



Today's CEO...Paid to be Optimistic

Here in the UK, it is somewhat of an understatement to say that we are living in uncertain times which is proving a challenge for business to navigate. Therefore, the results of a survey of 1400 global CEOs conducted this year from one of the 'Big 4', was always going to be of great interest. It highlighted that we live in an unprecedented era of digital, customer, market and geo-political change, where increased connectivity and market divergence are becoming the norm. Despite this new normal, the survey revealed that currently CEO optimism is riding high.

At our most recent CEO lunch we posed the question to a group of CEOs from a

wide cross section of industries, why is CEO optimism riding high?

Is this because seasoned CEOs have, since 2009, had to cope with stormy conditions and natural selection has played a part? The premise being anyone who reaches the top today has already adapted to uncertainty and is content with this being normality? Or perhaps CEOs have learned to look for the upside, seize on the opportunities uncertainty brings and use the current challenges as the stimulus to innovate?

In addition we asked, what do you need to do to ensure success in today's business climate? How do you prioritise growth going forward if the assumption is "no business shrinks to greatness"?

The CEO of a well-known women's clothing brand made the point that it was important to focus on the 2 or 3 things the business is really good at. She said "Do those things to the nth degree rather than generalising. I have told my team that to preserve our brands' DNA, obsess about our customers' changing habits and know our customer. It is very costly if you don't."

"Most businesses know they cannot be all things for all people. We have concentrated on quality and dressing the professional woman".

Our Chair asked, how is this working? The answer was that nearly a year with this renewed focus, had shown there were definitely lots of green shoots demonstrating that productivity gained by knowing your customer well and focussing the business on delivering the 2 or 3 things you do better than any competitor, was bearing fruit.

The CEO of an international Investment Bank said that when people ask him how he is, he replies "I am resilient and optimistic". People look at you as though you have two heads when you say resilient and then they stop and think about it. It sends a message. In terms of optimism, there are plenty of reasons to be gloomy. In business, we control two things. One is the cost of being in business and there is a duty to optimise our business models. Optimisation is a more optimistic word for most colleagues versus transformation or rationalisation. The other thing we can hopefully control

and it echoes what has previously been said, is that of the client experience. It is easier to do more business with existing clients than find new clients, so give those existing clients a great experience or a better experience than they had before. To that end, make it easy for your clients to give feedback. Without this, you can alter very little.

An infrastructure CEO made the point that in the new world order of increasing populations and climate change, the UN has said, that by 2030, we will need 50% more food, 45% more energy and 30% more water. He said it is only so long that people can be pessimistic. In reality, this new world order of increasing urbanisation is positively affecting our property strategy.

The CEO of a Financial Services Consumer brand said that it is the CEO's role to be optimistic. "We've a responsibility to keep our teams motivated and positive. People ask me, is it lonely being a CEO and I reply, it's not lonely at all. I am surrounded by people and the challenge for me is being the best I can be every single day. It's my responsibility to galvanise the forces through thick and thin and in uncertain times, the focus should be on agility".

Responding to the comments on a changing world, the CEO of a specialist Energy sector Technology firm, said that for them, the ever shifting sands are 'nirvana'. What is exciting them is can they be innovative and ambitious enough to capitalise on uncertainty? Can they adapt faster than anybody else

in designing the core product and be able to win where everybody else will struggle, either because of an entrenched incumbent position or an inability to adapt? Some business models lend themselves extraordinarily well to turbocharging and enhancing against these shifting sands. He said, in their case, this is central to what they do, especially in shaping partnerships between the new entrants to the market and big plcs.

He added, “Software eats the world but only does it one sector at a time. Business must concentrate and focus on things that are genuinely customer relevant”.

“My first concern is keeping the lights on”. The CEO of a Utilities firm made the point that whilst business is transforming through the digital journey, there is still the need for the fundamental infrastructure of the power networks and to move the electron from a to b. Very often power companies are the 4th emergency service especially when considering vulnerable customers for whom a power outage is a genuine emergency and in keeping the lights on, in a world with increasing regulation, you have to keep your customers and employees safe. Not many things you cannot see can kill you, but electricity can and we need to put new infrastructure in place safely as well as swiftly.

A colleague from the energy sector made the point that with regards to technology, his sector was perhaps behind the curve compared to many

other sectors in the room but he said that they had gone back over the last 3 years to create a sharp focus on what they used to be good at and return to it. He said it was now understood that the people the business is recruiting and developing now (especially in engineering) do not share the same mind-set or skills set of the current long term management team. Therefore, the primary job of management has now become the nurturing of this next generation of future leaders. Catch people doing something good every day, right through the organisation, to inspire. For every 10 pieces of feedback you give, make sure at least 7 nurture and inspire.

The CEO of a global insurance firm agreed that whilst there were many reasons to be pessimistic, he agreed that it was the responsibility of leaders to be optimistic and, most importantly to appear so. He shared learning a very important lesson about 15 years ago when he was running a business and having one of those weeks when problem after problem just kept landing on his desk. He told his US boss that he just couldn't do this anymore. His boss's wise counsel was to point out that as CEO, if you think about your business, there is a lot of good stuff going on but if you are the leader, on bad days, all you will see are the issues because this is often where you will get involved. It's very important to keep perspective. Therefore one has to think about and appreciate what's going on and be optimistic when you think of the future.

This week, he was asked to go and speak to a group of MBA students about the future of financial services and city life, post Brexit and what's going to happen. Yes there will be structural and regulatory challenges, but he told them that he wished he was their age. Over the next 20-30 years, the tools available to them (or will shortly be available) will transform the world in a far more impactful way than the tools that had been available to his generation. So get up and seize the day!

Wrapping up our discussion, the CEO of a food retailer said he concurred that it was all about getting ahead of your customer and he felt optimistic about the future. He said that his business had achieved two other important things. They have "recalibrated" their brand to give them a sense of purpose. Their purpose is that they feed a significant proportion of the country and this absolutely gives people a sense of why they are coming to work. The other important element they worked on was their own culture and they have embarked upon a programme to invest in every single person in the business. They wanted to positively change the mind-sets of both customers and employees which had arisen as the result of a long recession and period of austerity during the last 12 years. You can't expect a change in behaviour only through being an optimistic leader. He added "I would encourage all business leaders to back their own optimism with a real investment in their own people".

At Hoggett Bowers, our cross sector and international Executive Community

gives us the ability to "take the temperature" and share insights within this Community and more widely. Certainly, we have felt, post referendum in the UK, that our role is very much to lead and advise with regard to identifying the right talent to enable business to grow but also to add a calming and pragmatic voice with our perspective from the wider world. Business is logical and pragmatic and in its very purpose, inherently creates solutions. Onwards and upwards!

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