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C-SUITE SERIES

# THE FUTURE CEO



THE FUTURE CEO

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MUSK FACTOR

# Directing the 'theatre of Musk'

## Elon Musk's social media spat with the law plays out like a Shakespearean drama, but there's more at stake than the rant of a corporate prince

NICK EASEN

To tweet or not to tweet, that is the question. This is perhaps Tesla supremo Elon Musk's soliloquy of late. It's almost Shakespearean in its drama. Was it nobler in the mind to suffer the slings and arrows pitted against Tesla's outrageous fortune or to take arms against the US authorities in a sea of troubles?

This is not to rewrite Hamlet, but rather to highlight a questionable tweet the charismatic boss made about taking electric car firm Tesla private. The US regulators accused him of misleading investors and sued for $20 million. He must now relinquish his role as chairman for three years. Perchance to dream in public no more. Mr Musk's wings as an outspoken chief executive could be clipped, at least for now.

"Charisma is an important component of effective leadership providing reassurance to stakeholders that people like Musk will make a vision happen and ensure an organisation like Tesla is agile. But charisma isn't the be-all and end-all," says John Antonakis, professor of organisational behaviour at the University of Lausanne. "Mr Musk behaved in ways that are not appropriate for a person of his status. This raises questions as to his credibility and creates uncertainty."

Not to mention a media frenzy, share price volatility and speculation. So much so that the furore has raised issues for future chief executives and boardrooms.

That's because Tesla's legal battle signalled a need for more assertive boards and tighter oversight at a time when high-tech unicorns flourish. Corporate governance needs a shake-up. It also needs to be fit for purpose in an era fuelled by social media.

Captivating, yet erratic with an impulsive drive, is not just the hallmark of a visionary Mr Musk, who also runs SpaceX and the Hyperloop Boring Company. Others come to mind, whether it's Ryanair's Michael O'Leary, Mark Zuckerberg of Facebook or Martin Sorrell, ex-head of WPP; then there's the commander in chief and one-time chief executive, US President Donald Trump. With all these strong characters, there's a question worth asking of accountability.

"In some cases, there is none. It renders the board meaningless, they become a cheering section," claims Professor Charles Elson, director of the Centre for Corporate Governance at the University of Delaware. "You need a strong independent board to counterweight a charismatic CEO otherwise, from a shareholder point of view, it can be a complete disaster."


Joshua Lott/Getty Images

It doesn't help that a fistful of the multi-billion-dollar tech giants have a chief executive who doubles as a chairman. In many ways, this goes against principles of good governance. Now two thirds of OECD jurisdictions encourage a separation of this role, as do emerging market regulators.

"This is a case of US exceptionalism which, from a governance perspective, accentuates the issue of an all-powerful CEO," explains Alissa Amico, managing director of GOVERN, the Economic and Corporate Governance Centre.

Then there's the issue of dual-class shares, where the stock is split into different categories, giving owner-chief executives preferential rights. It allows company chiefs, as minority shareholders, to retain control. For instance, Alphabet, Google's parent, is structured this way, so is Facebook, while Mr Musk owns more than 20 per cent of Tesla's equity and voting rights, not forgetting similar situations at Apple, and China's Alibaba and Tencent. Tech companies are rife with complicated governance.

"We need to bring back one share, one vote and eliminate these structures. It creates a complete disconnect between shareholders and the company, leading to problems. The chairman also needs to be independent and a non-executive," says Professor Elson. "Companies shouldn't be about the cult of the individual and must go beyond the life of any single CEO. The boss must also be held to account with the same standards as any other worker."

Entrepreneurial, tech company founders insist these structures enable them to make agile decisions in rapidly evolving markets, even though they're unpopular with investors focused on the vagaries of quarterly earnings reports. Those opposed say it erodes the integrity of markets and allows autocratic bosses to run roughshod over shareholders.

It's why companies with multiple share classes can no longer join the S&P 500 or the FTSE Russell and comes after Snap, the messaging app, offered stock with no voting rights at its initial public offering. On the other hand, tech monoliths with limited governance structures tend to be so successful.

"With the meteoric rise of companies and their CEOs in this digital age, there has unfortunately been an absence of educating the leadership," says William Klepper, management professor at Columbia Business School.

Sharon Sands, global lead for development at Hiedrick Consulting, adds: "Social media feeds the ego and is a dangerous playground for CEOs, so it needs careful thought. Fortune 500 companies on Twitter tend to be carefully managed by a team of experts."

Audit committees, which are lacking in some companies, can also do a good job of overseeing compliance, including holding maverick chief executives to account. Yet there's a broader issue here. Perhaps the traditional board isn't fit to manage 21st-century bosses.

"The skillset needs to change," says GOVERN's Ms Amico. "Boards used to be about traditional business strategy and financial oversight. The question is whether they're now equipped with the right skills to have a meaningful conversation with the CEO. Board members need to be on the cusp of the latest thinking with technical skills in artificial intelligence or blockchain, for instance, which is still rare."

Shakespeare's Prince Hamlet holds a human skull while reciting: "To be, or not to be…" In a modern-day company drama, perhaps it would be a visionary chief executive with the head of an ineffective board member. ◆

**86%**
of Silicon Valley chief executives are visible online on social media

Weber Shandwick 2017

**73%**
of employees believe social media engagement makes chief executives more effective leaders

**90%**
say social media has become an essential aspect of public relations and communications strategy for C-suite executives

BRANDfog 2016

SHORT-TERMISM

Jeff Bezos, founder and chief executive of Amazon, is well known for his focus on long-termism

JOE KLAMAR/AFP/Getty Images

# Perfecting juggling act of long-term strategy

With chief executives increasingly tasked with meeting both long-term and short-term shareholder demands, how do the best leaders keep a balance?

JOE McGRATH

Chief executives are increasingly finding themselves having to meet the conflicting demands of different breeds of shareholders.

Some investors seek short-term opportunities in favourable sectors or companies where they will hold their ownership for less than a year before cashing out. Others look to the chief executive to implement a long-term strategy that ensures corporate viability for the longer term, increasing the company's value at the expense of regular dividends.

"The key action is to communicate to the market the time horizon of your business case and try to attract the kind of investors that share your vision," says Stephen Martin, director general of the Institute of Directors.

But even the best run businesses will need to negotiate priorities, which can sometimes lead to heated discussions in the boardroom, as the chief executive's strategic view can sometimes be at odds with directors' governance objectives or revenue priorities.

"As a CEO, it is tempting to say jam will always be tomorrow, but after a while people get fed up with that, so it's not an unhealthy conflict to have," says Alasdair Haynes, chief executive of Aquis Exchange.

