselves to being bold when we’re up against the challenges that we push ourselves to find solutions to challenges that were previously thought insurmountable.

When we are driven, passionate, bold and innovative, great things really can happen. More often than not, those great things come during times when we decide to simply bring an idea to life and see where it goes.

Great discoveries and incredible inventions aren’t the exclusive domain of exceptional people.

Extraordinary breakthroughs are usually brought about by ordinary people who possess a deep curiosity and the passion to follow their intuition.

Their boldness enables them to see what they can create by pushing the boundaries and leaving behind the conventional wisdom that often stifles progress.

Imagine what you could achieve, imagine what your team or company could achieve, if an open culture of innovation and creativity was nurtured.

Imagine what could happen if mistakes were allowed to happen and people were free to express their ideas of how things should be done, how today should be different from yesterday, and what that could mean for tomorrow.

CONCLUDING THOUGHTS

We have the talents, resources and capabilities available to us more so now than ever before. Just imagine what Newton could do with the technologies and opportunities that exist today?

His fearlessness in exploring would have no bounds. But we needn’t be a Newton-level genius to make discoveries and create great new innovations.

We only need to be curious about how we can be doing things better and embrace the courage and willingness to try.

Go on – be courageous and Be A Leader!
By DR TOMMY WEIR
editor@leaderonomics.com

I was recently sitting in a board meeting when I heard, “Our productivity is improving” followed by, “We did more moves last year than the previous year”.

While the other board members applauded this increase, I was puzzled by that conclusion and wondered, “Did the increased performance equate improved productivity?”

More moves do not mean they were more productive. All it means is they did more moves.

Those moves could have come as a result of increased input, meaning more hours worked. If so, they are not any more productive.

Actually, they may be less productive. An increase in revenue or performance is not synonymous with productivity.

PERFORMANCE AND PRODUCTIVITY ARE NOT THE SAME

Doing more does not mean you are more productive. You may be performing better, but at the expense of increasing effort, which may be masking a flawed fundamental.

There is a vast difference between performance and productivity. Performance is the process of carrying out or accomplishing an action, task or function. It is your ability to accomplish the expectations of your company. Usually, we measure how successfully you perform against pre-agreed criteria: Key Performance Indicators (KPIs), goals, objectives, etc.

Organisations’ reward systems – an obsession with KPIs means that job performance equates a good ranking with the hypothesised concept of the requirements of a task or activity.

The common practice is that performance measurement is connected to company goals and a set of metrics used to quantify or qualify the efficiency and effectiveness of actions taken. Unfortunately, this leaves you vulnerable to the misconception that you are more productive when you improve your performance. Performance does not mean that you produced anything. It means you did something to a particular standard. What is alarming is that performance can improve at the expense of productivity.

Productivity is a commonly used but often poorly defined term. The understanding of productivity is found in its root word ‘produce’. Productivity concentrates on the output, i.e. what is produced. On the other hand, performance is often activity based, quantitative or qualitative.

While you are doing something, it doesn’t mean that you are producing anything in exchange for your time. Workforce productivity is expressed as the ratio of output – what you produce – to input – the hours that are worked. In short, it is nothing but attaining the highest possible outcome, while consuming minimum factors of input.

It is a crucial factor in the performance of firms, but it is fundamentally different. If you are only measuring performance or allowing the misuse of the term productivity, a generalised hypothesis would be that your productivity is declining.

BOOSTING PRODUCTIVITY

Over the past decade, many organisations across the region have been experiencing a decline in productivity.

Meaning, it takes more people to produce less.

Have you fallen victim to growing your input (as measured at a faster rate than the growth of your output (what you produce) Productivity growth is essential if you want to grow your profitability.

Before you jump to the conclusion that productivity means shrinking your workforce, it does not.

Your focus should begin with making sure that every hour that is worked is aligned with what you produce. Effectively, you buy time with a premium for knowledge, experience and skill. But at the end of the day, you buy time. So, instead of thinking about how many employees you have or need, shift your focus to thinking about time – hours. How many hours do you need for what is being produced?

Is every hour that you have bought contributing towards your outcome? We regularly find that because there is confusion about what productivity means, minimal attention is focused on the hours worked.

Therefore, it is likely that your employees have idle time in their day, which is being consumed by social media and water cooler interactions or on double time – which is when work is being repeated – and wasted time, when employers are working on things that do not make a difference.

MOVING FORWARD

Make sure that every hour is used for the right thing, the right way, or better yet, the best thing in the best way.

