

'The book that every CEO needs to read and ponder, right now.'

ANDREW GRIFFITHS

International Bestselling Business Author and Entrepreneurial Futurist

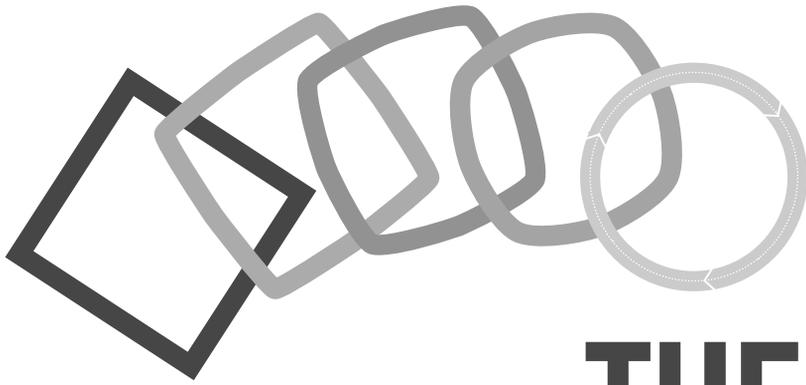


THE MODERN CEO

JARROD MCGRATH

A CEO's perspective on leading, evolving
and driving organisational success
through a people-centric philosophy

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Brimming with honest and actionable insights, this book is a rare and timeless imperative for any person in business. It is an invitation to adopt a human-centred approach as fundamental to leadership. *The Modern CEO* is a self-benchmarking tool you can use to measure your ability to successfully lead the current and future workforce.



Jason Averbook,
Former CEO and Co-Founder, Leapgen
Global Leader, Mercer | Leapgen

WHAT OTHERS FEEL ABOUT *THE MODERN CEO AND JARROD McGRATH*

As a CEO in today's constantly evolving world, it's crucial to have a dynamic, people-focused leadership approach. Navigating the complexities of the digital age can be challenging, but Jarrod's book provides invaluable insights that will equip CEOs with the tools they need to succeed. Whether you're a current CEO or aspiring to take on the role in the future, this book is a must-read for anyone looking to elevate their leadership skills.

– *Christine Mikhael, CEO, LJ Hooker Group*

The world – and the world of work – has changed for us all, and business leaders must evolve their thinking and their leadership styles in order to meet business objectives in an environment where people and talent are the true source of competitive advantage. Through research, his own experiences, and interviews with global experts and thought leaders, Jarrod has created an immensely valuable handbook for CEOs and business leaders that can help them understand the skills and approaches necessary to lead their teams well. The future of work will certainly be volatile and uncertain, but it is also full of opportunity for those who lead their teams and their businesses well.

– *Jennifer McClure, CEO, Unbridled Talent, and Chief Excitement Officer, DisruptHR LLC*

Jarrold has provided practical insights around the importance of aligning purpose and people to drive results amid so much change and uncertainty. This is a must-read for any leader navigating through these complex and challenging times.

– *Alicia Roach, Founder and Joint CEO, eQ8*

In *The Modern CEO*, Jarrod brings additional awareness of Indigenous and First Nations learnings, especially around system thinking and the connection of people, family, community, society and planet. These do not have to be competing priorities; they can coexist and provide benefit in the modern corporate world.

– Ben Bowen, CEO, Indigenous Literacy Foundation

I commend Jarrod for providing CEOs a practical, must-read playbook for leading with a people-centric philosophy. At the core of this is the alignment of organisational purpose with people's purpose.

– Tracy Angwin, CEO, Australian Payroll Association

Jarrod shifts the focus on people from HR to the CEO, and gives leaders a practical guide to drive results. A must-read.

– Marc Havercroft, President, Go1

Jarrod shares valuable insights and practical tools to help business leaders align people with organisational purpose.

– Amanda Simms, CEO, Simms & Associates

The modern CEO has to navigate the hard and soft side of business and people simultaneously, being candid yet showing care. The CEOs and business leaders who build and tap into their people and cultural intelligence will stand out.

– Anoushka Gungadin, Experienced CEO, FemTech Executive and Non-Executive Director

Jarrod has captured evolution and innovation and leadership brilliantly in *The Modern CEO*. A modern CEO is on an evolution of self-awareness bringing human-centred philosophy with commercial practice into business. Leaders will do well to leverage the insights from *The Modern CEO* and the four foundations of purpose, people, leadership and operations. Should they do so they will create sustainable success, grow the best talent and make a meaningful contribution to their

community. Isn't that what great leadership is about? Thank you, Jarrod, for bringing *The Modern CEO* to life, as I have no doubt leaders will be thanking you for many years to come as they learn to future-proof themselves and their organisation.

– *Monica Watt, CEO, Incredible Buzz, and former Group Chief HR Officer, ELMO Software*

This book is designed to help people on their journey, and I know you will be drawn in by the way Jarrod brings this to life.

– *Chris Wilesmith, Group CEO and Managing Director, Jaycar Group*

Mum, Dad, Therese
For the gift of life

Instead of extracting value from nature and transforming it into wealth for investors, we'll use the wealth Patagonia creates to protect the source of all wealth [planet earth].



Yvon Chouinard, Founder, Patagonia

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ACKNOWLEDGEMENT OF COUNTRY

I respectfully acknowledge the traditional owners and custodians of the lands on which I live and work, and pay my respects to their elders, past, present and emerging. This book was produced on Gadigal Country.

I continue to learn about and become more aware of Australia's history every day. The more I mature, listen and understand, the more I realise that history is complex. What I do know is that we must embrace it, respect it and acknowledge it. We must not sweep it under the carpet or suppress it.

Don't be scared of it, and don't keep history a mystery.¹

Jarrod McGrath

WHY THIS BOOK IS NEEDED NOW

The role of CEO has become much more complex. Traditionally, change did not take place at the speed it does today. The way we operated in business was once relatively stable. Advancement, for the most part, was incremental step change. Innovation occurred; processes and technology evolved to support people to do their work. But things mostly moved along in a relatively predictable manner. People, processes and technology, and the environments in which they existed, were relatively stable, and the connectedness of each was not a major concern.

The landscape CEOs find themselves in today is very different. Change has been rapid and unpredictable, especially over the last few years. All sorts of factors, from pandemics to economic hardship, have gripped almost every one of us like never before. Business operating models have failed, and many industries have had to reinvent themselves due to the changing nature of people's expectations, the rapid advancement of digital technology and the various environments in which they have been forced to operate.

As CEOs, the expectations of our people, their families, our communities and wider society, and the longevity of the planet, are top of mind right now. We are expected to be across all of this, and to understand the impact decisions will have on all of these highly complicated factors. Not only that, we have to satisfy the expectations of investors, shareholders, boards, policymakers and governments, all while looking after people, mitigating risk and, of course, making money.

As CEOs we are in the privileged and unique position of being able to see our entire business and therefore truly understand – and

positively influence – the intersection of all these highly connected areas. It's up to us to set the course; to support our people to achieve excellence and thrive in this new environment.

To do that, we must ensure we are correctly skilled and supported by people who can guide us, inform us and align us. We must be clear about our purpose; know how to effectively lead and look after our people; and ensure our operating models are built to deliver on our brand promise.

There is one factor that makes each business unique in the market, and that is people. People are at the core of every business. No matter how much technology or innovation you drive, your people are your true strategic differentiator.

Of course, you must also look after and bring your best self to your role. As CEOs we must consider ourselves, our actions, what we stand for, how we communicate, our wellbeing and our ability to be digitally intuitive.

This is what it means to be a Modern CEO. This book is a CEO's perspective on leading, evolving and driving organisational success through a people-centric philosophy.

If you are ready to join me, and other CEOs, in the new era of putting people first while returning value to our stakeholders, I invite you to keep reading.

A handwritten signature in black ink that reads "Jarrod McGrath". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Jarrod McGrath

WHY HAS THE ROLE OF CEO BECOME SO CRITICAL NOW?

For the last 20 years my businesses have consulted with CEOs and organisations across the globe, ranging from small, local organisations through to the world's largest multinational corporations, specifically in the people space.

In 2020 I turned 50 in the middle of a global pandemic. I had planned many things that year, including a big birthday bash, but like most of us my plans changed overnight. My two priorities were to ensure I provided for my family, and my business and the people in it. Thankfully, I can place a big green tick against both of those items.

One thing the last few years has taught me is that the way we did things in the past isn't necessarily key to future success. I questioned, I observed, I pondered, I reinvented and, most of all, I realised that relevance to today and the future is fundamental. I also continually pondered the question that myself and other CEOs need to consider:

Why has the role of the CEO become so critical now?

I realised I needed to take a deep dive into the mindsets, skillsets and toolsets Modern CEOs require to be relevant, innovative and effective into the future. I wanted to take my learnings from almost 40 years in business – as well as the learnings I was discussing with other CEOs I knew and admired – and play this back in a way that was relevant, to help business leaders future-proof themselves. With this in mind, *The Modern CEO* was born.