"In larger companies, there is always this conflict. The board is looking at governance and the obligations to all stakeholders, while the CEO is trying to implement strategy."

> **We focus on long-term product goals and pick short-term wins along the way**

For those chief executives who have already fallen victim to short-termism, the advice is to work closer with their boards to develop a strategic plan with a defined time horizon they can convincingly sell to the market, according to Mr Martin.

"If the company can win loyal investors who are supportive of this perspective, it should be possible to take a longer-term approach. But key investors have to truly believe that the business case for long-term value creation is viable," he says.

Recent years have seen pension funds and asset managers, in particular, campaign increasingly loudly for chief executives to move away from shorter-term targets in favour of longer-term sustainability.

In 2017, the Investor Association, which represents mainstream fund managers, published its *Long-Term Reporting Guidance*, warning: "Company reporting that is concentrated on short-term performance is not necessarily conducive to building a sustainable business and can inadvertently embed an inappropriate short-term focus in management decision-making." This, it claimed, is at the expense of longer-term productivity drivers and sustainable value.

Paul Cuff, chief executive of London-listed XPS Pensions Group, explains that chief executives in his sector face the tricky challenge of laying the foundations for a sustainable future, while simultaneously meeting the short-term expectations of winning new business.

"We are constantly striving in the short term to win more clients," he says. "But if we look after a client, then we may well keep that client for ten or even twenty years."

Other bosses agree that the juggling act between long-term objectives and short-term revenue can be a tricky act to master.

**67%**
of executives and directors feel most pressured to demonstrate strong financial performance within two years or less

**65%**
say short-term pressure has increased over the past five years

**55%**
of those without a strong long-term culture say their company would delay a new project to hit quarterly targets even if it sacrificed some value

McKinsey 2017

ariadna de raadt/shutterstock

Insight

**How to spot short-term strategy**

Spotting those companies that are being run with short-term priorities takes a trained eye, but there are red flags to look out for.

An obvious sign is a company preparing itself for sale, according to Alasdair Haynes, a banking veteran and chief executive of trading group Aquis Exchange.

He explains: "Companies looking to be sold will change their business models to get as much profit as possible in the short term at the expense of long-term revenue. The board will be considering how best to get the right price today, rather than making long-term gains."

A second metric to look for is a lack of investment in research and development, which is more obvious in some sectors than others.

Mr Haynes says: "The give-away is to look for what the business is actually doing. Research and development is key for a business, particularly something like a pharmaceutical company."

Other indicators that short-termism is creeping into an organisation can also be viewed from the outside, such as the way senior staff are incentivised.

In recent years, investment groups representing long-term investors, such as the Pensions and Lifetime Savings Association, have been campaigning for companies to pin remuneration policies to long-term objectives. At the start of 2018, the trade group published a corporate governance policy, which included guidelines on how its investor members should vote on corporate remuneration.

"Companies should consider how they might align pay more closely with the interests of their long-term owners to position themselves best for future success," it says.

Stephen Martin, director general of the Institute of Directors, says pay structures can be a major indicator of the priorities for a business.

"Excessive remuneration weighted towards short-term financial gains are one sign of corporate short-termism," he says. "CEOs need to define a long-term purpose for their organisation, which goes beyond the generation of a financial return."

Mr Martin adds that other things to look for should include neglect of training and staff development, including a lack of apprenticeships and any signs of a financially oriented business strategy with an emphasis on share buybacks of capital management.

A final note of caution is when a chief executive has an "excessive focus" on mergers and acquisitions as opposed to organic growth, he concludes.

Paul McGerrigan, chief executive of national brokerage Loan.co.uk, says while it is important to have financial targets, these should not supersede the company vision.

"We focus on long-term product goals and pick short-term wins along the way," he says. "Maybe we walk past a bit of income in the short term, but we are more likely to arrive at our larger goals and objectives faster, and better prepared."

Mr Cuff at XPS agrees, but adds that the profile of shareholders in a business has a significant bearing on the pressures facing a chief executive.

When XPS's legacy company Xafinity listed on the London Stock Exchange in 2017, he was pleased to see a share register of long-term investors. Many of those same investors would later back a capital raising that enabled the business to acquire rival Punter Southall at the start of 2018.

But having only investors focused on the long term can have its downside. "The disadvantage of them being long-term focused is that trading in our shares can be very thin," Mr Cuff explains. "It means the share price can move on very small trades."

Forward-thinking leaders are increasingly seeking to create value in the years ahead by exceeding current minimum industry requirements. This has partly been driven by a shift in shareholder expectations and partly by an increased onus by regulators for companies to be run in a sustainable manner.

Companies looking to the future will be those that survive in the longer term, according to Mr McGerrigan. "To create true value, you have to offer a service or product that is way above the industry average and this is done with the right vision, leadership and targeted investment," he concludes. ◆

Commercial feature

# Training future leaders

## Future chief executives must be equipped to deal with the challenges of a fast-changing business world

The modern world of business is changing faster than at any other point in living memory and in a way that makes it virtually impossible to predict how the landscape might look in even a few years' time. Much of this is due to new digital technologies, with many sectors and organisations facing significant disruption as a result of artificial intelligence, machine-learning and the internet of things, and this will require new skills from those who lead businesses.

"A lot of traditional management education is around how to exploit new opportunities," says Hari Mann, professor of practice at Ashridge Hult Executive Education. "But this will also require people to understand how to bring into this model a sense-check, not just around whether it's profitable, but whether it also meets the requirement to be socially responsible."

The modern chief executive needs to think about the impact such technologies will have on their existing workforce, but also ensuring any new business models do not cause harm. "The recent issues with Facebook and Cambridge Analytica have shown the damage that can be done if people lose trust in an organisation," says Professor Mann. "For the first time, people and investors are now questioning the future of Facebook and whether this is a model that is still sustainable. These questions are right at the heart of what future CEOs will have to answer to if they are to build sustainable businesses."

As well as being able to demonstrate far greater moral and social responsibility, future chief executives also need strong skills in engagement, sensitivity and collectiveness. Ashridge has recently conducted research into what it terms the "ego-eco perspective on leadership", both of which are vital tenets of the skills required by a modern leader.

"What we call 'ego' is having the strength to give a sense of direction and help manage the organisation to develop a vision and a goal," explains Paul Griffith, professor of practice at Ashridge. "For a lot of organisations, it's about the social purpose and what it is going to do for the world." This is particularly important in attracting the very top talent, particularly those from the millennial generation, who tend to be far more picky in the type of business they work for than previous generations.