Do not confuse productivity and performance, and do not use the two interchangeably. Productivity is the measure of output per hour worked.

Dr Weir holds a doctorate in strategic leadership from Regent University and is the founder of DMU where he is the region’s leading CEO Coach. He has written a number of books, including the Amazon #1 best-seller, Leadership Dubai Style and 10 Tips for Leading in the Middle East. Email editor@leaderonomics.com to get in touch with him.

By ASEEM PURI
editor@leaderonomics.com

I reached the office at 9am, pumped with my to-do list and ready to get down to work. Before I could make the strategy charts that would have really made a difference to the business, I was interrupted by email.

Emails to be precise – 56 of them. As I was clearing them, a teammate walked up asking for advice on a new design he was working on.

Then, the boss called and asked for an urgent meeting to discuss the poor results from last month. Finally, I decided I needed a break and went down to tea.

But by then, it was already 11:30am.

UNWANTED INTERRUPTIONS

Office workers get interrupted every three minutes. That’s the norm. No matter what you do, other people want you to do something else.

FLIGHT MODE

THE SECRET TO INCREASING YOUR PRODUCTIVITY

So, what if we can access the same kind of productivity every single day?

GO FLIGHT MODE

My secret is to go on flight mode for one to two hours every day in the same duration as an average flight. Treat it as the time you are dedicating to getting your most important work done without any interruptions. Here are the simple steps you can follow to achieve this successfully.

1. Block it in your calendar in advance every week, when the week begins. Put in flight mode and tell your boss you are doing this to get critical work done.
2. Turn your phone to flight mode when the time comes.
3. Turn your emails off. Keep the Internet if you feel the need for it. If you are a Facebook junkie, then turn the Internet off too.
4. Go to a cafe or another floor in the office where no one knows you.
5. Get to work.

These might sound silly but try it for a day. See how much you can get done in one to two hours of being uninterrupted by anyone or any thing else.

In a world where we are constantly interrupted, we all need to find our flight modes. Otherwise, the days and months pass by in a blur and we are often left wondering if we are truly in control of our agenda and productivity.

Go flight mode and watch your productivity soar.
CONFLICT MANAGEMENT

6 WAYS TO HANDLE CONFLICT LIKE A PRO

1. Consider the repercussions of silence

   Sometimes it is hard to muster the motivation to speak up when the likelihood is high that things will turn ugly. The fastest way to motivate yourself to act is to fully consider the costs of not speaking up— they are typically far greater than not standing up for yourself. The trick is that you need to shift your attention away from the headache that will come with getting involved to all of the things you stand to gain from your assertiveness.

2. Say "and" instead of "but"

   The simple act of replacing the word "but" with "and" makes conflict much more constructive and collaborative. Say, for example, that your teammate John wants to use the majority of your budget on a marketing campaign, but you are worried that doing so would not leave enough money for a critical new hire.

   Instead of saying, "I see that you want to use the money for marketing, but I think we need to make a new hire," say "I see that you want to use the money for marketing, and I think we need to make a new hire."

3. Use hypotheticals

   When you assert yourself, do not want it to look like you are poking holes in their idea (even when you are). Hypotheticals are the perfect way to pull this off. Discussing someone, for example, "Your new product idea will not work because you overlooked how the sales team operates," comes across much more aggressively than suggesting the hypothetical, "How do you think our sales team will go about selling this new product?" When you see a flaw and present a hypothetical, you are engaging with the original idea and giving the other party a chance to explain how it might work. This shows that you are willing to hear the other person out.

4. Do not speak in absolutes

   "You Always...or You Never...

   No one always or never does anything. People do not see themselves as one-dimensional, so you should not attempt to define them as such. Using these phrases during conflict makes people defensive and closed off to your message. Instead, point out what the other person did that is a problem for you. Stick to the facts. If the frequency of the behaviour is an issue, you can always say, "It seems like you do this often." or "You do this often enough for me to notice."

5. Ask good questions until you
get to the heart of the matter

   Failing to understand the motive behind someone’s behaviour throws fuel on the fire of conflict, because it makes everything they do appear foolish and shortsighted. Instead of pointing out flaws, you should seek to understand where the other person is coming from. Try asking good questions, such as, "Why did you choose to do it that way?" or "What do you mean by that?" and "Can you help me to understand this better?" Even when you do not see eye to eye, using questions to get to the underlying motive builds trust and understanding, both of which are conflict killers.

