

THINKERS

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THINKERS50: DAN PONTEFRACT DEAR CEO

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THINKERS50: DAN PONTEFRACT

Dear CEO

Kromann Reumert is a partner of Thinkers50 European Business Forum, which brings together the world's most sought-after business thinkers to a two-day conference. As part of the conference some of the greatest business thinkers have written essays called "Letter to the CEO's" containing recommendations to the CEO's around the world based on the latest trends in the business world.

In recent years there has been an increased focus in Denmark on building competencies in and continuously enhancing the quality of board work in Danish corporations, firms, organizations and institutions. As a co-founder of the Board Leadership Society and of the CBS Board Leadership Education we at Kromann Reumert are proud to have contributed to these efforts by having established a strong forum for exchange of board room experiences and of views on the topics that top the agendas of boards both in Denmark and abroad. The CBS Board Leadership Education is nationally and internationally recognized as one of the leading board education programs in the world.

The demand for true leadership from the board rooms and to executive management is as intense as ever in an ever and more rapidly changing business community and society. In his Letter to the CEO, Dan Pontefract presents his view on what should be the top priorities on the executive management's agenda: Purpose driven leadership providing all employees in the organization with a true engagement in and dedica-

tion to their workplace and the tasks to be performed that goes beyond the mere call of duty. Internal corporate cultures should be analyzed and potentially adjusted to support this goal and should also permit a more collaborative and open thinking mind-set in the organization. The contention is that this approach will result in increased employee engagement, retention and customer satisfaction and thereby ultimately in shareholder return.

The notion of thinking of broader stakeholder interest than increased shareholder value in isolation is not new in Danish board rooms. Dan Pontefract's Letter to the CEO stresses the importance of applying such broader stakeholder view and demonstrates that it may be a viable and sustainable way to increase shareholder value. There is little doubt that this will remain a center of focus as we continue our work in the Board Leadership Society and in the CBS Board Leadership Education programs.

Anders Stubbe Arndal, partner, Kromann Reumert



EUROPE

Letter to the CEOs – from Dan Pontefract

Dear CEO

Dear CEO,

Now more than ever in our history we need you to lead.

Frankly, with all due respect, what you have been serving up as “leadership” since the 1970’s has not been good enough. There have been some bona fide exceptions – Marc Benioff, Indra Nooyi, Oprah Winfrey and Nick Meriggioli come to mind – but much of the so-called leadership emanating from CEOs has been downright dreadful. It is time to hit the reset button. Let us first start with the facts and conclude with several reflections for change.

First, ask yourself if your employees – the ones carrying out your strategy – actually care about your organization, their role or even the customers they serve. It matters not what firm does the surveying, employee satisfaction remains anemic. It has been like this for decades. Gallup, for example, indicates global levels of employee engagement continues to hover around 13 percent. When upwards of 90 percent of your employees are not proud of where they work it does nothing for your brand. When these employees interact with a customer, imagine the residual after effects if the exchange is unprofessional. Rest assured there is virtually no chance for your employees to go above and beyond the call of duty if they remain disengaged or worse, disenfranchised. Furthermore, have you considered the infighting that rages across your departments due your corporate culture calamity?

Second, have you ever wondered aloud why you are in business in the first place? As the planet simultaneously melts and heats up, as the gap between the haves and have-nots increases, as business teeters “on the brink of distrust,” have you thought about your organization’s purpose? Perhaps you believe the only purpose of a business is to grow revenue and profits or to increase shareholder return. If so, may I suggest a rethink? As management guru and Thinkers50 winner Peter Drucker once wrote, “The purpose of business is to create and keep a customer.” Research suggests a purpose-driven organization ends up not only improving its financial results, but employee engagement, retention and customer satisfaction in addition to shareholder return. This is on top of improving the welfare of our communities and planet. Sadly there only

a few purpose-driven organizations to look up to. The likes of Patagonia, Fairphone and LSTN are exemplary role models. Third, our organizations are quickly becoming hives of inordinate stress. Wherever you look on the org chart, people are mentally and physically breaking down. According to the World Health Organization, workplace stress will become the “health epidemic of the 21st century.” As a result of the omnipresent “do more with less” mindset in the workplace – where employees feel excessive pressure to complete tasks, meet targets and innovate with shorter deadlines, less investment and distracted colleagues – employees are suffocating. There is no time to reflect, to dream. Pausing to think is frowned upon. Consequently the entire organization is in action overdrive. The “do more with less” mindset is resulting in a frenetic operating culture that has effectively squashed both creative and critical thinking. When your organization does not have the time to reflect – when employees spend all of their time in a feverish quest to get things done – mistakes are made, learning is missed, new ideas are squandered and the stress mounts. To be blunt, it is unsustainable.