This is complemented by the "eco" side, which looks at how the various complex ecosystems within an organisation work together. "CEOs need to think about how they can make and leverage connections within the organisation, seeing the interdependencies in the system and creating an organisational climate where they can give people the freedom to make the most of their talent," says Professor Griffith. This moves away from a traditional command-and-control management approach, he adds.

Alongside all this, businesses are also coming to realise that they need to pay more attention to ensuring their executives are able to function at their full potential, from a personal perspective. This is another area Ashridge has looked at, focusing on lessons the business world can draw from the sports industry.

"We've been doing quite a bit of work about how you get executives to be at their peak," says Professor Griffith. "There's still a macho culture of not needing much sleep, socialising and maybe drinking a bit too much, but that doesn't help you get into your peak performance zone." Executives need to get a better understanding of the need for a healthy lifestyle, he adds, including exercise, sleep and a healthy diet, and complementing this by relatively new techniques such as mindfulness.

Organisations are also starting to understand that equipping future chief executives, leaders and managers with the skills they need for the challenges of tomorrow needs to be a long-term and evolutionary project. "Those aspiring to be leaders need to think about the core element of leadership and management training, but they will also have to think about these new areas," says Professor Mann. "If you start thinking about these things a year before you're destined to be CEO it's too late."

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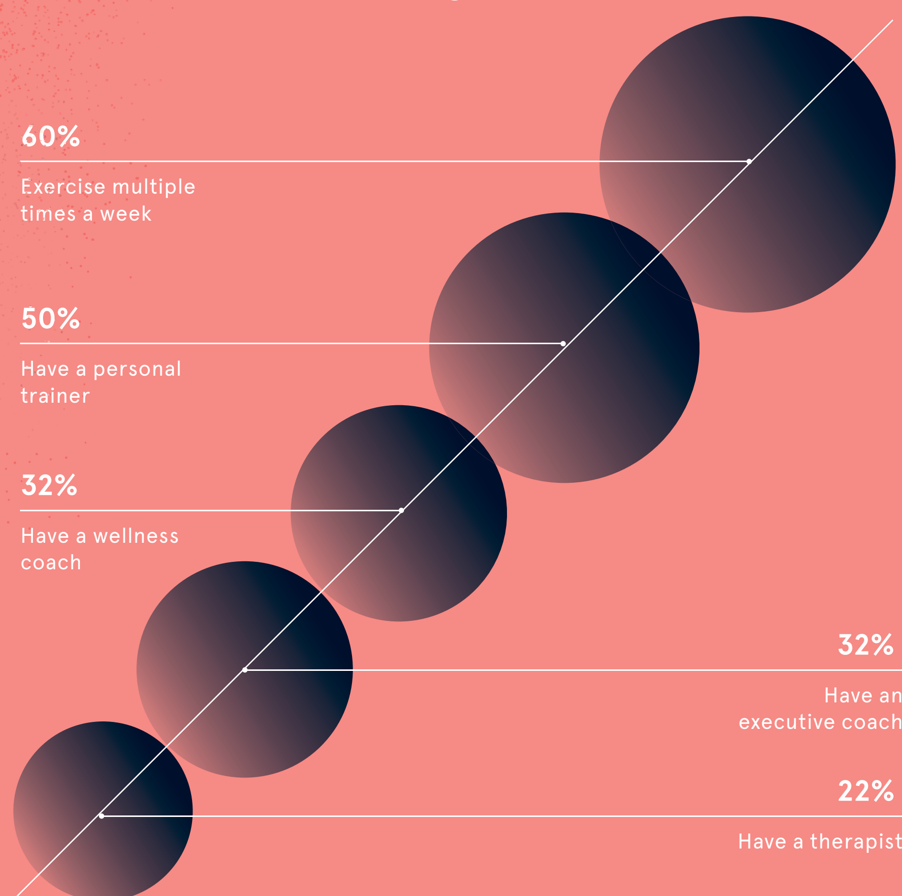
ASHRIDGE EXECUTIVE EDUCATION HULT

# LIFE AS A CEO

Chief executives are a busy bunch, and pressures of the job can easily lead to stressful, hectic schedules and a poor work-life balance

## Personal care and coaching




Norwest Venture Partners 2018

**36%**

say their company doesn't allow them to make getting enough sleep a priority

McKinsey 2018

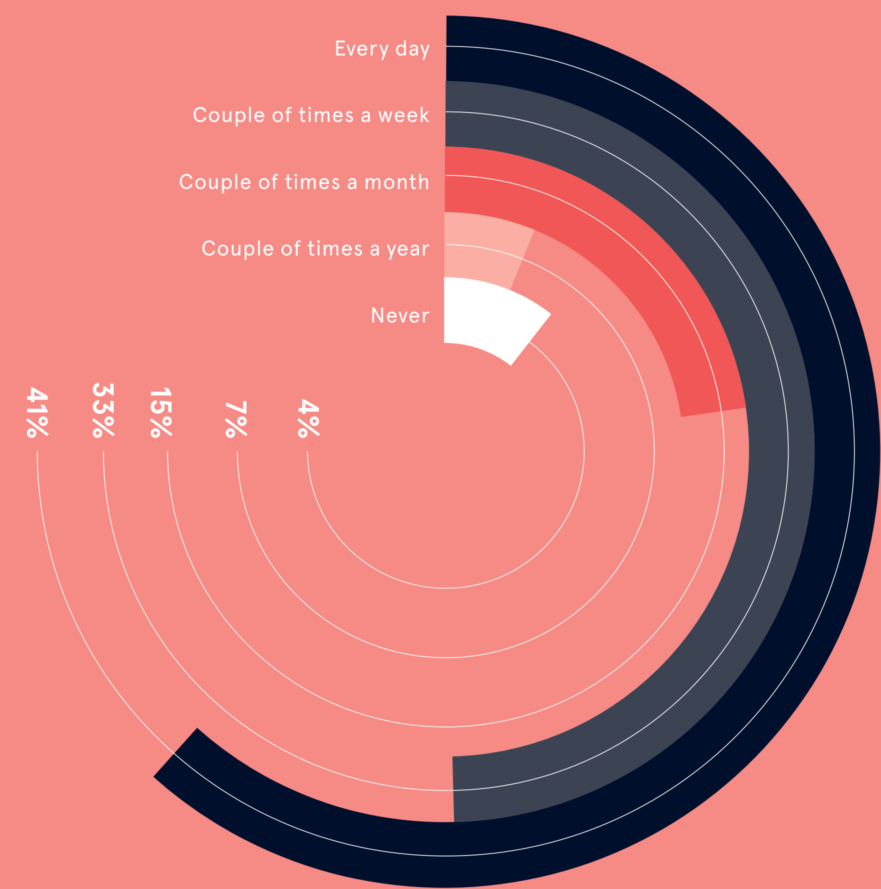
**47%**

say their company expects them to be "on" too long and too responsive to emails and phone calls