6. When you challenge, offer solutions

   People do not like it when they feel as if you are attempting to take apart their idea right off the bat. When you challenge someone’s idea, but also offer a solution, you demonstrate that you want to work together to come up with a fix. This reinforces the value of their idea, even if it is full of holes. For example, you might say "One potential problem that I see with your idea is ___. However, I think we can overcome this problem if we can just figure out a way to ___." In this example, you are not even providing the solution. You are just acknowledging that you are willing to work together to find one.

IN CONCLUSION

   Mastering conflict requires emotional intelligence. Emotionally intelligent people know how to craft their message in a conflict, whether they are naturally assertive or not. They take other people’s feelings into account while still asserting themselves confidently. How have you used assertiveness to your advantage?

   Dr Travis Bradberry is the award-winning co-author of the #1 bestselling book, Emotional Intelligence 2.0, and the co-founder of TalentSmart, the world’s leading provider of emotional intelligence tests and training, serving more than 75% of Fortune 500 companies. Their bestselling books have been translated into 25 languages and are available in more than 150 countries. To connect with him, email editor@leaderonomics.com

By DR TRAVIS BRADBERRY
editor@leaderonomics.com
How are you utilising the data you have available?

BY EVA CHRISTODOULOU

In a big data is the talk of the day.

At the 2017 Annual General Meeting of the University of Technology Sydney, the executive chairman, Dr Paul Wellings, said that big data could be the next big thing for the university. But, many are waiting to see what the actual data will show. Dr Wellings said that big data can be the leader in the field of analytics. He also said that if the research is not being conducted as it should be, then it will not be able to be compared.

BIG DATA

The call to action is that big data are transforming our society. But what does this mean for small business owners? It means that big data are transforming the way we think about business. It means that big data are transforming the way we make decisions. It means that big data are transforming the way we interact with customers. It means that big data are transforming the way we manage our businesses. It means that big data are transforming the way we think about the future.

DATA MINING

The challenge for small businesses is to be able to collect and analyse data that is relevant to their operations. How can small businesses collect and analyse data?

HAVING AN ANALYSIS PLAN

Once data is collected, it needs to be analysed. Planning what to do with the insights that emerge will provide the impact desired in your organisation.

CASE STUDIES

1. Airlines

Airlines, a company that started back in 2008 when two non-competitors could not see eye to eye in a goal is a good example of how using data can make a difference for your small and medium-sized business.

How did the Airlines found out what information to analyse? Well, they started with an assumption – a hypothesis that photos make a difference in the number of customers drawn.

They went on to test this, sending 20 photographers in 2013 to take professional portraits of the host's front. Lining at the numbers on the website, this effect was so positive that they went on to increase the number of professional portraits conducted every month.

The company's founders still see the strategy as fundamental to their success, and other businesses are now using the strategy. But, they still take a risk and invest time and effort into monitoring and analysing the results.

We spoke with Dr Tammam Abdullah, chief data scientist at Natural Intelligence Solutions on how small companies can start thinking about data collection for their organisations.

1. If an organisation is looking to start making data-driven decisions based on current information they are collecting on and where should they start?

A great starting point for any organisation is to understand the business question, strategy, direction or objective. Especially for small to medium-sized enterprises (SMEs), having a strategy to collect and analyse data can help organisations to identify the right questions that will drive the business.

Typically, this means stepping away from daily operations and taking the time to think about, develop and plan the business direction. Let's revisit the example of a United States-based restaurant, Dickey's Barbecue Pit, to explain how restaurants can benefit from data collection and analysis.

The implementation of data collection processes led to them to have certain insights that may help answer your question. If an organisation is looking to start making data-driven decisions based on current information they are collecting on and where should they start?

How can organisations collect data today that could help them answer these questions? Many of the insights that Dickey's Barbecue Pit has collected have led to new strategies, improved products and services, and who is a better fit for the coffee shop. Their interactions with customers and colleagues will be able to tell you so much. When you are thinking about big data, you are thinking about a strategy for your business. But, when you are thinking about big data, you are thinking about a strategy for your business.

2. Dickey's Barbecue Pit

Data is the key to modern business. An example of how data can help businesses make better decisions. Having a strategy to collect, analyse and use the data that emerges from all parts of the business is crucial, and is something that is worth spending time and effort into monitoring and analysing the results.

Dickey's Barbecue Pit, a company that started back in 2008 when two non-competitors could not see eye to eye in a goal is a good example of how using data can make a difference for your small and medium-sized business.