The first hurdle I had to overcome in planning for this book was answering the question: what gives Jarrod McGrath the right to write such a book? I felt like an imposter. The more I research, the more I understand that many of us feel this way – as Mike Cannon-Brookes, co-founder of software company Atlassian, said in his 2017 TED Talk.² He knew he was miles out of his depth when he started talking about renewable energy; but instead of freezing, he tried to learn as much as he could and create a force for good. Good on Mike for getting on with something that he was so passionate about – and he was listed on the TIME100 Most Influential People list for 2022.³ I realised that if I could take my passion, my and others' learnings and some solid market research and harness it into a book, I too could play my part in creating a force for good.

The Modern CEO sets out to answer three big questions:

1. Why is leading with a people-centric philosophy so critical to every organisation right now?
2. What mindsets, skillsets and toolsets do organisations need to be future-proofed in a rapidly and constantly evolving landscape?
3. What mindsets, skillsets and toolsets does the Modern CEO need to lead their organisation now and into the future?

I am confident that this book has answered these questions.

I knew that if I was writing a book for global CEOs, it had to be more than an 'I think therefore it is' book. It needed to be very real and well researched, to the point where it was impossible to dismiss. The research underpinning this book was comprehensive and wide-ranging. In the two years prior to beginning the writing process, I conducted a detailed and extensive research program along with my team. This included desktop research; reflecting on my own experiences running a people-related consulting business; and, importantly, learning from the CEOs I interviewed, who contributed their knowledge in leading, driving and evolving organisational success through a people-centric philosophy. This combined with the actual

work my company was doing in the field ensured that there was alignment between what the research was telling us and what we were encountering.

In short, my team collected, reviewed and interpreted data from numerous sources. Some are listed below:

- CEO interviews
- LinkedIn and corporate websites
- Media and publications: *The Australian*, *The Australian Financial Review*, *The Business Times*, *Forbes* and *Harvard Business Review*
- Consultancies: Deloitte, EY, KPMG, McKinsey and PwC
- Government: Australian Bureau of Statistics, Australian Productivity Commission, and US Bureau of Labor Statistics
- Analysts: ADP Research Institute, Josh Bersin, IDC, venture capital (VC) and private equity.

I selected these sources as they are broad and diverse. Most of these organisations have large analyst teams whose role it is to stay across the current market and its evolution. Many of the consultancies and analysts are highly people-centric. I also know from my own experience as an author that when multiple sources start writing and talking about the same thing, you know your content is relevant. This turned out to be the case.

I have a very high attention to detail and know that, to be credible, you must have relevant and appropriate data to support your story. I have a strong mathematical and statistical background so I couldn't write this book without the data to support the findings. What became evident once my team started to harness the data was that the key themes formed up quite quickly. I continued to become more immersed in the data and kept absorbing as much information as I could about the topics, and this supported the approach of leading with a people-centric philosophy.

Figure 1 lists the research and results that will be unpacked throughout this book.

As you can see from this summary there is a lot to this book, and the process of writing it has been incredibly rewarding. I could not

have completed this book without making it a significant project and part of my life. I spent close to one month in California writing this book. Thank you to my wife Michelle for giving me so many leaves of absence to complete it. It would not have been possible without placing a serious effort and focus on getting it right. Thank you to Andrew Griffiths for being my rock, guide and mentor for the project. Thank you to my entire team at Smart WFM for supporting me and my writing process as well, and allowing the organisations we consult with to benefit from this. Personally, I feel that I have put my best foot forward with this book. It's a lifetime of experiences and something that I am proud of.

People are the only true strategic differentiator in your organisation. CEOs who are embracing this way of leadership are building future-proofed businesses that will thrive in the modern era, and beyond.

Jarrod McGrath

HOW TO GET THE MOST OUT OF THIS BOOK

This book has been developed for you to use as an ongoing reference and resource, supporting you to lead, evolve and drive organisational success through a people-centric philosophy. It will also help ensure that you and your people are future-proofed from a mindset, skillset and toolset perspective.

I recommend reading part I in its entirety as it explains and sets up the remainder of the book. It includes a timeline presenting the history of leading with a people-centric philosophy, and how these developments impact you and your people today. This infographic can be printed by going to the book resource website (jarrodmcgrath.com), and placed on your desk as a reminder.

Figure 1: The Modern CEO research summary



Book resources

I have developed a range of resources to accompany this book. Visit the book website to find them: jarrodmcgrath.com.

The resources include:

- Full transcripts from my CEO interviews
- Frameworks and self-assessment:
 - People Purpose framework
 - People Value framework
 - People Process framework
- The Modern CEO manifesto and self-assessment
- Key theme summary and self-assessment:
 - Purpose
 - Leadership
 - People
 - Operations
- Future-proofing topics and self-assessment:
 - Protecting your personal brand
 - Looking after your wellbeing
 - Building digital muscle
- The figures and infographics from the book
- A PowerPoint deck covering the areas presented above.

Part II of this book presents a manifesto, which summarises where my research indicates a Modern CEO should focus to lead with a people-centric philosophy and remain relevant today and into the future.

Part III introduces the Modern CEO framework. You can read this part from start to finish, or dip in and dip out. It is structured into four key chapters:

- Purpose
- Leadership
- People
- Operations.

Each chapter is broken up into mindset, skillset and toolset. In some cases, the learnings in the skillset section could perhaps also be included in the mindset section, for example – but don't get too hung up on that. It is the principles of the message being delivered that are important. I'll speak more about how I determined this structure and how you can use it to answer the three big questions this book sets out to answer in the introduction to part III.

Part IV of the book focuses on the key aspects of future-proofing yourself and your organisation. As CEOs it is critical that we surround ourselves with great people and mentors. As I have developed in my career and learned from other CEOs, I've pinpointed a few key areas to ensure CEO success:

- Protecting your personal brand
- Looking after your wellbeing
- Building digital muscle.

I have had great people help me grow and develop in my career in these areas, and I think the advice and learnings I have received would be beneficial to others, too. That's why I asked three of my mentors – Andrew Griffiths, Georgegina Poulos and Rob Scott – to provide guest authorship for this part prior to concluding this book. I introduce each contributor in the introduction to part IV.

This book includes the terms 'frontline worker', 'coalface worker' and 'first responder' used interchangeably. Sometimes the use is related to industry; other times it is related to the writer or interviewee's preference.

It is also worth noting that this book is not intended to be a step-by-step guide to building your company purpose, growing teams or an environmental, social and governance (ESG) model, for example. There are people and in some cases entire business areas dedicated to many of the concepts presented in this book. It is a book that will serve you at a higher level of thinking; that will help you manage the big-ticket requirements that we as CEOs need to cover off to lead with a people-centric philosophy, and take our people on the journey with us.

If you get one or more takeouts from this book and you feel it has helped you move to a place you haven't been before, that is gold in my mind; the book has served its purpose.

I hope you enjoy this book and the learnings from it as much as I have enjoyed writing it.

PART I

THE CURRENT CEO LANDSCAPE



Before I get into the crux of answering the three big questions I proposed in the introduction, let's first take a look at modern business and business evolution to understand where these concepts originated, and how they come together in the current CEO landscape.

As part of my research I went back not just to the age of industrialisation but 65,000 years earlier, to when Indigenous peoples were first known to inhabit Australia.⁴ Australia's Indigenous peoples are widely accepted to predate the modern human settlement of Europe and the Americas. I wanted to understand how business and leadership has evolved since then.

The 15 CEOs I interviewed – from very diverse backgrounds, industries, countries and company structures – shared their thoughts on leading, evolving and driving organisational success through a people-centric philosophy. The results of these interviews blew me away every single time. I'll introduce the CEOs in chapter 4, but you will hear from a few of them before then. I also read, conducted desktop research, listened, attended events and reflected on my own experiences so that I could firm up my thoughts and ideas to ensure the content I put forward to you was built upon credibility. Thank you to those CEOs who didn't directly contribute but took the time to engage with me throughout this process.

I'll now talk in more detail about the challenges we as CEOs face; look at why these challenges exist; and speak further about the research I conducted as the foundations for this book.



Chapter 1

THE CHALLENGES CEOs FACE



Today's CEOs have a complex set of criteria that they need to consider when leading and running a modern organisation.

Think back to the first part of the 1900s, during the Second Industrial Revolution, when organisations were run on hierarchies and command-and-control operating models. Think of the Ford Motor Company, with workers lined up one after the other performing specific manual and repetitive tasks to help roll a motor vehicle off the production line. At around this time, Henry Ford also made significant changes to the way workers were treated. While there are varied opinions on Henry Ford as a person, his views and beliefs had a significant impact on modern business. He increased employee wages and reduced the number of days in a working week and hours in a working day. With the introduction of these changes, Ford's people repaid him with greater productivity and loyalty to the organisation. Ford foresaw that these changes were necessary to drive the economy and create value for people.