McKinsey 2018

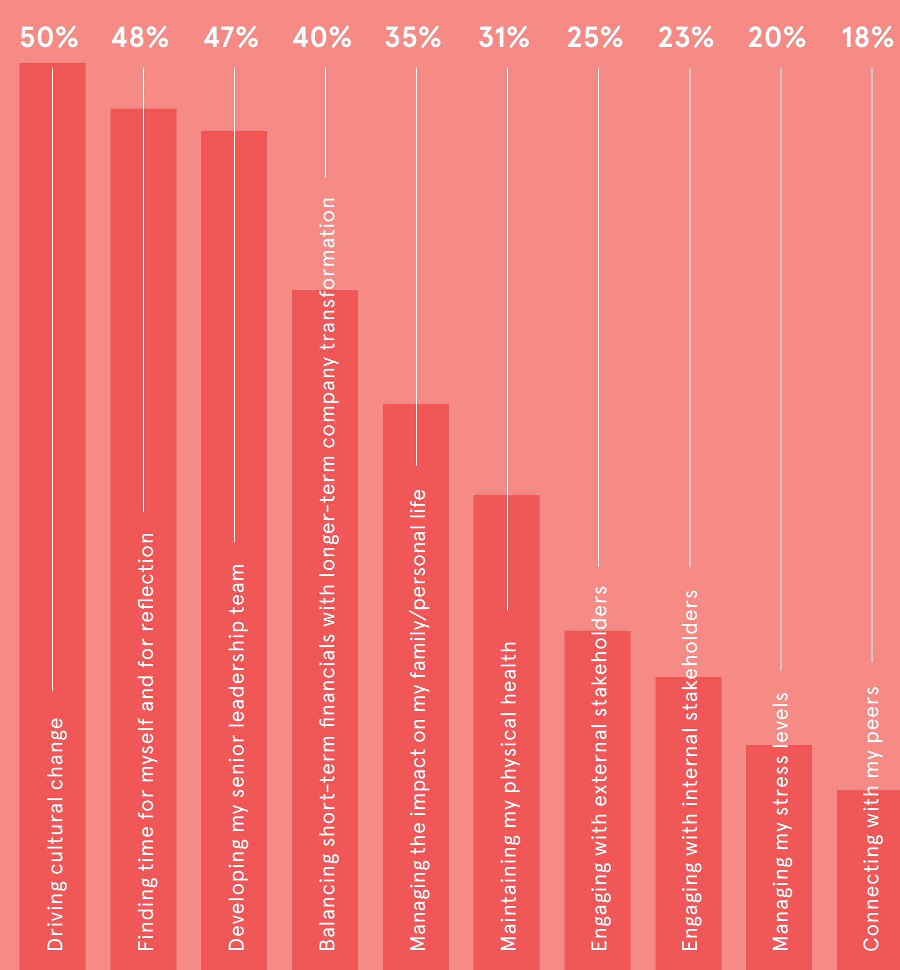
## How often CEOs feel stressed

Survey of startup founders




## Managing difficulties

Areas where CEOs believe their role is more difficult than they were expecting

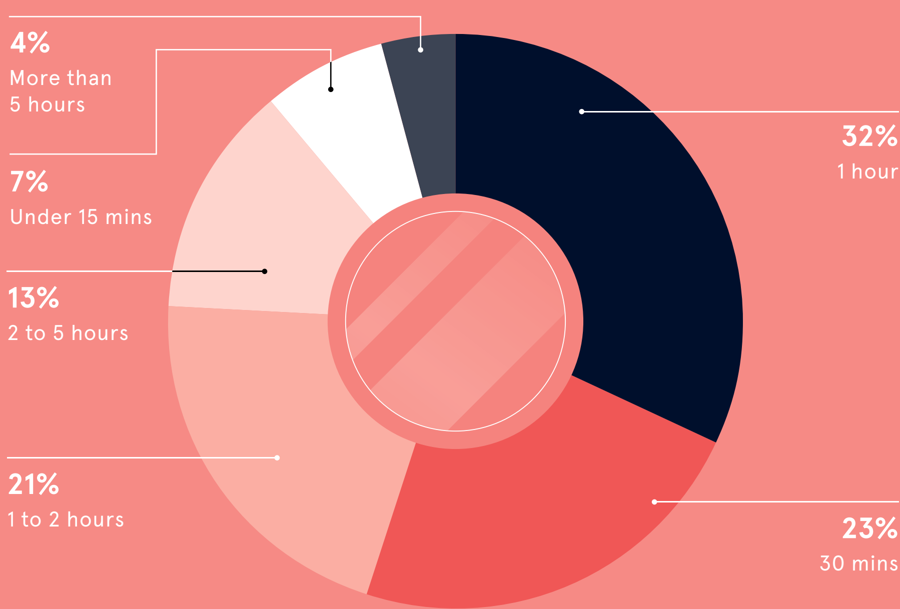



EgonZehnder 2018

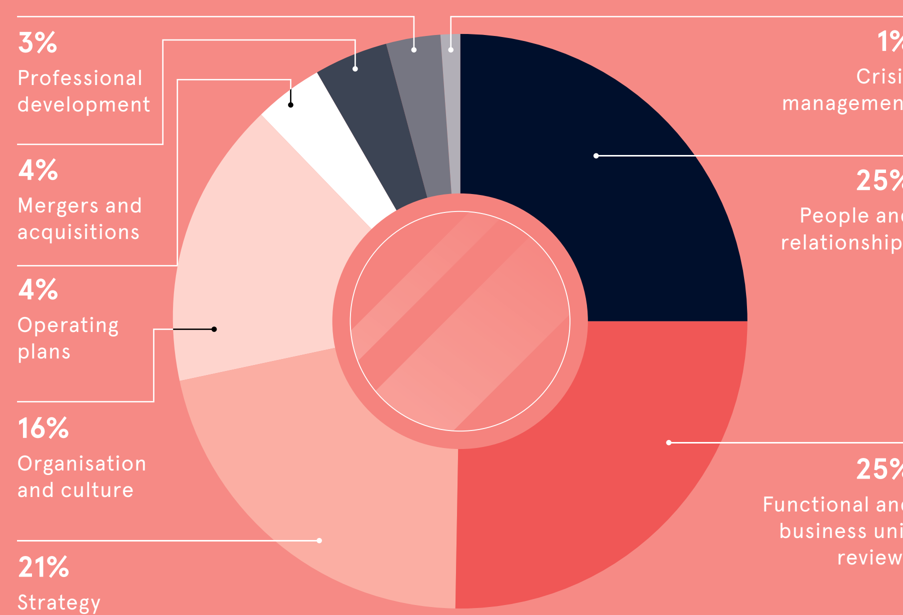
## What an average day looks like for CEOs