How did the Airlines found out what information to analyse? Well, they started with an assumption – a hypothesis that photos make a difference in the number of customers drawn.

They went on to test this, sending 20 photographers in 2013 to take professional portraits of the host's front. Lining at the numbers on the website, this effect was so positive that they went on to increase the number of professional portraits conducted every month.

The company's founders still see the strategy as fundamental to their success, and other businesses are now using the strategy. But, they still take a risk and invest time and effort into monitoring and analysing the results.

We spoke with Dr Tammam Abdullah, chief data scientist at Natural Intelligence Solutions on how small companies can start thinking about data collection for their organisations.

1. If an organisation is looking to start making data-driven decisions based on current information they are collecting on and where should they start?

A great starting point for any organisation is to understand the business question, strategy, direction or objective. Especially for small to medium-sized enterprises (SMEs), having a strategy to collect and analyse data can help organisations to identify the right questions that will drive the business.

Typically, this means stepping away from daily operations and taking the time to think about, develop and plan the business direction. Let's revisit the example of a United States-based restaurant, Dickey's Barbecue Pit, to explain how restaurants can benefit from data collection and analysis.

The implementation of data collection processes led to them to have certain insights that may help answer your question. If an organisation is looking to start making data-driven decisions based on current information they are collecting on and where should they start?

How can organisations collect data today that could help them answer these questions? Many of the insights that Dickey's Barbecue Pit has collected have led to new strategies, improved products and services, and who is a better fit for the coffee shop. Their interactions with customers and colleagues will be able to tell you so much. When you are thinking about big data, you are thinking about a strategy for your business. But, when you are thinking about big data, you are thinking about a strategy for your business.

2. Dickey's Barbecue Pit

Data is the key to modern business. An example of how data can help businesses make better decisions.
YOU might assume that “capacity to think” is something you don’t have to worry about if you’re in the process of selecting a new leader, whether it’s a new chief executive officer (CEO) or the founder of a company you’re investing in. You’d be wrong. Surprisingly, great leaders need for managing conflict and organisational leader, using the long broad sources – my own 35 years’ experience as CEO or leader of a great organisation without these fundamental cognitive strengths?

This should be part of the vetting process when deciding to put the fate of their company in the hands of a new leader. How can someone even get close to a position as CEO or leader of a great organisation without these fundamental cognitive strengths?

It happens all the time. Charisma, connections, luck, caniness, creativity and vision can propel someone into a position of power. It doesn’t mean their judgment is up to snuff. Elsewhere, I’ve written about five core character traits and cognitive abilities that every leader who is responsible for the fate of an enterprise and its people must have.

Perhaps the most vital is the capacity for critical thinking and judgment. This is not to minimise the importance of the other four: empathy, trust, self-control/ discipline and self-awareness. This model of the fundamental requirements for a leader is distilled from two broad sources—my own 35 years’ experience as a psychiatrist, psychoanalyst and organisational leader, using the long traditions of thought and research in psychology and psychoanalysis, and a remarkable document (itself based on the same theoretical and empirical foundation), the Army Field Manual on Leader Development.

At the basic level, this is linear—what are the immediate, mid-term and long-term consequences of a decision?

But the best leadership mind anticipates consequences more expansively, perceiving a multidimensional outcome and, immediately, the range of complex secondary and tertiary outcomes that will spin off in response to each level of change. A leader’s thought process needs to be dominated by reason and facts, not emotion. But it’s equally important for a leader to know the effects stress and emotion have on his own thinking and judgment. These capacities need to be tempered by alertness to unconscious biases and fears.

Doctors are taught to beware of the “last grave error syndrome” — the tendency to overcompensate because you screwed up last time. Just because you missed a case of heart disease doesn’t mean every patient you see now needs excessive cardiac testing. In investing, just because you left a short position too soon and lost a mint doesn’t mean you should stay in your current short positions.

The leader who can think clearly is able to set aside his own ego and self-esteem as he evaluates a situation. Critical thinking requires the ability to approach a problem with an organised assessment process: knowing what information to gather, considering alternative explanations and points of view, actively seeking contrarian opinions and perspectives, identifying gaps in information and knowledge and identifying a process to fill them.

This is harder than it might seem since we are all subject to unconscious mental forces that can distort thinking without revealing they are at work. Critical thinking requires the ability to compare current situations to similar ones encountered in the past, using the richness of previous experience with problems to inform present assessment. But this necessary use of past experience has to be tempered by alertness to unconscious biases and fears.