So many of the challenges from the early 1900s are still relevant in business today:

- wage growth
- productivity
- economics
- hierarchical leadership
- management
- operating models
- employee loyalty.

Fundamentally, many of the principles of running a successful business are still the same today as they were in Ford's time. That said, there has also been monumental change; and many of today's CEOs are still working within the constraints of hierarchy but in a world that has the benefits of modern digital technology, automation, rich data, artificial intelligence (AI) and an interconnected operational network across the globe.

OUR DECISIONS MATTER

Today's CEOs face additional pressures: many companies and industries are continuing to redefine themselves; some countries are in recession; costs are rapidly rising, with wages struggling to keep up; there is a war for talent; and the list goes on. As CEOs, we have needed to equip ourselves to make much broader decisions impacting people, families, communities, society and the planet, while also considering diversity, equity, inclusion and belonging (DEIB). All of these challenges increase and require more and more focus every single minute of every single day.

We can no longer delegate without an implicit understanding of what is being delegated and the implications of our decisions inside and outside the workplace. One poor call on any of these people-related considerations and we will be looking for our next role. Chris Wilesmith reflects on this.

**Chris Wilesmith, Group CEO and Managing Director,
Jaycar Group, on the impact of decisions on a CEO's future**

CEOs need to be aware of the legislative boundaries. No-one will be given a get-out-of-jail-free card even if an error is made accidentally, or passively below the surface. I think organisations need to understand and have the right conversations with the board, regulators and unions to get the right structures in place. Otherwise there might be blow-back in a few years, if it's not dealt with properly.

The decisions CEOs make can have a significant impact on the world's \$100 trillion global economy. Also, in a networked and interconnected world, we are under closer scrutiny than ever before; our decisions can quickly sway public opinion, positively or negatively.

Consider the following decisions, which received significant media and social media coverage at the time:

- OzHarvest CEO Ronni Kahn working with (then) Australia Post CEO Christine Holgate and Woolworths CEO Brad Banducci to solve a food crisis during the pandemic⁵
- Qantas CEO Alan Joyce standing down 20,000 staff in the early days of the pandemic, then having to get planes back into the air post-pandemic⁶
- UKG and then-president Chris Todd bridging the gender pay gap with the US National Women's Soccer League⁷
- EY CEO Carmine Di Sibio taking a strong position on EY's business dealings with Russia as a result of the war in Ukraine.⁸

The challenge now more than ever is to remain relevant and ensure we, our organisations and our people are future-proofed. My research indicates that the mindsets, skillsets and toolsets required of a successful CEO have fundamentally shifted. We must reset, reinvent and innovate to move forward into the future.

CULTURAL CONTEXT

While you're reading this book it's important to consider the cultural context in which you work. The CEOs I interviewed run businesses in Australia, South-East Asia, the US and Europe. These are all predominantly Westernised societies. The issues and solutions we write about here may not necessarily be relevant for all societies. In my interview with Anoushka Gungadin she discussed considering the context of people, where they come from and what influences them, and I think this is important to keep in mind as you read this book.

Anoushka Gungadin, Experienced CEO, FemTech Executive and Non-Executive Director, on putting people first

In Australia, 51.2 per cent of us were born or have at least one parent born overseas.⁹ That's more than half. We speak

more than 400 languages in Australia.¹⁰ When you look at the migrants coming in, the Indian diaspora is growing rapidly. And we know the population of India: 1.4 billion. Most of those migrating from India are young, middle-class, educated new parents. Very different to the population in China, which is an ageing population. Another demographic reality is Africa as a continent that represents a large population of young people. So where will the next employee of any Australian business come from? Where is the next customer coming from?

When we think of business from that point of view, the person we are recruiting today, the person we are selling to today, is very, very different to decades ago. Understanding what matters for the new Australia, which is a lot more diverse now than it used to be, is an important challenge for any leader.

Whether you're building your team, engaging stakeholders or selling to the market, you must understand the culture and recognise that there is no one-size-fits-all here. Cultural difference is there. It exists. For example, the way we deal with hierarchy in one culture is very different to the way we deal with hierarchy in another culture. In Australia, you call your boss by their name. In India, you would call them sir or madam. In China you would call them *laoban*, which means boss. Cultures and countries differ in many ways, another one is the outlook we have on time, past, present and future, or perspective on short-term or long-term orientation. Is it a culture in which people save to go on holidays, or do they put it on the credit card and pay for it later? All of these nuances become very real when you are leading people, because you must understand how to motivate them, how to engage them and how to keep them happy.

In terms of talking about wellbeing and emotions, in high-context cultures the rules are very defined. Boundaries are strict. Boys don't cry. It's much more of a masculine culture than one where emotions are embraced and leadership is more feminine.

Building cultural awareness, intelligence and agility is critical for any leader of the modern time.

CEO AS BUSINESS ARCHITECT

Writing a book is an incredibly creative process. You can have all the theory, all the advice and all the support, but at the end of the day it is up to you to make it happen. In that way, being an author is no different to any creative profession: an artist, a carpenter, an engineer, an architect. I had an ah-ha moment (and there have been a few of them on this project) that the CEO's role of the future is no different. The CEO is a creative. An architect. A business architect. It's their role to assemble all the different pieces of the puzzle and align it and make sure it remains aligned. Today's CEO has far more considerations than the CEO of the past.

Earlier I mentioned the research I conducted as part of the writing process with support from my team. Our initial analysis went back to the early 1900s, around the time of the Second Industrial Revolution. Once I spoke to CEO Ben Bowen, however, I realised that leadership learnings from First Nations people were also important to include. Therefore, the research needed to take us back some 65,000 years.

The overall evolution of responsibilities is represented in figure 2.

Figure 2: CEO responsibilities



Table 1 unpacks this a little further with some examples of how this responsibility has evolved. Note: I am not a historian, so this information is intended as a guideline only.

Table 1: Timeline of CEO responsibilities and impact

Year	What	Impact on CEO	Impact on people
c 65,000 years ago	First known evidence of first peoples on the Australian continent	People and their needs date back thousands of years	In the Dreaming the moral and physical groundwork for human society was laid ¹¹
c 1700s	Industrial Revolution	Evolution of leadership and a need to look after people	Concept of work for pay evolves
c 1910	Hierarchical organisation begins to unfold Work week shortened Workers' wages increase Trade unions evolve	Organisational structure, productivity monitoring and reporting now required Demand for talent increases Additional consideration for workers' rights	People slotted into a hierarchy Better work-life balance Money to spend and drive economic growth
c 1970s	Microprocessor introduced	Digital automation begins	Jobs and skills continually changing and roles evolving
c 1990s	Internet introduced	Global digital automation and connection	Jobs and skills continually changing and roles evolving Engagement with people within work gains momentum

Year	What	Impact on CEO	Impact on people
c 1990s to now	Globalisation ramps up	Operating model evolution to support globalisation	Jobs and skills continually changing and roles evolving More flexibility in work
c 2010s to now	Broader awareness of diversity, equity, inclusion and belonging, ESG and Indigenous cultures	A mandate that people and their needs are fundamental to the fabric of business and we really need to consider the planet	People's voice further amplified
c 2020 to now	Business reinvention	People are number one and must be treated as a top priority in the organisation. Traditional ways of operating, measuring and reporting need a rethink and a reset	People's voices are heard as a top priority and their skills development to support the organisation is paramount

What stands out when I review this timeline is that people have always been a critical and important consideration for organisations, going back to the first known evidence of Indigenous peoples in Australia. What has changed in modern leadership is that people – their struggles, their successes, their adversities, their voices – cannot be ignored. Your organisation's future success is directly related to people: both those in your organisation and how they advocate for you, along with those outside the organisation and how they perceive you.

It's also clear from the timeline that the areas that have evolved over time must all be addressed together: they are all tightly related and are systemic in nature. People are at the core of it all. The visibility, transparency and expectations of people and associated stakeholders mean CEOs can't be complacent. You must be across all these areas or you

run the risk of your people moving to an organisation that supports them; or, worse still, you'll be looking for a new job yourself.

The real estate industry is a great example of the rapid change that has occurred in work. Christine Mikhael demonstrates how the industry had to adapt to the internet, and quickly move to a people-centric and digital operating model to allow it to survive.

Christine Mikhael, CEO, LJ Hooker Group, on change

When I first got into real estate in 1988, as salespeople we would visit a vendor's house in pairs. After walking around the house, we'd step outside to discuss it with our peer. We'd say, for example, 'I think it's worth \$85,000.' We'd write that figure on the back of a business card – back then, business cards were only printed on one side, and there was no gloss so you could write on them with a ballpoint pen. We'd give the card to the vendor and say, 'I think your house is worth \$85,000. If you're thinking of selling, I'm just a phone call away.' And we'd leave.