Harvard Business School research tracked the three-month time allocation of CEOs handling an average of $13.1 billion in annual revenue

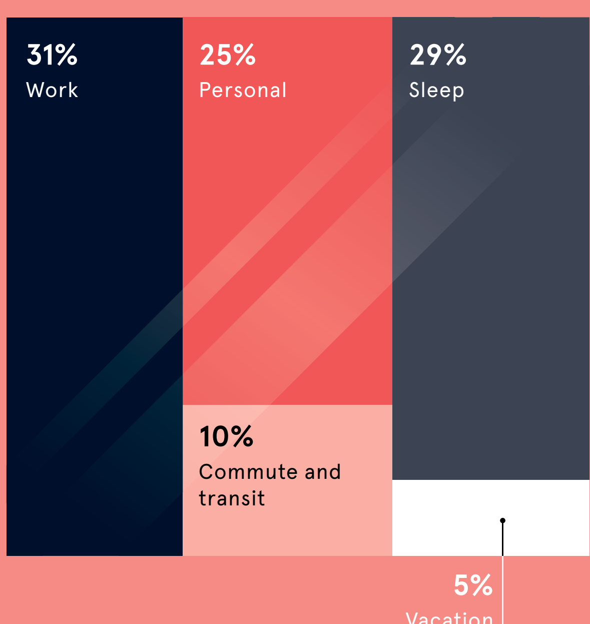
### Length of meetings



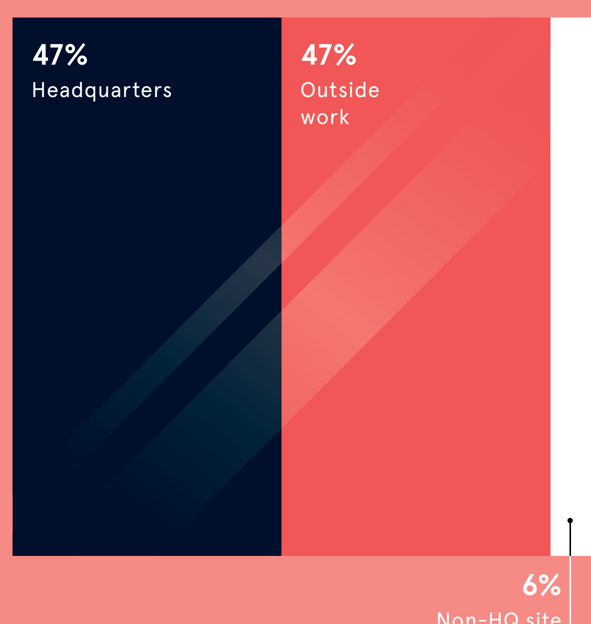

### Content of work CEOs do



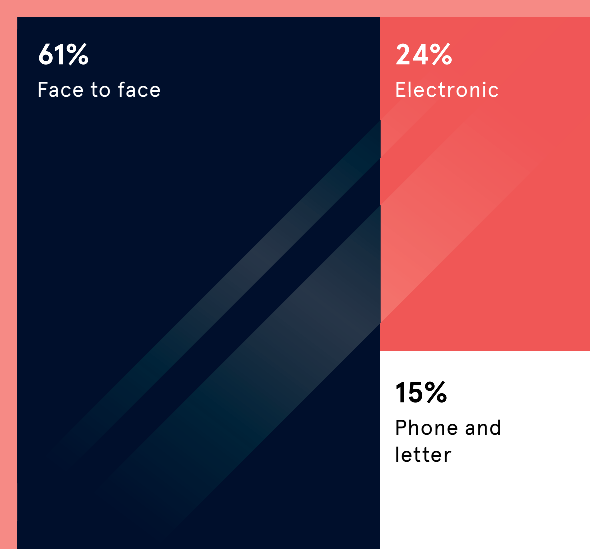

### Daily time allocation




### Where CEOs work




### Mode of communication




### Time spent with key constituencies


Harvard Business School 2018

Commercial feature

# Emerging CEO profiles in today's digital world

Digital has a multitude of implications for the economy, consumer behaviour and businesses, and is fundamentally changing the skills companies look for in their leaders

Pure-play digital businesses, those "born online", are no longer small startups and now represent some of the world's most valuable organisations. In addition, digital is no longer just synonymous with pure-play companies as most established businesses are undergoing digital transformation.

Clare Johnston, chief executive and founder of The Up Group (Up), Europe's only digitally focused executive search, advisory and networking firm, says the surge in scaled digital pure-play businesses and the acceleration of digital transformation has been driving the creation of a new generation of leader. "A CEO who cannot speak authentically to digital, innovation, technology and customers is becoming less relevant for many businesses," she says.

According to Up's research on the 46 consumer-facing businesses in the FTSE 100, some 70 per cent have changed their chief executive in the last five years, with the highest rates of change seen within the most disrupted sectors, such as financial services and retail.

**13 of 40**

**of European unicorns are no longer run by the founder and have appointed a new chief executive**

**4 of 13**

**of the new chief executives are external appointments**

**5 of 40**

**of the unicorns have a female chief executive**

**70%**

**of the 46 consumer-facing businesses in the FTSE 100 have changed their chief executive in the last five years**

"Traditional businesses now need transformational CEOs," says Ms Johnston. "On the one hand, the new leaders can drive agility, innovation, creativity and embrace disruption, data and technology. On the other hand, they can operate at scale, often within well-established cultures, governance and organisational structures, and engage with boards who may not be as forward thinking."

Recently listed pure-play companies are adding a different dimension to the chief executive leadership debate. Spotify, Adyen, Funding Circle and Farfetch are among those still run by founders. These individuals are operating public companies with market capitalisations of several billion dollars and teams of thousands of people, yet in most cases the leaders are first-time entrepreneurs who have never before run large operations. This means they have to adjust to a new era, where success has brought scale, global footprint and increased organisational complexity.

Up's research also challenges the assumption that founder chief executives are not effective as a company matures and are replaced along the journey by more tenured corporate executives. Of the 40 European present and post unicorns examined, only 13 were no longer run by the founder and had appointed a new chief executive, and of those only four were external appointments. Gender diversity in scaled digital companies is a different, but concerning, topic with only five female chief executives among the 40 unicorns assessed.