By PRUDY GOURGUECHON

Are you afraid of conflict? Fear of conflict can turn leaders, managers and employees into “psychological hostages” who are paralysed and unable to challenge others. George Kohlrieser shares six lessons managers need for managing conflict.

By PRUDY GOURGUECHON

MORE THAN JUST A THOUGHT PROCESS

Good judgment depends on the ability to think critically and strategically. This can be broken down into multiple essential functions, including the ability to plan ahead in a way that is thoughtful and organised, the ability to organise information into a coherent and logical narrative, and the ability to understand cause and effect.

To my mind, the most important aspect of critical thinking is the capacity to anticipate consequences. The leader who can think clearly is able to set aside his own ego and self-esteem as he evaluates a situation. Critical thinking requires the ability to approach a problem with an organised assessment process: knowing what information to gather, considering alternative explanations and points of view, actively seeking contrarian opinions and perspectives, identifying gaps in information and knowledge and identifying a process to fill them.

ASSESSMENT CHECKLIST

Since problem-solving is dependent on thinking and judgment, these capacities can be assessed by observing how the leader organises her response to a crisis, an unexpected situation or a stalemate. How can you identify inadequacies in a potential leader’s critical thinking and judgment? Look for these specific signs of deficiency.

I’ve extracted many of these from the Army Manual, which does an invaluable job of operationalising what otherwise would be abstract and difficult to assess capacities:

- Signs of disorganisation in thinking or speech.
- Over-focus on details; inability to see the big picture.
- Lack of clarity about priorities.
- Inability to anticipate consequences.
- Failure to consider and articulate second- and third-degree consequences of an action or decision.


due diligence

assessing a leader’s capacity for critical thinking and judgment

By PRUDY GOURGUECHON

www.leaderonomics.com | Saturday 14 July 2018

SUBSCRIBE

bit.ly/subscribeLD
and get our e-locket delivered to your inbox weekly!

Are you afraid of conflict? Fear of conflict can turn leaders, managers and employees into “psychological hostages” who are paralysed and unable to challenge others. George Kohlrieser shares six lessons managers need for managing conflict.

By PRUDY GOURGUECHON

MORE THAN JUST A THOUGHT PROCESS

Good judgment depends on the ability to think critically and strategically. This can be broken down into multiple essential functions, including the ability to plan ahead in a way that is thoughtful and organised, the ability to organise information into a coherent and logical narrative, and the ability to understand cause and effect. To my mind, the most important aspect of critical thinking is the capacity to anticipate consequences. The leader who can think clearly is able to set aside his own ego and self-esteem as he evaluates a situation. Critical thinking requires the ability to approach a problem with an organised assessment process: knowing what information to gather, considering alternative explanations and points of view, actively seeking contrarian opinions and perspectives, identifying gaps in information and knowledge and identifying a process to fill them.

ASSESSMENT CHECKLIST

Since problem-solving is dependent on thinking and judgment, these capacities can be assessed by observing how the leader organises her response to a crisis, an unexpected situation or a stalemate. How can you identify inadequacies in a potential leader’s critical thinking and judgment? Look for these specific signs of deficiency.

I’ve extracted many of these from the Army Manual, which does an invaluable job of operationalising what otherwise would be abstract and difficult to assess capacities:

- Signs of disorganisation in thinking or speech.
- Over-focus on details; inability to see the big picture.
- Lack of clarity about priorities.
- Inability to anticipate consequences.
- Failure to consider and articulate second- and third-degree consequences of an action or decision.
OST of us operate under an assumption that the near future will be much different than our recent lived experience. This is natural perhaps. After all, we live in a world where 85% of the time, today’s weather is the same as yesterday’s. Surely things aren’t going to change that much any time soon, are they?

While this tendency to underestimate change may be natural, there is one trend that none of us can afford to ignore—the looming impact of artificial intelligence (AI) and wide-scale automation. Perhaps the most thorough and widely reported research looking at the potential of automation-led job losses was conducted a few years ago by researchers at Oxford University.

These researchers analysed 700 different occupations and found that as many as 47% of total employment had a “high risk of computerisation” by the early 2030s—more than 64 million jobs in the United States alone.

Make no doubt about it: millions of jobs and countless professions are set to disappear in the coming few decades. The question is, which will they be, and how can you ensure you don’t find yourself in the firing line?

While service industries and white collar jobs have been less affected by automation throughout history, this is beginning to change.