These days, vendors know a lot more because data is readily available. The internet changed a lot of things. People in the industry often say real estate's quite antiquated. The systems and processes are a bit outdated, and we're the last ones to take up any kind of technology. But when I look back, I realise we have changed a lot and we actually have come a long way. And when I look at the expectations customers have of us, they are a lot higher than they used to be. I think the professionalism of our agents and property managers has improved exponentially.

Our buyers, sellers, tenants and landlords are a lot more educated, which is fabulous. So gone are the days of being able to pull the wool over people's eyes. We are no longer information gatekeepers. Information is readily available to everyone. Our role has shifted to managing expectations, and being able to unpack all of the data and package it back up for our customer in a meaningful way that will help them make informed decisions to achieve their goals.

In the 'old days', it wasn't like that. It's changed a lot. And I think it's changed for a lot of sectors – not just real estate.

Deloitte CEO Adam Powick works regularly with CEOs from different organisations. He speaks to some of the challenges and changes a broad cross-section of his clients are facing.

Adam Powick, CEO, Deloitte, on the challenges for CEOs

When we talk about the challenges CEOs face today, we typically start by talking about the uncertainty in the world and the environment we're in, and how we think that might play out. I think that's really important, but then we typically quickly move on to discuss the workforce itself. Issues such as hybrid work – how do we get the right balance between flexible work, working from home and getting people back in the office? We're instilling the culture that connectivity and the ability to learn from other people is important. We have been grappling with labour shortages – how we train up and develop our people; and how we retain our people. We talk about migration. And, typically, CEOs are also thinking how we can use technology more effectively to enhance the performance of our organisations; how we connect with our people; how we connect with our customers; and how we drive efficiencies.

And then there are the big social issues. I can't talk about CEO challenges without mentioning climate and sustainability. Workforce, digital and climate are the big three issues pretty much every CEO talks about. We do also talk about this issue of uncertainty in the world, and how to take advantage of that. I would argue that the good CEOs, the Modern CEOs, are asking how we can turn uncertainty into an opportunity to drive positive change. CEOs that have a positive mindset are a joy to work with, because they're looking at opportunities to reframe the uncertainty and the challenges they've experienced into positive long-term changes.

In my discussions with other leaders, both in the context of writing *The Modern CEO* and as part of my consulting business, I found that the themes Adam mentions are consistent. What is clear is that there is no one-size-fits-all solution. Each business has its own personality, its own way of working and its own rhythm.

This is where the Modern CEO steps in. Every reader of this book will be at a different stage in their journey. Some will already have implemented many of the ideas in this book. Others will be learning, aspiring or broadening their knowledge, while others will be transitioning or transforming. Regardless of your level of experience and knowledge, this quote that Adam Powick called to my attention applies:

Great fortunes are made when cannonballs
fall in the harbour, not when violins play in
the ballroom.

Nathan Rothschild

In other words, unpredictability brings opportunity.

Next we will look more closely at the process I followed with my team to construct the research foundations of *The Modern CEO* project.



Chapter 2

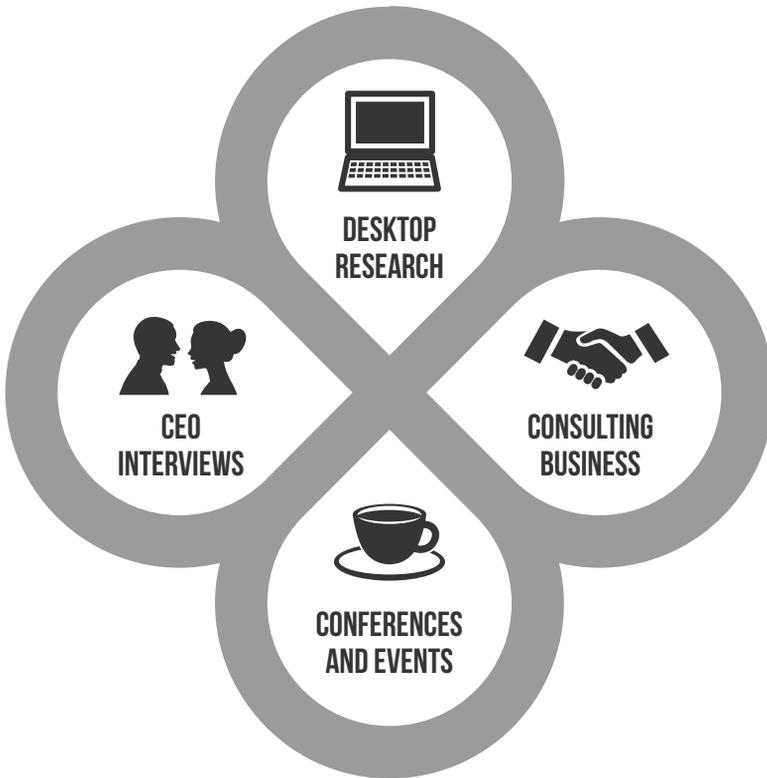
THE RESEARCH



I've learned that, when you undertake a project, the more research and planning you do before you begin the better chance you have of a successful outcome. Writing *The Modern CEO* was no different. If I was going to talk with credibility about leading, evolving and driving organisational success through a people-centric philosophy I had to do my research to make sure my ideas stacked up. Thankfully I have a structured way in which I approach things: I am naturally organised; and I got some great learnings from university when I conducted my honours research project many years ago and during my consulting days when I started my career at Deloitte.

I'll talk briefly about each of the main areas of research I conducted now. They are also summarised in figure 3.

Figure 3: Research elements



DESKTOP RESEARCH

I am always reading and learning about trends taking place in business. I have a natural tendency to look for articles that are people-centric – whether they are about the time of industrialisation when people moved to cities and worked in factories; or the issues confounding people today, such as work flexibility; or future trends, such as the metaverse and digital twinning.¹² I am interested in the flow of people from the frontline worker and their impact and considerations, right through to the sustainability of the planet. How does this manifest to asset managers, investors, shareholders, boards of directors, governance and risk committees, governments and society? I try to be as open as I can in terms of topics that are relevant to specific regions – for example, awareness of the issues surrounding First Nations peoples and reconciliation in Australia.

I placed a significant focus on harnessing this knowledge over the last couple of years and collected some 500 articles looking for trends, focus areas, keywords and themes. A big thank you to my colleague Pamposh Khodha (PK) who helped pull this together for me.

SMART WFM CONSULTING BUSINESS

I am fortunate to have worked in what is collectively known as the human capital management (HCM) industry for the last 20 years. Every day we consult with businesses on all things people. Some examples of the types of work we do:

- **Tactical:** How do we increase employee engagement? How do we get visibility around labour costs? How do we ensure people don't wait too long when they are in a queue at a department store or an emergency department?
- **Strategic:** CEOs come to us with substantial labour budgets across a variety of industries. We provide advice around things such as future-proofing, improving the employee experience and

completing business cases around people-related transformation to take to a board for approval. A lot of this work relates to reinvention or transformation of the underlying business operating model.

We work directly with businesses like yours, or we augment major HCM players such as vendors or major consultancies. This gives me and my team significant knowledge around the opportunities and challenges that businesses are facing related to people. Needless to say we are flat-out at the moment. I am seeing the same types of work and challenges coming from all the regions we currently operate in across Australia, the US, the Asia-Pacific and India.

CONFERENCES AND EVENTS

As part of my role as CEO I attend a lot of conferences and events. Some I also have the opportunity to speak at. One of the more recent talks I did was in India speaking about the digital workforce. This keeps me very much at the pointy end of where the technology and people space is going. What I am seeing at the moment is a convergence of people, technology and the enabling environments underpinned by driving for the greatest people experiences where they have choice and flexibility.

CEO INTERVIEWS

After I harnessed all the knowledge gained I interviewed CEOs to validate what I'd learned. I'll introduce the CEOs in chapter 4. As a precursor to that, for the most part these CEOs were people I knew or had been following for some time. Each of them embodied the traits I was seeing in the research around what it takes to lead with a people-centric philosophy. The CEOs came from diverse backgrounds and I felt had the right diversity across gender, company size, geography and experience to add a great voice and authenticity to this book.

I feel so lucky to have had the opportunity to conduct these interviews, make new friends and learn so much from my peers. I started the interview process when I was approximately halfway through writing the book, and completed the final interview only a few days before the book went to the publisher for the preliminary edit. As I conducted the interviews I was delighted to confirm that none of the topics or key themes I had identified in the research were off the mark. However, I did use the information gleaned in the interviews to sharpen my messaging and flesh out some of the concepts I was writing about. I loved some of the one-liners the CEOs delivered, and have included my favourites in the book.

With this in mind, you may be wondering what all this research resulted in. I am delighted to present that to you in the coming chapters.