Private equity firms are now increasingly investing in digital pure-play companies as well as traditional firms creating value through digitally led transformation. This means that although they historically favoured proven executives, they now need to look for first-time, digitally savvy or native chief executives.

"You only have to look to successful private equity-backed businesses, such as Matches Fashion, Trainline, Photobox, to see the commonalities across their leaders," explains Agnes Greaves, managing director of The Up Group. "Such companies have high-calibre, highly analytical, commercially minded, data and tech-savvy executives, with best-in-class experience."

Never has there been a more transformative time to be in business. As such, it is only natural that the CEO profile of today looks different. Leaders need to combine a set of almost conflicting attributes: visionary and strategic yet execution oriented, data driven and analytical yet creative and innovative, entrepreneurial yet able to rapidly operate at scale on a global stage.

**For more information on chief executive board appointments and building leadership teams for companies going through growth and transformation please contact Clare Johnston and Agnes Greaves; visit www.theupgroup.com and follow us @theupgroup on Twitter**

The Up Group

SUCCESSION PLANNING

# The boss is 'dead' – long live the boss

Timely succession planning can ensure the smooth transition of power and continued success of an organisation, but without it all could fail

FRAN CASSIDY

Developing a succession plan may seem a distant concern for a chief executive with no intention to leave, but lack of such planning can have serious implications for a business.

"A CEO can make or break a company," says Clem Chambers, chief executive of financial market website ADVFN. "When Steve Jobs first left, Apple nearly went bust within a few years. A company is often the manifestation of a CEO and an unplanned change is unlikely to end well."

So who is responsible for creating a chief executive's succession plan? Should it be the chief executive? "Succession planning should start on a CEO's first day," says Tony Kirschner, partner at executive search firm Leaders International. "They are responsible for refining their executive team and ensuring its sustainability, so they should immediately start looking for indicators of leadership and wider interest in strategic direction among their staff."

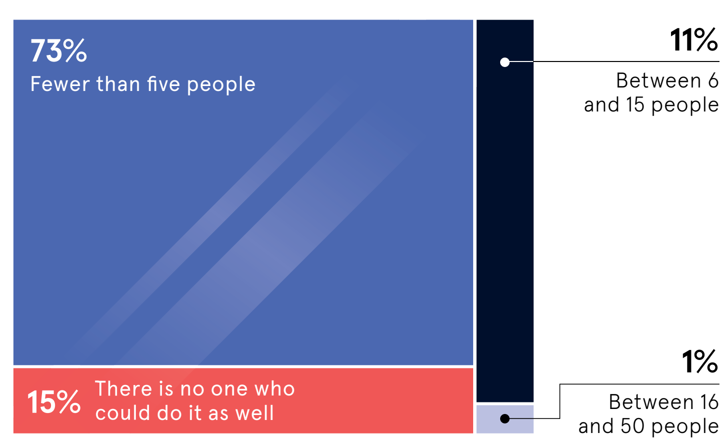
For larger companies, choosing a successor is the responsibility of board members who should form a nomination committee. "If these committees are managed properly," explains Mark Andrews, managing director of Laing O'Rourke's Middle-East branch, "they should engage the CEO of the business and the HR director at the very least."

The board can help if the chief executive resists planning. It is not uncommon for a business leader's ego to undermine a good succession plan if he or she believes they are the only person truly able to run the organisation.

This is especially difficult when it comes to family-owned companies or founders. "Founders have an extra level of bias and commitment to their organisation, which they can be reluctant to let go of," says Greg Longster, partner at Leaders International.

## Finding the right successor

Fortune 250 directors were asked how many people, both internally and externally, would be capable of successfully replacing their current chief executive




Stanford Graduate School or Business/Rock Center for Corporate Governance 2017

> Whether you hire internally or externally, a company's success is tied to its chief executive and choosing the right successor is crucial

While a board, complete with nomination committee, may make sense for organisations with hundreds, or thousands, of staff members, it is an unrealistic expectation for smaller companies.

"It does not make much sense to have succession plans at our stage of business, given that our structure has changed so much over the last three years," says Gideon Farrell, chief executive and co-founder of Converge, providers of real-time monitoring for the construction industry. "However, we do have a number of team leads who started early on and have grown into upper-management roles."

Herein lies the "how" of succession planning for many companies: talent development.

Identifying qualities desirable in a leader should be the first step in creating a succession plan. These can be anything from a particular approach to problem-solving to concrete experience in a given sector.

"I think there are a set of core skills every CEO should have, from a voracious curiosity to a willingness to surround yourself with people more knowledgeable than you," says Peter Hart, chief executive of specialist recruiting firm Austin Fraser. "These are skills which we look for and nurture in our employees throughout the company."

Undertaking a thorough audit of the talent pool comes next. High performers should be funnelled into a nurture programme preparing them for senior positions. At Laing O'Rourke, says Mr Andrews, a robust succession plan is the backbone of the whole company.

"I have changed three senior people in the last two years and each was predicted on a succession plan made four years ago," he says. "The movements at the top are in line with this plan and there is a strong process for developing internal candidates. If nothing else, it sets a really good standard for looking thoroughly at the talent pool you have."

There are, of course, risks in selecting the future chief executive from within a company. Talented staff members not selected as part of the plan may feel undervalued or overlooked and of those who are chosen, ultimately only one will get the job. A solid succession plan must take into account the possibility that ambitious staff may leave if they feel left out.

The best way to combat this, says Mr Longster, is a transparent communications plan developed alongside the succession plan. "This ensures that high-interest people feel valued, remain at the organisation and start taking on a more strategic role. Communicating the succession plan as early as possible allows senior management to fill the necessary gaps without surprise when the time comes."

So, a company has identified the right candidates within the organisation, initiated them into a programme of leadership training and navigated the choppy waters of office politics, surely the battle is won? Effective chief executive succession planning, however, is an exercise in covering all the bases. Say the candidates being nurtured opt to leave or cease to be fit for the position? Or perhaps the organisation chooses to undertake a business transformation project, and suddenly the chief executive needs to be someone with a new set of skills and experiences?

In such cases, many organisations may choose to hire externally. This can help avoid awkwardness among the workforce, avoiding staff having to defer to a former peer, but it can lead to organisational upheaval. The chief executive has the power to change the direction and dynamic of a business fundamentally, so it is important that an external hire thoroughly understands an organisation's ethos and communicates proposed changes carefully, and after due deliberation and consultation.