THE ‘ROBO ADVISERS’

Take the financial planning and advice business, for instance. Traditionally a high-trust business, financial advice has been rocked by a series of scandals in recent years, leaving many clients asking whether human advisers and the fees they command are actually a necessary part of the wealth management process.

While advisers who are expert financial strategists with extraordinary people skills will remain in high demand for many years to come, advisers who are stuck in transaction mode will likely find their clients gravitating toward automated ‘robo advisers’.

These automated investment advice algorithms incorporate a client’s goals and risk profile to make intelligent wealth management recommendations at a fraction of the cost of a traditional adviser or funds manager. In the related field of accounting, similar moves towards automation have been underway for some time now. Automated bank feeds and cloud-based accounting software have all but removed the need for bookkeepers, and accountants themselves could be next in the firing line.

For instance, KPMG recently announced a goal of having 30% of client audits completed by robots within a few short years. That’s the bread-and-butter work of a lot of accountants instantly disappearing. Like financial advisers, smart accountants will recognise automation technology for the opportunity that it is and adjust their value proposition accordingly.

The days of simply managing the compliance, financial administration and lodgment requirements of clients will soon be long gone. As one of the more visionary accountants I have worked with once said: “Accountants need to shift from seeing themselves as the score keeper at the end of the game (or financial year) to being the coach on the side-lines offering advice and support throughout the game.”

I love this metaphor and he is so right.

1 Creativity

The elements of creativity that rely on our ability to synthesise unrelated ideas and construct something new or unexpected will remain a uniquely human skill for a long time yet.

Added to this, our ability to craft humour, employ irony, and explore the spiritual and metaphorical dimensions of life will not be replicated by a machine any time soon. After all, machines do not have a soul, and it is the soul of a human out of which true creativity springs forth.

2 Instinct

The value of our gut feeling, as humans, is hard to overstate. Machines are always dependent on the code they have been given or the data they are fed—neither of which allow for the very human instincts that are so critical when operating in a complex, uncertain and unpredictable world.

3 Perception

As Massachusetts Institute of Technology professors Erik Brynjolfsson and Andrew McAfee point out, computers are extraordinarily good at pattern recognition within their frames—but their skills advantage evaporates the moment they need to operate outside of these frames. Put simply, one of our key advantages as humans is our ability to employ multiplex senses, which gives us a much broader scope for perceiving the world around us than any computer can achieve.

4 Social/emotional skills

Beyond our ability to create, intuit and perceive, it is our uniquely human capacity to care, empathise, and connect emotionally that is perhaps our greatest and most enduring advantage over robots.

Again, the soulless nature of machines will always mean their interactions with us will be cold and calculated, no matter how lifelike the technology becomes. In the same way that the Luddites resisted the destruction of their livelihoods by industrialisation, we will likely see scores of individuals and industries rail against the growing influence of AI.

However, automation can either be an opportunity or a threat depending on whether you embrace it or not. In the words of the technologist Tim O’Rielly, “We must not fall into the trap of trying to protect the past from the future.”
WORLD CUP 2018: GAMEPLAY ANALYSIS OF GROUP STAGES

4 THINGS TO LEARN ABOUT BUILDING SUCCESSFUL TEAMS

By ADRIAN YAP CHENG KHIN editorial@leaderonomics.com

HAVE some stand-out lessons we can learn after the dust has settled on the group stages? What has been the recipe of those that were successful? Or the folly of those that have not been so far?

Given that it’s a team sport (Cristiano Ronaldo may wink to that), it’s timely to look back at the group stages to see what lessons we can take away from the teams on how to build effective organisational teams.

After all, the principles of building teams are the same, whether you are building them to win a football tournament or to achieve your organisational goals.

1 NEVER PUT INDIVIDUALS ABOVE THE TEAM

Croatia dumped striker Nikola Kalinic out of their squad and sent him back home when the Milan striker refused to come on as a substitute against Nigeria in the opening match.

It was a bold and quick decision against the kind of individualism that could have potentially fractured the squad.

As a consequence (or maybe even a direct result), the team rallied to beat Argentina comprehensively 3-0 in the next game and won the game after that against Iceland – finishing with a perfect record in the group stages.

Coincidence? Maybe not.

Lessons caught

Managers in an organisation also have to balance many things in their bid to get the best performance out of their teams.

At times, it’s allowing their star performers to remain individualistic so that they do well and in turn, help the team achieve its performance targets. But this is a slippery slope.

Managing individualistic and petulant performers can be tiring and unsustainable. It’s much better to invest in team players who want to work with each other to achieve the department’s goal.