Chapter 6

LEADERSHIP



Leadership is an ongoing, never-ending evolution of knowledge and skills to ensure your people are inspired, singing together, empowered and aligned to your organisational purpose.



Jarrold McGrath

At the beginning of *The Modern CEO* I asked the question: what challenges do CEOs face? We looked at the evolution of business from First Nations and Indigenous beginnings to the early 1900s when the Industrial Revolution was in full swing, with mass production and mechanical automation ramping up. In the context of leadership, let's go back and consider the organisational structures that existed back then. Let's again take Ford as an example. Figure 10 is an actual organisation chart from Ford dated 1 November 1919.*

Here are a few things I observe when I look at this chart. People were all a function of finance; below is where they sat in the hierarchy:

Treasurer → Assistant Secretary → Personnel Department

Treasurer → Assistant Secretary → Educational Department

→ Trade School

Reporting to the President, Mr EB Ford, were the following job functions:

- Vice President and Treasurer
- Consultant Attorney
- Consultant Engineer
- Production Manager
- General Super-Intendent.

Most names on the organisation chart were male. I could only find two female names, and they worked in the mailing department and the telephone department – stereotypical of what was expected of women in the workplace in those days, and sadly in some organisations today.

What does this tell us? For me, it says that people and their importance were buried in a hierarchy. If people were the most important consideration for the President and the leadership team they would have featured much more prominently. Also, calling people 'personnel' tells us that people were simply considered as resources that were provisioned to complete a job. The roles that reported to

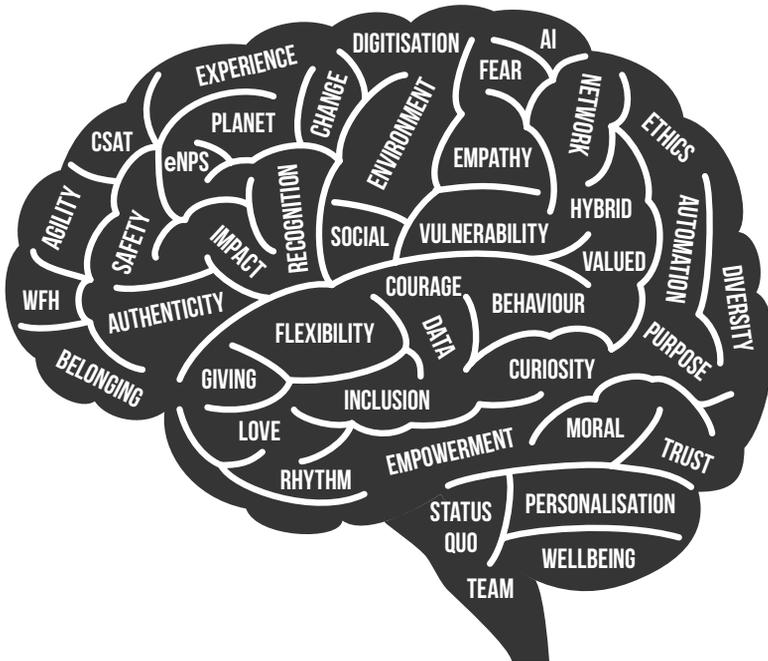
* To view the original, go to: www.thehenryford.org/collections-and-research/digital-collections/artifact/449535

Let's think of some of the keywords we might associate with modern leadership today (see figure 11).

These keywords also form the foundation of the skills and competency frameworks that people require not just to lead a modern organisation, but to truly be their best and have the greatest experiences in a modern organisation.

The remainder of this chapter examines the role that leadership plays in a modern organisation, and how the hierarchies of the 1900s have been surpassed to take into consideration what people expect today. I'll also place some context around Indigenous and First Nations thinking.

Figure 11: Describing modern leadership





Mindset

From a leadership perspective there are a number of mindsets that need to be considered to ensure that your organisation puts people first and delivers on your organisational purpose. So many organisations still work using outdated operating models that place people in silos and pigeonholes. Today more than ever we need to embrace system thinking (mindset 2 and manifesto 9) to enable us to listen to our people and deliver them great experiences. When we listen to our people this needs to start right at the coalface. Leaders need to have the right mindset, skills and competencies to take accountability, and inspire, develop, nurture and grow their people. We need our leaders to be commercially savvy and ensure they deliver outcomes with an entrepreneurial mindset. Let's unpack these areas now as there is a lot to consider.

MINDSET 1: Break the hierarchy

A hierarchy is often known as a chain of command. I think most of us have probably experienced this type of structure at some stage in our lives. The leader sits in their office and issues commands that flow down the chain, and the worker executes without questioning anything. In this type of model, messages can be diluted as they flow down the chain, and rarely do messages flow back up the chain from the coalface.

What behaviours and mindsets does a hierarchy create? Think of the keywords we used earlier to define some of the attributes of

modern leadership. Many of these are not given much of a chance with hierarchical leadership. As an example, empowerment is replaced by disempowerment, and purpose is replaced by orders. The behaviours and mindsets created are reflective of the need to climb the corporate ladder – because if you don't, you won't get ahead.

While a chain of command can work in certain instances, most modern organisations are moving to flatter structures to support more empowered ways of working. Let's hear some thoughts from Ester Martinez and Jennifer McClure that support the shift to flatter organisational structures.

Ester Martinez, CEO, People Matters, on alternate operating models

I think many more organisations have been open to experiment with more agile structures, whether it's scrums and decentralised teams or more cross-functional work like squads. I think we learned how to do that, all of us, during the pandemic because a lot of cross-functional groups had to be created at that moment to take care of multiple crises. I think that was a very interesting crash course for all companies, whether they were calling it agile, scrum or whatever. People were coming together in cross-functional groups and I think that's really been the awakening of those structures. If you have the right diversity of experiences in a functional team, you really have the best possible combination to make the right decisions.

I think a cross-functional structure enables innovation, engagement and higher accountability. It enables much higher chances of success in execution. It enables the right internal collaboration, because you have representation from all the different functions within one team. I've seen many more companies being open to this 'team of teams' kind of structure, as opposed to a departmental silo-based structure. We all knew that the departmental structure was broken for many years, but I think the pandemic has helped accelerate the move to the 'team of teams' structure.

Jennifer McClure, CEO, Unbridled Talent, and Chief Excitement Officer, DisruptHR LLC, on the benefits of collaboration

A lot of leaders – perhaps those of a certain age or generation – are used to more of a command-and-control model. I think there's still that top-down way of thinking, like, 'I make the decisions that disseminate through the organisation, and everyone figures out how to get on board.' It really is much more of a collaborative environment now – both in terms of what employees expect, but also how to access the innovation and agility that you need to stay competitive in the future. I think leaders must find ways to let go and allow the good ideas to bubble up from the bottle. We must allow people to try things and fail. That's a challenge for many leaders today, but I think it's where the real opportunities for improvement lie.

As Ester and Jennifer describe, recent years have seen a big move to agile and adaptive leadership. As a result of the pandemic we had no choice but to quickly change the way we worked. Digitisation was forced upon many organisations, and remote or hybrid work was mandated – else our organisations stood to go out of business. This way of working also introduced a new level of trust into many organisations as we empower our people to deliver outcomes.

In their book *Women and Leadership*, Julia Gillard and Ngozi Okonjo-Iweala reference the shift from command-and-control to flatter, more agile management styles. They say this brings additional skills to an organisation such as trust, sensitivity, warmth and understanding.⁴⁵ This aligns with the keywords presented earlier associated with modern leadership, and with the comments from Ester and Jennifer presented earlier.

In his book *Work Rules!*, Laszlo Bock writes about how Google defined its way of work, deliberately breaking away from the hierarchy mindset.⁴⁶ Google's most senior executives receive the same benefits, perquisites and resources as the newest hires. There are no executive dining rooms, parking spots or pensions. I think we can still go further than this.

So how do we ensure that the right structures and reporting are in place to guide the organisation of the future? I believe that the organisation of the future will be led based off the concept of an empowered network – or, as Jim Whitehurst puts it in his book *The Open Organization*, a community.⁴⁷ Fundamentally I believe we need to remove the hierarchy for a modern organisation to work effectively. The hierarchy is too slow to respond, enables misrepresentation and misinterpretation, and prevents purpose from being fully realised. We need to empower our people and provide them with a framework to be inspired, innovate, grow and bring out their purpose and passions, aligned to our organisational purpose. In his book *Irresistible*, Josh Bersin's first principle is to build an enduring organisation of teams, not a hierarchy.⁴⁸

It's clear that modern thinking, research and ways of operating are pointing toward a business model without hierarchies.

MINDSET 2: System thinking

It's important for us as CEOs to employ a system-thinking mindset. This is where we consider the implications of our decisions on all the components of our system. System thinking should be employed not only within our organisation – our functional areas, our processes, our technologies – but also outside our organisation. For example, how do our decisions impact the supply chain, and vice versa? If one of our supply chain components affects our system adversely, it could have serious consequences for you as the CEO, as well as your organisation, people and shareholders. Ethical sourcing of people in your supply chain is something that immediately comes to mind for me.