Whether you hire internally or externally, a company's success is tied to its chief executive and choosing the right successor is crucial. "When the CEO of Lloyds bank fell ill," says Mr Chambers, "Lloyds' share price tanked. Then he returned and all was well, but even something as temporary as CEO ill health can have a huge short-term impact."

**44%**

of global chief executives said their appointment was not part of a planned and formal succession process

EgonZehnder 2018

Creating a chief executive's succession plan is vital, whatever the size of the organisation. "It does not need to be laid out in mind-numbing detail," Mr Andrews concludes. "It can be nothing more than a piece of paper with names and the potential of those people to fit into particular boxes, but it must be done. Every company, of any size, should be looking at management power and the development of their staff." ◆

Commercial feature

# How experiential and personalised learning empowers the leaders of tomorrow

Nottingham Business School, part of Nottingham Trent University, turns 40 next year, yet there is already much to celebrate – not least that the pioneering academic institution is a global leader in both experiential learning and personalisation

For almost four decades, Nottingham Business School (NBS) has been an innovative force and its star-studded list of alumni, spanning all sectors of the economy, is evidence of the diversity of garlanded leaders it nurtures.

Dave Lewis, chief executive of Tesco, and Nick Beighton, chief executive of ASOS, as well as Sir Roger Carr, chairman of BAE Systems, and Air Marshal Sir Baz North, plus Crista Cullen, hockey Olympic gold medallist, are but five successful graduates.

However, the business champions of tomorrow will arguably be even better prepared by NBS, located in the ultra-modern Newton building in the heart of Nottingham, thanks to its increasingly heavy accent on experiential learning and, more recently, the personalisation of study.

In this digital age, when change is the only constant, experiential learning and personalisation will become strong foundations for the leaders of tomorrow.

These two elements have been strengthened under the aegis of Professor Baback Yazdani, dean since 2007. NBS's progressive approach has elevated its status from regional establishment to one of the world's leading business schools.

Indeed, it was the first business school to embrace a lean operating system and its level of graduate employability, at 90 per cent, is among the highest in the UK this year, according to the latest Destination of Leavers from Higher Education statistics.

"To achieve that employment rate is incredible for the large size of our business school," says Professor Yazdani, whose background spans engineering at Warwick University and the global auto industry.

"We have 6,000 students and 240 core academics. Experiential learning is in our DNA and we have a passion to keep our students at the heart of what we do. The business school does not exist to serve itself; its purpose is to produce top-quality graduates, create knowledge industry needs, and advance the science of business and management."

In-the-field experience is an "equaliser" for students from less advantaged backgrounds. "Around a quarter of our student body at Nottingham Trent University and NBS comes from a difficult economic background," says Professor Yazdani. "And the transformation that happens here has an impact on the social mobility in this country due to the large number of and reach of our graduates. The reasons for that are the experiential learning we put them through and the holistic personalised student experience.

You can teach students the theory and practice that in a safe environment, through simulations, case studies and in a laboratory. But then we want them to experience a paid placement, or an internship or a real project, so they observe that theory in reality and reflect on that. This learning is far deeper than any other.

"These experiences look so much better on a curriculum vitae, and students are able to impress in interviews and examinations because they have genuine examples to call upon.

"Also, through experiential learning, the students build up networks and that is very important – this is where the less advantaged are equalised with the more privileged."

Keeping tabs on the progress of all NBS students and, moreover, encouraging them has never been easier. Each one has detailed information on the student dashboard, powered by data-hungry algorithms. "It is the most advanced analytics tool in the country, which we helped to develop, and allows us to understand every student at an individual level," says Professor Yazdani.

Deputy dean Melanie Currie was one of the chief architects of the student dashboard, piloted some years ago and swiftly adopted by all at NBS. "We wanted to be proactive on the engagement front," she says. "This allows our academic mentors to have richer conversations with mentees and you can work together to help them improve. By providing them with more work and support, they can gain more belief and confidence in themselves, and greater resilience. These small steps help propel them even further when they graduate."

The student dashboard is popular and successful. "We suggest a minimum of 20 hours of continuous professional development that each student has to do as part of their personalised learning," says Ms Currie. "Many of them complete 100 or even 200 hours. Increasingly, the student experience is not about simply going to class or the lecture hall; it is about maximising university opportunities, and in this way these experiences can truly be transformative and life changing."

MBA programmes leader Paul Caulfield agrees that industry leaders require more skills, and these can be honed at NBS through experiential learning and personalisation. "Future leaders must be empathetic translators and responsible leaders," he says. "They have to speak to so many different constituents and stakeholders. They can't be trapped in the headlights of the three-month returns, but have to be thinking much longer term and beyond their own tenure as well. Courage, curiosity and collaborative leadership are the most important qualities my students are telling me they need."

NBS is not resting on its laurels. Professor Yazdani concludes: "We are trying to become known globally for deepening personalisation in higher education. Every year we innovate some more. It's a bit like racing: if you keep working so you are slightly faster at each lap, you will gain a greater advantage over a period of time." Without doubt, a qualification from NBS can put chief executives of the future in pole position.


**Professor Baback Yazdani**

## Factfile

**Established** 1979

**Core academics** 240

**Students** 6,000

**Number of year-long paid placements across the world** 500

**Number of half-year internships** more than 100

**Number of students studying abroad with NBS partners** more than 300

**Qualifications on offer** Undergraduate; Masters; Master of Business Administration (MBA); Doctor of Business Administration (DBA); and Doctorate of Philosophy (PhD)

**Employability for graduate-level jobs** 90 per cent

**Notable alumni** Nick Beighton (chief executive, ASOS); Roger Carr (chairman, BAE Systems); Crista Cullen (Great Britain hockey Olympic gold medallist); Dave Lewis (chief executive, Tesco); Barry North (air marshal, Royal Air Force); Christopher Townsend (commercial director, Chelsea Football Club), and Sarah Walker-Smith (chief operating officer, Browne Jacobson)

## Accolades

Only 1 per cent of business schools worldwide have both EFMD Quality Improvement System (EQUIS) and Association to Advance Collegiate Schools of Business (AACSB) accreditation.

NBS has also ranked in the Financial Times Top 95 European Business Schools since 2017 and in the top 20 for all its courses in the Guardian Good University Guide 2019.

Courses at NBS also benefit from accreditations from chartered professions including Association of Chartered Certified Accountants (ACCA), CFA Society of the UK, Chartered Institute of Marketing (CIM), Chartered Institute of Management Accountants (CIMA), Chartered Institute of Personnel and Development accreditation (CIPD), Chartered Institute of Public Finance (CIPFA), Chartered Management Institute (CMI), and Institute of Chartered Accountants in England and Wales (ICAEW).