A positive culture that’s fostered will improve on.

2 NEVER STOP ENCOURAGING THEIR STRENGTHS

So far, this World Cup has been filled with tales of teams who leverage their natural strengths to defeat their opponents.

Whether it was Mexico’s use of their team’s natural pace to unsettle Germany, Iceland captain Aron Gunnarsson’s marauding long throws to take advantage of his team’s natural height, or Uruguay organising what is the meanest defence in the tournament so far, teams have fallen back on their natural strengths to get ahead.

It has paid some dividends with unfancied teams such as Iran, South Korea and Morocco giving good accounts in this tournament from playing ‘their game’ despite being knocked out.

Lessons caught

In the same way, you should discover and know your team members’ natural strengths and leverage them to bring your team’s performance to greater heights.

No one likes to be constantly told they have a laundry list of things they need to improve on.

Why not highlight their strengths where you can and use them to your team’s advantage?

They will feel good flexing a strong muscle and you get to see your team go from strength to strength.

3 NEVER STOP DEVELOPING THEM

Germany’s shocking early exit at the hands of unfancied South Korea has sent ripples through the football world.

This proud football nation that has made a habit out of performing exceptionally (sometimes against the odds) at tournaments has uncharacteristically gone to sleep in this one.

So, what happened?

The omens had been so good last year leading up to the tournament with their under-21 team winning the Euros and their senior team winning the Confederations Cup with a second-string squad.

It would seem like Germany could do no wrong. Yet, it has collapsed so sensationally and noisily like a tower of sardine cans stacked too high.

The buzz coming out of the camp was that they became complacent, they underestimated their unfancied opponents.

Lessons caught

In the same way, never assume your performing team will remain like that continuously. Never stop challenging and developing your team to go above and beyond themselves.

Unfortunately for managers, there is no time to sit around and enjoy your spoils of war.

It’s a continuous process to get your team to go from strength to strength. Never take your eyes off the ball.

4 NEVER DESPISE THE YOUNG

Mexico’s Hirving Lozano’s match-winning strike against Germany proved that this is a World Cup that favours the young.

At just 22 years of age, the Dutch club PSV winger turned into a man-of-the-match display, playing with bravery and power to help Mexico score the famous victory over Germany.

With 29 caps since 2016, the fiery up-and-comer has shown that if you entrust youth with responsibilities, it can pay off.

In fact, for the record, England and France have brought the third and second youngest squads to the tournament respectively, and both nations have qualified for the next round.

Lessons caught

We live in an age where experience only tells half of the story when it comes to performance. Sometimes, you need an injection of new energy and out-of-the-box thinking to get ahead of the pack.

Inspire and empower your young team members to perform above themselves. Charge the outstanding ones with key responsibilities and you may find yourself very pleasantly surprised.

***

Now, on to the finals. Happy watching!
DEADLINES INCREASE EFFICIENCY, RIGHT?

THEY MAY BE MAKING YOU UNPRODUCTIVE INSTEAD

By PETER ECONOMY
editor@leaderonomics.com

WHAT is a work project without a deadline? Whether you’re a veteran of your industry or an emerging entrepreneur, the importance of having a deadline is obvious: deadlines help you achieve both small and large goals, help you cross off all the items on your to-do list, and aid in keeping your productivity levels in check. But recent findings from a study by the Journal of Consumer Research indicate that deadlines may have the power to challenge your productivity levels, leaving you more inefficient than you would like or realise.

Published in May, the study, “When an Hour Feels Shorter: Future Boundary Tasks Alter Consumption by Inducing Efficient Consumption,” the study says that people will “(a) perceive they have less time than in reality, (b) perform fewer tasks as a result, and (c) are less likely to attempt extended-time tasks that can be feasibly accomplished or more lucrative.”

In one test included in the study, 158 undergraduates at Washington University were told they had either a strict five-minute window until an appointment or “about five minutes to do whatever you want.” The groups were given a same five-minute period, but it was the latter group that accomplished 2.38 tasks, while the hard-deadline group completed only 1.86 tasks.

The big picture, according to co-author Stephen Nowlis, is this: “…setting all these deadlines seems like a good idea. But too many deadlines make you use your time less efficiently.”

Think about how you best manage your time, and how often you use scheduling as an excuse to avoid your most important tasks. Consider leaving a portion of your day dedicated to extended-time tasks and watch your productivity levels soar.