Indigenous culture is built upon system thinking, and my conversation with Ben Bowen really opened my eyes.

Ben Bowen, CEO, Indigenous Literacy Foundation, on community thinking

For us it's understanding that, as community members, we all have roles. We talk about this in terms of men's and women's

business. I can't go and take something off a female tree. I have to ask permission. There's a codependence that we've built within our communities that facilitates communication, and gives us the ability to understand what every other part of the community is doing so that we're all moving in the same direction. This is one of the key things we always talk about in business.

Businesses are really good at building silos and efficiencies in isolation, but not efficiency in terms of the whole organisation moving together in line with the strategy. Instead of looking at building efficient teams and then trying to get reporting to work across functions or operations to share information or data across the organisation, I sort of pull back and say, 'If I've got people coming to the business, what's the sort of person we need?'

Adam Powick is also interested in Indigenous learnings around system thinking.

Adam Powick, CEO, Deloitte, on Indigenous learnings around system thinking

One of the things I've learned more about through conversations with Indigenous leaders is the concept of system thinking. System thinking is so natural in Indigenous cultures, although it isn't written about in management books – which, by the way, we need to start to do to properly learn.

Indigenous peoples tend to think systemically about the world around them – about their country, about relationships, about connections, about long-term and short-term goals. This is a very complex concept to put into an organisation where we are used to working in hierarchies. We've grown up on structure and process and role definitions. But I see we're heading more into a systems world – a world of networks and one where we're going to blur the lines.

I think Indigenous cultures are fascinating. That's why I'm trying to learn as much as I can from interactions, discussions and

writings. Their cultures are so rich, and I'm not sure we realise how applicable these cultures are to the Western world and the business world. At a personal level, learning about Indigenous cultures is forcing me to think more long-term. It's forcing me to think in more multidimensional ways. It's forcing me to think about the impact of any decision I make and understand the broader implications – not just on our businesses, or our people, but on society, even on national agendas. It is a very different mindset; it's more sophisticated and requires more conscious thought. I think there's a really rich vein of knowledge we can tap into as leaders if we are open to it.

Not all organisations I've worked with have a system-thinking approach. As time goes on, I don't see this as a 'nice to have'. I think system thinking falls into the 'must-have' category. To be a system-thinking, purpose-led organisation will be a foundational differentiator.

MINDSET 3: The coalface matters

In chapter 5 I cited some statistics that show a large misalignment in the percentage of senior executives versus frontline workers who find their purpose through work. To recap:

- Nearly 90 per cent of senior executives find their purpose through work, but only 17 per cent of frontline workers do
- Frontline workers are ten times less likely than their manager-level colleagues to reflect on their purpose.⁴⁹

A lot is written about how to optimise teams. But, as I noted in chapter 5, much of what is written is from a knowledge worker's perspective. The commentary does not usually apply to people working at the coalface – the people who bake the bread, stack the shelves, produce hydrogen, look after us in hospital and so on. My company does a substantial amount of consulting looking to improve the experience, productivity, efficiency and effectiveness of those at the coalface, and that is where a lot of my experience lies – so I am passionate about

seeing this cohort represented and the impact they have on an organisation recognised.

The coalface is where the real knowledge about your organisation sits. Those at the coalface are the ones that see firsthand what is working, what is not working, what the customers think, where you have gaps and where you can improve.

LinkedIn CEO Ryan Roslansky said 125 million LinkedIn members are what he defines as ‘first line’ workers.⁵⁰ These workers represent a rapidly expanding segment of the LinkedIn business, with 35 per cent of all sign-ups being in this category – and their engagement is higher than that of knowledge workers. Ryan also notes that this is moving LinkedIn outside of its traditional core business. I believe this rapid growth is correlated with those at the frontline wanting a voice, wanting to be empowered and ultimately wanting to find their purpose through work.

Microsoft data shows that 80 per cent of workers globally are on the frontline.⁵¹ I recently spoke at a conference in India where I heard frontline workers make up more than 90 per cent of India’s workforce. Those at the coalface are also the people who are going to spread the word far and wide about what your organisation is like to work for, and will amplify this messages on platforms such as LinkedIn, Glassdoor and others.

From my consulting experiences across a diverse range of businesses, I’ve learned there are some practical things to focus on when considering those at the coalface. Fundamentally, you need to keep your mindset focused on giving them a great experience. You can achieve this by:

- allowing shift-swapping and flexible rosters
- ensuring on-time and correct pay
- doing what you say you are going to do
- showing you and the rest of your leadership team are in it with them (but don’t do this from a tokenistic perspective, else you may find yourself being called out for being disingenuous)

- educating those at the coalface to keep them skilled – especially focusing on your middle managers who are looking after those at the coalface (look out later in this section for comments from Aron Ain and Satya Nadella around this)
- ensuring your organisation is built to provide opportunities for growth
- most importantly – listening to their feedback.

In our interview, Jennifer McClure spoke about connecting with your people and understanding what they have to say. This is a wonderful example of a leader showing vulnerability.

Jennifer McClure, CEO, Unbridled Talent, and Chief Excitement Officer, DisruptHR LLC, on listening to people's voices

I had hired a new administrative assistant. She had been with me for three months and was doing well. We had some important projects that we were working on, and she was a key player in those. One day she walked into my office and closed the door and said, 'Jennifer, I want to talk to you. I'm giving my two weeks' notice. I've found another job, and I want to tell you why.' I braced myself; 'I want to tell you why' is never because you were amazing as a leader.

She said, 'I don't feel like you know what I do in my job.'
I remember looking at her, trying to be open and listen, and not be defensive. But I was thinking, 'I assigned you the work. What do you mean? I'm doing VP things over here. I don't need to be in your day-to-day business.' Of course, I didn't say that, but that's what I was thinking. I invited her to tell me a little bit more about what she meant. She said, 'Well, I just don't feel like you understand what I'm doing, or what I'm going through with the project that you've assigned me.' I said, 'My office is at the end of the hall. I have to walk by your desk 50 times a day. I say hi. I ask you how you're doing. I've never heard from you that you needed my support.' But she just kept saying, 'I don't feel like you know what I do.'

In the end we had a good conversation. I thanked her for taking the time to share her feedback with me and said I understood

that she'd already made her decision. I said, 'I will work to improve.' What I really took from that was that she didn't feel like I was *connecting* with her. Not just saying, 'How are you doing today?' but, 'How's this project going? Are you having any difficulty with it?' Really checking in with her. Because that's not how I like to be managed, I hadn't realised that other people might need that kind of connection from me. I wanted to be given an assignment. I like my manager to tell me what they want done, and then give me the space to execute it. But that's not everyone. And we need to recognise that.

In the toolset sections of this and the following chapters I will discuss some of the tools that can help CEOs with frontline engagement. There is a close link between those at the coalface of your organisation and the customer. In the skillset section of this chapter I also include some commentary on listening to the customer's voice.

This also is the crux of **Manifesto 6: Listen to the people.**

MINDSET 4: The right leadership team

Modern leaders must have a mix of skills. In chapter 1 we discussed the need for CEOs to have an understanding of what we delegate, as the ultimate responsibility for people falls back on us. I defined the CEO's role as that of business architect, whose job it is to ensure the people experience is maximised. Your leadership team, then, becomes your support system, and it is essential to ensure you have the right people in place to do the job.

A recent *Harvard Business Review* article examined the reinvention of the leadership team.⁵² Here are some facts on what people expect from their leaders taken from that article:

- 96 per cent expect strategic execution: ambitious ideas to realise vision
- 90 per cent expect a tech-savvy humanist: driving tech to generate future success while considering people

- 84 per cent expect a high-integrity politician: navigating organisational dynamics while staying principled
- 83 per cent expect a humble hero: taking decisive action with humility to admit mistakes
- 72 per cent expect a global mindset: navigating a global and localised world successfully
- 71 per cent expect a traditional innovator: using the past to see to the future.

These skills are so broad, which supports my position that you can't delegate without understanding the implications of what that delegation means. This in turn means that your leadership team has to be able to support your way of working as well. If you want to learn more about each of these points, refer to the book *Beyond Digital: How Great Leaders Transform Their Organizations and Shape the Future*.⁵³

Coupled with this, as we explored earlier, we must emphasise and ensure our leaders grasp the importance of the People Purpose framework – that is, how our people-related decisions flow to people, family, community, society and planet.

Our job as CEO is to ensure we and our leaders are correctly skilled to support the organisation now and into the future. I'll discuss skillset in the next section, but you can also recall the broad range of skills and responsibilities that a leader now requires that I presented in the timeline in chapter 1. The reality is that some leaders may not be able to step up and make the change, and may need to be repositioned in alternate roles or perhaps even moved on from your organisation.