DIVERSITY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# Choosing a different career path

A degree from a top university may still be a fast track to the top, but enlightened organisations are beginning to tap a wider talent pool

CATH EVERETT

Despite all the talk of diversity and inclusion at board level, the easiest way to get to the top is still to go to one of the world's elite universities.

Harvard tops *The Times Higher Education World University Rankings 2018* as the world's most likely educational institution to produce chief executives for a Fortune or FTSE 100 company. Next on the list is the University of Cambridge, followed by Oxford.

Moreover, a recent study by US academic researchers Jonathan Wai and Heiner Rindermann found that the "old boy network" was alive and kicking. A huge 50 per cent of US leaders in both the commercial and non-commercial sphere went to Ivy League universities compared with a mere 2 to 5 per cent of the country's total undergraduate population.

But the latest report from the UK's Sutton Trust on social mobility, entitled *Leading People 2016: The Educational Backgrounds of the UK Professional Elite,* indicates that things are starting to change, on home soil at least.

While 70 per cent of FTSE 100 bosses went to Oxbridge in 1987, by 2015 the proportion had dropped to 31 per cent, although because only 1 per cent of the UK population attend these elite places of learning means the number remains disproportionately high.

While many members of the C-suite still find their way to the top via a graduate-entry route that particularly favours Russell Group universities, others have managed to work their way up from the shop floor.

But Paul Modely, director of diversity and inclusion at international recruitment consultancy Alexander Mann Solutions, also points out: "Young people are now starting businesses much earlier, which is moving their careers forward more quickly and creating new pools of candidates."

Despite the UK's reputation as a class-ridden society, Mr Modely likewise believes the country is in fact leading the way globally in terms of social mobility.

"The phrase 'social mobility' is not one that's recognised internationally," he says. "Each country has groups that are underprivileged, underachieving and unemployed, but there seems to be no real movement to address the situation – UK plc appears to be spearheading it."

Mr Modely first noticed progress about 18 months ago in the wake of various government reviews and anti-discrimination legislation to address such matters as the gender pay gap. A growing recognition of the worldwide shortage of high-quality talent has also played its part.

"The UK's top 50 organisations, which include the big professional services firms, law firms, banks and government, are all looking at social mobility, and they're doing well at internal navel-gazing," he says. "But over the next 12 months, it'll be really interesting to see how they take things forward."

Standout organisations include the Bank of England, KPMG and Danish firm LEGO, all of which are particularly progressive in this area.

Stephen Frost, founder and chief executive of diversity and inclusion consultancy Frost Included, believes it is necessary for employers elsewhere to introduce a four-step governance process to promote inclusion. First stages involve gathering and analysing data to help leaders understand the status quo, and thereby recognise what change needs to happen.

Chris Parkes, chief executive of Talking Talent, explains: "You have to do a proper data analysis, so it's about asking what are the problems in attracting, engaging and retaining talent, and what initiatives do we need to create a stronger, more diverse and less leaky pipeline?"

The next step entails understanding that inclusion is a leadership rather than compliance matter, which requires shifts to take place both within the organisation and, just as importantly, with senior executives themselves.

"The issue is that people tend to reproduce the systems they're familiar with due to bias, which results in 'hiring people like you', and by creating 'in groups'," Mr Frost says. "It's not that people are actively sexist or racist or whatever, they just unconsciously reproduce what they're familiar with and know to be effective."

The problem is not only does this situation mean that nothing changes, but it also risks putting off members of minority groups from trying to climb the corporate ladder, ultimately leading to a *Catch-22* situation. As a result, the secret to success is to create an inclusive culture that enables everyone to grow and thrive.

"You can put great policies and practices in place, but if people don't value differences in each other's backgrounds, it's not going to be inclusive," Mr Parkes explains. "In other words, if you take someone from a diverse background and put them in a system that doesn't respond to them, they'll just end up getting lost in it."

> "Change is happening, but it still has a long way to go

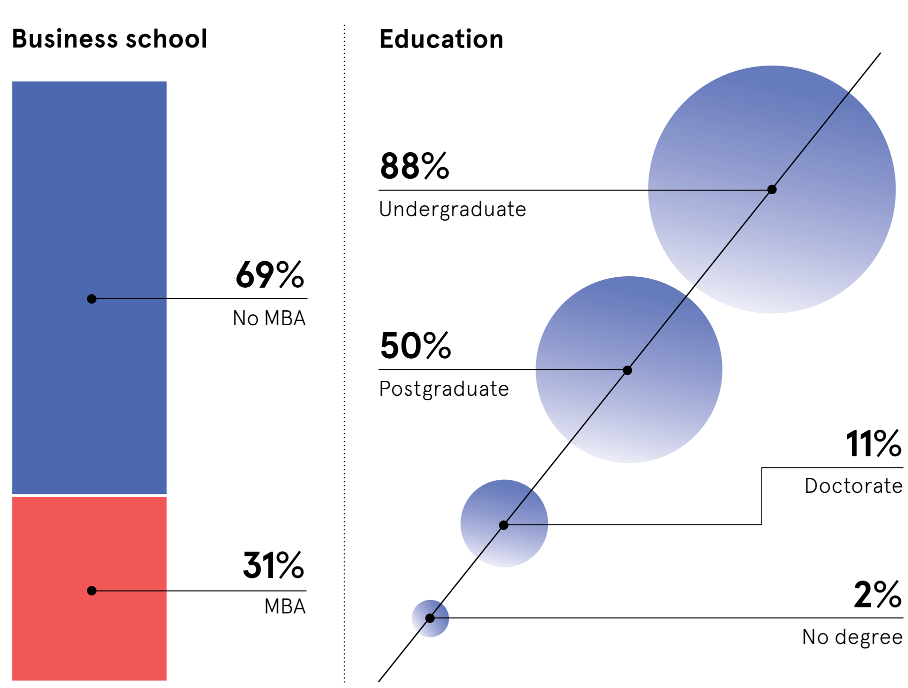
Therefore, the final stage of the process involves leaders proactively making a commitment to do something about the situation. On the organisational side of things, this includes setting social mobility targets, and undertaking an end-to-end review of the firm's recruitment processes and pipeline. It also means putting in place an engagement plan, which includes outreach programmes to target local disadvantaged communities.

But such commitments have a more personal side too. Put another way, it is important that leaders explicitly talk about and model the behaviour they would like to see as others will inevitably follow their example.

Mr Modely concludes: "Many organisations, particularly in retail banking, are talking a good game, but it will take time to really make fundamental shifts. Change is happening, but it still has a long way to go." ◆

## CEO education

Survey of FTSE 100 and Fortune 100 leaders



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