Daring ideas are like chessmen moved forward; they may be beaten, but they may start a winning game. — Johann Wolfgang von Goethe, poet

Essentially, time management is all about mind management. Once you start to take things in control, everything seems more manageable and easy to do. Check out these 17 time management tips at: bit.ly/iGTimeManagement

Think about how you best manage your time, and how often you use scheduling as an excuse to avoid your most important tasks. Consider leaving a portion of your day dedicated to extended-time tasks and watch your productivity levels soar.

The saying ‘practice makes perfect’ can backfire in today’s constantly evolving world. Leaderonomics director of learning Sashe Kanapathi discusses why best practices should be used merely as a start, instead of the end, and shares how we can learn new best practices. Listen to the podcast: bit.ly/PracticeImperfect

FOR other great leadership insights, including those by John Maxwell, visit www.leaderonomics.com. If you missed any of our past issues, go to www.leaderonomics.com/publications and download for FREE!
Making Customer Service An Act of Devotion

Good Leaders Cultivate the Love of Giving Service in the Organisation

By JAQUIE SCAMMELL
editor@leaderonomics.com

SOCIETY’s desire for speed and convenience is compromising the customers’ greatest and basic needs as humans: care, kindness and one-on-one attention. Service is simple. Yet the many complex systems and processes organisations have are not delivering the service customers crave.

Cultivating the Human Touch

A recent report by McKinsey & Company explains that companies which add the human touch to digital sales consistently outperform their competitors. They achieve five times more revenue, eight times more operating profit, and, for public companies, twice the return to shareholders.

Rather than look at complex customer service strategies and ways to engage staff, organisations must look to the powerful and influential people in their business – the frontline leaders.

Employing the Right People

Ray Kroc, for example, built the US$700-mil-dollar per annum fast food revolution that is McDonald’s. His secret to building the empire that now feeds one percent of the world’s population? Employ the right people and teach them the systems later.

While most people suggest operational systems and automation as the winning combination that made the brand a global giant, and the poster child for any franchise, it was actually the type of employee that the golden arches attracted and Kroc’s obsession with building a tribe of brand advocates that was the trick.

It is also no accident that McDonald’s employees, particularly those who have held leadership positions, stand out on resumes compared to other potential candidates.

They have been part of a culture that understands service. They have been trained and developed in an environment that treats its employees, and its leaders, as being just as important as its customers.

Leaders as Role Models

Leadership is about consistently behaving and showing up as a role model that others respect.

Leaders set the tone for the day, and the shift, with each and every interaction with an employee. In turn, this has a flow-on effect to customers.

When leaders are conscious about their behaviour; they ask great questions of staff, listen deeply, see things through others’ eyes and always explain clearly the intention behind things. Trust is created with employees, which creates a truly influential tribe.

This is how an organisation creates a workforce that is consistently engaged, performing at their optimum level and supporting each other to make sure that the small daily acts of devotion to customers are felt regardless of the time of day, purchase price or length of transaction.

Service leaders in a hierarchical organisation are directly responsible for the frontline workforce. So it is their responsibility to encourage their teams to love giving service and to cultivate this kind of service culture.

In Conclusion

Leaders must be able to identify and lead healthy human behaviours among their employees as it has a significant impact on overall business performance.

They must become conscious of their own habits and practices, as well as promote, encourage and lead their frontline staff, so that they in turn look after and nurture the organisation’s most valuable assets – the customers.

Jaquie Scammell is the author of Creating a Customer Service Mindset (Major Street). She is a sought-after speaker, facilitator and coach working with some of the largest global workforces in retail, banking and hospitality. She has also worked with major airports, stadiums and events, from Wembley Stadium in the UK to the Australian Open Grand Slam in Melbourne. To connect with Jaquie, email editor@leaderonomics.com.

Join a Once in a Lifetime Camp Experience for Free!

Calling all Malaysians aged 13 – 16, SPARK Leadership Camp is back! Happening on 16 – 22 December at Epsom College in Malaysia, stand a chance to earn a fully sponsored spot! All you need to do is present a speech of five to 10 (5 - 10) minutes following the topic below to our panel of industry leaders and participate in a group simulation during the auditions to stand a chance to win.

Audition Day:

18 AUGUST 2018

Speech Topic:

IF YOU COULD TEACH EVERYONE IN THE WORLD ONE CONCEPT, WHAT CONCEPT WOULD HAVE THE BIGGEST POSITIVE IMPACT ON HUMANITY?

Register at www.tinyurl.com/sparkauditions2018 or email spark@leaderonomics.com for more information.