Knowing that those on our leadership team have our back is really important. We can't be successful unless we surround ourselves with good people. This message came up over and over in the interviews I conducted, and is the crux of **Manifesto 3: Surround yourself with good people**.

MINDSET 5: The commercial mindset

From a CEO's perspective I think we are naturally wired with a commercial mindset. We are always thinking about our people, our organisation, how to mitigate risk, how to become more productive, how to look after our stakeholders, how to make money to ensure we are sustainable into the future.

Smart WFM does a substantial amount of consulting in organisations to help drive productivity improvement and deliver effective cost control. I've seen quite a lot of variability in terms of how commercially leaders think, and ultimately how this can impact negatively on a business. Let's unpack this a little more.

I see a lot of press these days that a productivity mindset is 'old school' and we should focus on quality, efficiency and effectiveness. At face value I don't disagree with these comments, but it's also important not to lose focus on productivity. Productivity is a key ingredient that drives economic output and ultimately a key ingredient that drives our economy's GDP. Our leaders must take productivity as well as quality, efficiency and effectiveness into consideration when they are making decisions to ultimately ensure we are commercially savvy across the entire organisation. This is something that we need to drive from the coalface through the organisation and beyond.

Josh Bersin shares his views on productivity in his book *Irresistible*. I fundamentally agree with his point that lowered productivity is a symptom of companies struggling to adapt to new and redefined operating models. However, there is also a lot of commentary on productivity *not* being the most effective way to measure knowledge worker output. I don't disagree with this, either; ultimately, depending on the job and the work being performed, there are valid reasons to look at multiple measures of output.

In-advance cost control, especially for people-related costs, is a critical mindset to implement. Staffing is the single largest cost in many organisations, and it's no good trying to control this after the fact. Technologies exist for leaders and managers to take effective

cost control into consideration prior to making staffing decisions. These technologies are introduced later in this chapter and in chapter 8. We need this mindset to resonate through all those in the organisation who manage people, to enable us to continuously improve and drive our bottom line. If I were to draw an analogy it's like switching a light off so you can conserve energy. Why pay for something if you don't need to? That money is far better off being spent on improving people, family, community, society or planet.

Of course, I'm not advocating for driving productivity and cost control into the organisation without the consideration of people, family, community, society or planet. That said, if we have a business that does not make money or cannot justify its decisions to invest, the business will fail to exist – which is counter to what this book sets out to achieve. This is a really important point and came up over and over again in the interviews. Here are some examples from Mitchell, Jason and Ben to demonstrate the importance of having a commercial mindset.

Mitchell Giles, CEO, Lives Lived Well, on no mission without margin

For us, there's no mission without margin. The mission is easy. The margin can be really difficult. That's a lesson from the Barry Scotts of the world. As CEOs we're running a business. Our mission and why statement are important, but each program has to be able to wipe its own face, and I really insist on that. Every single program – and we have about 60 or 70 of them – must be profitable. Because once you start carrying one, you start carrying two, you start carrying five, you start carrying ten, and before you know where you are you're going out the back door. It's also being really focused on what you're good at.

Jason Averbook, Global Leader, Mercer | Leapgen, on commercial prowess

Don't shy away from the fact that people do business to make money. 'Oh, no, not that. Don't say it. People are going to think we're greedy.' The reason we're in business, unless

we're a non-profit or government, is to make money. Money is not a bad thing, yet people think of it as a taboo. If we, as leaders, help our people understand how they can help the organisation make more money, guess what? They're going to make more money. I'm constantly fascinated that people are like, 'Don't talk about money.' But that's business. That's the game you decided to play. If you don't want to play that game, go play a different game.

Ben Bowen, CEO, Indigenous Literacy Foundation, on involving community in commercial decisions

It is a big challenge for us to build commercial sustainability. It's simple things, like paying our authors really well in terms of our model for royalties so that we can ensure there's a legacy within communities and that money can be used long-term. It creates a pathway. But then the challenge is, how do we do that in a commercial setting? Because if we really want to build commercial authorship and creators in that space, there's commercial pressure. And, by shielding community from that, we're actually doing them a disservice. We're becoming quite paternalistic if we do that. It's a big challenge to make sure that transparency and the way we interact with the community doesn't involve us making simple mistakes where we think 'We know best.' It's bringing everyone in the room to say, 'Hey, here are our challenges. Do you have a solution for us? Do you have some thoughts about how we could do this better? Are you happy for us to try this out and see how we go?'

These examples demonstrate that whether we work in a commercial or social enterprise, having a commercial mindset is critical to our organisational success. We simply need to be thinking commercially all the time, from the coalface through the entire organisation.

MINDSET 6: The manager mindset

In his book *WorkInspired*, former UKG CEO and current Chair Aron Ain speaks to the importance of managers.⁵⁴ As Aron puts it every

employee deserves a great manager. People often join a company because of things such as benefits, but they generally leave because of their manager. Microsoft CEO Satya Nadella has made similar comments about the importance of managers.⁵⁵

My company does a lot of work with organisations that have managers, especially operational managers at the coalface. I see poor manager communication, messaging and education play out far too often, and it usually lands in the same place: disillusionment. This is also closely related to the previous mindset of being commercial.

The investment that we need to make in our people leaders should not be underestimated, but the returns repay us substantially. Just think about the cost of replacing your people for starters: offboarding, recruitment, onboarding. These leaders are the key people to help you align your purpose throughout the organisation; gaining their trust, and trusting in them, is key to inspiring and empowering your purpose-led organisation.

When I interviewed him, Chris Todd provided some practical advice around the complexity and responsibility managers face in today's business climate.

Chris Todd, CEO, UKG, on frontline manager responsibilities

It's the frontline manager who has the hardest job right now. They have to figure out some really complex issues. They have to get to know their employees. They have to work out how to lead and manage those people and take responsibility for them in the current environment. And that requires a different type of courage and a different type of leadership than they've had to exercise before.

MINDSET 7: Let people be themselves

As leaders we need to consider people for who they are and allow them to be their best self. We can't take away the person's identity and get

them to think and act in a way that does not allow them to be themselves. People today expect organisations to let them be themselves.

Ben Bowen has some great perspectives on Indigenous culture and circular responsibility and how to consider people both inside and outside work.

Ben Bowen, CEO, Indigenous Literacy Foundation, on people inside and outside work

Leadership is an interesting thing in Indigenous cultures. It's more of a natural leadership style in terms of how we were brought up. We talk about circular responsibility, which is one of the big buzzwords that we hear now. It's understanding that I am a community member first and foremost. I am responsible to my elders and my family and my kinship, and those sorts of systems in country. Even in a workplace, I still have to carry those responsibilities. I can't park them and change hats and go into an office and just ignore all that. So, it's learning how to bring that sort of stuff into a modern workplace and integrate it appropriately. We must support staff and community members that we work with as well to have the confidence to be able to do that, so that they're not having to compromise their cultural identities for work. We can start to create environments in which people can uphold their cultural identities and responsibilities, as part of a sustainable workplace culture.

I think there are some insightful considerations for all CEOs and leaders in this point from Ben. It sets a challenge for us to think bigger picture and consider people's context in terms of family, community, society and planet.

MINDSET 8: Take responsibility for people

The HR function has long been the de facto custodian of people in organisations. While I'm not an HR professional, having worked in the people business pretty much all my life – both in the context

of running a global consultancy and consulting to businesses on their people – and worked alongside HR functions almost every day, I have plenty of observations and perceptions to share on the changing nature of HR.

The acronym ‘HR’ is old school. ‘Human resources’ conjures up the image that a human is a resource, just like a machine, and their role is autocratic. Modern organisations lean toward departmental names such as ‘People and Culture’, which gives a much broader and more humane view of what the function is there to achieve. This is definitely moving in the right direction.

In my view, old-school HR was there for the benefit of HR. For example, ‘Let’s do a performance review because our KPI tells us that we need to do them twice per year.’ I’m not sure the HR function actually understands why it was requesting managers to complete a performance review. How was the performance of that person related to the work being performed (considering our discussion previously on purpose and aligning this to people’s passions)? Little thought was put into the skills that the managers required to ensure that the performance reviews were completed successfully and with a people-centric basis.

Often, compensation was also linked to performance. Consequentially a performance discussion would move solely to a compensation discussion. To make matters worse, compensation was often based on inconsistent, subjective reasoning by an unskilled manager, who had to distribute funds in line with an old-school bell curve. I have often heard HR referred to as the ‘Human Rejection’ function for this reason.

Enter modern HR – ‘Modern People and Culture’. People and Culture is now stepping up to the mark to truly work with the CEO, managers and the broader organisational stakeholders so that everybody understands what it truly means to be the custodian of people. At the core of this is having a clear understanding of the organisational purpose, as we unpacked in chapter 5, and creating a culture of leading with a people-centric philosophy.