What to do?

You must start by analyzing your corporate culture. Do employees collaborate? Are they fearful? Do fiefdoms run rampant between business units, departments and teams? Does your organization innately connect with others first and consider options before making a decision and executing? By analyzing the current state of your organization’s culture you are taking stock of how things are actually working. Get real. Get out of your office. Get personable. Once the results are digested, develop a cross-functional team that will work with employees across the organization to create and then implement a new leadership philosophy. Define your behaviours as well as organizational disciplines and attributes. This becomes the bedrock of your culture. Spend as long as it takes to enact the new philosophy. Rest assured it will take a while, but failing to make it a priority will leave you caricatured as an ATNA: all talk to action.

In parallel to redefining your organization’s internal behaviours, you must redefine its purpose. Why are you in business? Craft an organizational declaration of purpose, a pithy, thoughtful statement that outlines who you serve and how you uphold meaning as you conduct business. Then shift the way you do business. Your purpose is to serve all stakeholders

not simply shareholders or profit seekers. You are a part of the community and our planet. By virtue of that circumstance your purpose is about more than money, more than the stock market. Your purpose is to ethically create and keep a customer, serving all stakeholders equally in the process. Unilever and the work of its CEO, Paul Polman, is one to admire.

To complement a more collaborative culture with your organization's higher purpose you must simultaneously introduce an open thinking mindset. The first step is to start discussing with your direct and skip-level reports the importance of time. Time is the enemy of open thinking. When senior level executives embody an attitude of "do more with less" they typically create environments where there is no time. Teach them to give it back, both to themselves and those they lead. Teach them to block time off in their calendars to think. Not every minute of every day has to be in a meeting. Further, have open conversations about workload and perfection. If time is the enemy of open thinking, overburdened to-do lists and quests for flawlessness are rampant viruses.

One final idea. It has to do with compensation, the white elephant in the CEOs corner office. First, sit down with those on your compensation and benefits team to immediately fix any and all gender pay discrepancies. There is no place in the modern world for such egregious paycheque disparities. Second, to pay for righting the historical wrong, analyze the compensation levels of you and your direct reports. If the compensation ratio between you and the average employee is more than 100 times, scale it back. If it is more than 25 times for your direct reports, consider scaling their pay packages back, too. Imagine the goodwill you will have created inside and outside your organization.

In summary, if you commit to these four recommendations there is no doubt in my mind your organization and its employees will benefit, customers will be delighted and all stakeholders will be rewarded. Moreover there will be a boon to communities and the planet.

The question that remains is as follows: do you have it in your heart, head and soul to change the way you lead? Remember, each of us are all flaws in progress.
Thank you for reading.

*Sincerely,
Dan Pontefract*



About the author

Dan Pontefract

Dan Pontefract is the best-selling author of Flat Army (2013) and The Purpose Effect (2016). In September he will publish Open to Think (2018). Dan Pontefract is on the Thinkers50 "On the Radar" list.

About Kromann Reumerts partnership with

Thinkers50

Since 2001, Thinkers50 has selected the 50 most influential management thinkers in the world - "the Oscars of management thinking". For the second consecutive year, Thinkers50 organizes the conference "Thinkers50 European Business Forum". The European conference, which will be held in Odense, brings together the world's greatest management thinkers and business people for the "Davos of Business Thinking". Outside Europe, annual meetings are held in New York, Abu Dhabi and Qingdao in China.

Kromann Reumert participates as a conference partner. Arne Møllin Ottosen, Managing Partner at Kromann Reumert says:

"Kromann Reumert's most important task is to be a trusted advisor for our clients, and one of our fundamental values is commercial insight. By constantly expanding our knowledge, we seek to improve our understanding of the client's business and ensure that our services add value. We give priority to knowledge sharing and invest heavily in staff development and in our unique Learning Center where we share knowledge with clients and other stakeholders. Thinkers50 and European Business Forum focus on knowledge sharing, so it is natural for us to seek to get a high-profile event like this to Denmark."

KROMANN REUMERT

Kromann Reumert's vision is "We set the standard". Good is not enough - we want to be the best. We provide value-adding solutions and advice with full involvement and commitment. We get there by focusing on quality, business know-how, spirited teamwork, and credibility. We are Denmark's leading law firm, and our offices are located in Copenhagen, Aarhus and London.

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