In his book *Work Rules!*, Laszlo Bock includes an entire chapter on this point. He talks about how he renamed the HR function at Google from HR to People Operations; how he worked to build his people's trust; and how he turned the function into an objective, people-centric, integral part of the business. He did this by focusing on setting the bar high, using data to make informed decisions, building a culture of continuous improvement and creating the best team.

Jason Averbook speaks passionately about how we, as leaders, must take responsibility for people.

Jason Averbook, Global Leader, Mercer | Leapgen, on leadership accountability

One of the things that I become frustrated with is the role that people think HR should play. HR is a shepherd of best practices, of leadership characteristics, of information, of knowledge – but HR can't do everything. Who constantly gets blamed for turnover? HR. Who constantly gets blamed for not hiring fast enough? HR. It's shitty. HR, to be honest with you, is a function that's responsible for shepherding policy, procedure and operational activities.

Everyone who has people reporting to them must be accountable for those people. CHROs have people reporting to them, so they need to worry about their own people. If there's a turnover issue in HR, yes, the CHRO should worry about that. If there's a turnover issue in operations, HR should help the operational leader – but that staff turnover is not HR's responsibility. Way too much pressure has been put on HR. Leadership is something that we all need to take accountability for – not look to a people operations function as a way to drive leadership.

If HR people are reading this book, the first thing they should do is give the book to someone who's a people leader instead of a people operator. HR is so busy trying to keep the operational lights on; to think that function has any ability to do much shepherding of leadership throughout the organisation is really, really hard.

For quite a few reasons, CEOs and CFOs don't know what good HR can look like. Because of that, HR is not being funded properly. So when people say we have a leadership gap and they look at HR as the reason for that, it frustrates me.

In summary, the business and its leaders must take responsibility for people.

Key points: Mindset

- Hierarchies may work in some instances, but modern organisations are increasingly moving to team and network-based operating models.
- Existing operating models don't generally lend themselves well to working in teams or networks.
- System thinking is fundamental to building a future-proofed organisation.
- Surround yourself with good people.
- Ensure you invest in your people, particularly in your leaders and managers, so they understand your organisational purpose and can help you embed it in the organisation.
- Ensure your leaders and managers have a commercial awareness and the tools to make decisions in advance.
- Put people first and take responsibility for them.
- Take the time to understand and work with modern HR. Become the champion.



Skillset

In the modern digital age, the leadership team must work as one and have the skills to lead with people at the centre. I felt it was important to commence this section with a focus on digital. You might be thinking this is a little strange, because technology should be considered after purpose, outcomes, requirements and so on. Yes, this is the case; however, if we and our leadership teams do not approach problems and opportunities with a digital skillset, there is a risk that our organisations will not be future-proofed. Digital is fundamental to progress.

This section also looks at how the role of leaders has changed in the modern organisation, along with where leaders are positioned, the importance of empowerment and some thoughts on storytelling.

SKILLSET 1: Developing digital muscle

Over the last couple of years we have seen technology – such as AI, predictive analytics, real-time collaboration software and chat – expand at a rapid rate. This evolution of technology will continue to quickly evolve, as we are seeing now with generative AI led by ChatGPT and other platforms picking this up quickly. We are also seeing skills and roles changing due to technological advancement. In chapter 5 I mentioned the work being completed by Josh Bersin in this area. The World Economic Forum has also done significant research in this area, documented in its *Future of Jobs Report*.⁵⁶ Roles such as data analyst are increasing in demand, while others such as data entry clerk are

decreasing in demand. We also need to be equipped to deal with roles that are yet to be developed.

As CEOs we must be ready to deal with whatever the future throws at us from a technology, people and environmental perspective. Whether this be through tactical skills development, growth of talent and careers or industry reinvention, we must be ready to transform or transition to ensure we remain relevant into the future. Our ability to embrace and adapt to the future is underpinned by digital muscle. This term is one that I first heard my colleague Rob Scott coin to enable us to think about technology in a holistic and inclusive way, considering people and the enabling environments in which they co-exist. It's important to note that digital muscle is not a crystal ball: you can't use it to predict the future. Rather, you use it to rapidly and seamlessly adapt into the future. As Rob says, you develop digital intuition.

We must also consider the changing nature of the workforce. Millennials and Gen Z now make up approximately 50 per cent of the US population and these generations are the first to be completely mobile and digitally native.⁵⁷ This talent has grown up with the internet and smartphones and has a strong digital muscle foundation. Other people may need to focus more heavily on skill-building.

Digital muscle is also the focus of **Manifesto 11: Develop digital muscle**.

Chapter 11, contributed by Rob, goes into much more detail about digital muscle. I will also speak further about digital muscle in chapter 8 from the perspective of industry and skills reinvention.

SKILLSET 2: Preparing for the future: The metaverse

I believe as CEOs we will be spending a lot of time over the coming years focusing on the metaverse. This is a great example of the need for digital muscle, and why I call this out specifically as an example. There will be many more advanced technologies that are thrown at us over time. It's our job as CEO to determine investment strategies and manage risk around these new technologies.

A lot has been written about the metaverse; from the conversations I have been having, though, it seems many of us are still unsure what the metaverse means. A university would give you a different definition to how I describe the metaverse, but here is my definition: the metaverse is a collection of all the technology available to us to move from a linear 2D world into a ubiquitous 3D world, or any permutation thereof. Microsoft CEO Satya Nadella spoke to *Harvard Business Review* Editor-in-Chief Adi Ignatius about flexible work and the metaverse.⁵⁸ For me the big takeout from their discussion is that the metaverse is developing now, ubiquitously, using the technologies and data available. It is already influencing the way we work and live. The types of technology you might find in the metaverse include digital headsets, 3D printing, holograms, videos, gaming, blockchain/distributed ledger technologies (sometimes known as Web 3.0), cryptocurrency, the Internet of Things (IoT) and more. Sometimes these tools and technologies are called virtual or augmented reality.

Let's take a look at some practical examples of the metaverse – starting with a frontline mining worker who needs to be inducted into an organisation and learn the skills and procedures to successfully perform their role. This frontline worker could enter an environment that simulates a mine in 3D, to help make the induction experience more realistic. Another example is a surgeon learning a new procedure using technological modelling of the body, or a retail worker conducting a virtual walkthrough of a store layout to review stocking procedures. This type of technology can enable accelerated skills transfer (also known as developing immediate competence, which I will speak about later in the book), mitigate the risk of injury or mistake and enable job skills to be validated as part of a recruitment cycle. It also enables access to highly skilled talent from across the globe to review, coach and mentor people to increase knowledge and the quality of work being performed. We will also be able to use robotics and automation of complete remote procedures with skilled talent that once would have required physical presence. From a knowledge worker perspective this could look like simulating a human-centred

design workshop in a virtual space with participants distributed across various global locations.

Let's look at another example related to cryptocurrency. Regardless of the current downward trend of crypto, there will be people who will go against this and see it as a positive.⁵⁹ People are looking for flexibility and personalised experiences from their work, and cryptocurrency gives people greater choice and additional personal investment opportunities. I suspect over time we will see the main payroll providers across the globe offering people the option to be paid in cryptocurrency. We also need to consider the legislative implications of paying our people in cryptocurrency. We'll see more from the relevant authorities on this over time.

The investment into advanced technologies is going to grow. I can't see this going any other way, especially in the learning space as there are so many practical applications. The metaverse will continue to become mainstream, and we as business architects need to ensure we adopt it into our business at a rhythm that is right for us.

SKILLSET 3: Leading in a modern organisation

Leading in a modern technology-driven landscape requires different considerations to those in the past. In chapter 1 I showed how leadership responsibility has increased over time, and consequently the skills required to lead our organisations have increased as well.

In the early days of leading and running businesses, CEOs led with a hierarchical approach – as we have previously discussed. The hierarchy was synonymous with a job-based leadership approach. Within the hierarchy there were jobs that hung off the nodes of the organisation, and people enacted those jobs based on what was written in their job description. In a modern organisation we are moving away from managing by jobs and job descriptions to empowering talent based around competencies, work and digital muscle, supported by objectives and key results (OKR) – which I'll define in the toolset section of this chapter.

Let's look at an example to illustrate these differing approaches. In the past, a job might have been to bake bread, and this job was given the title of 'baker'. Baking bread was all we wanted from the baker, and they followed what was written in their job description. When we empower and develop talent, in this case the baker, we release responsibility to engage in the organisation in a more inclusive and holistic way. The baker is working at our organisation because of the flexibility we provide to them, which could be flexible rostering and work practices. The baker also works at our organisation because of our purpose aligning to things such as our approach to gender diversity and our organisational commitment to being carbon neutral. The baker has a passion for engineering and studies this at university (partially funded by our organisation). This then results in the baker being able to grow into a more advanced role in the organisation. This might sound simplistic in its nature, but it is what people want these days and the way we work. People want to see the big picture outside their current role and see opportunities for growth and contribution.

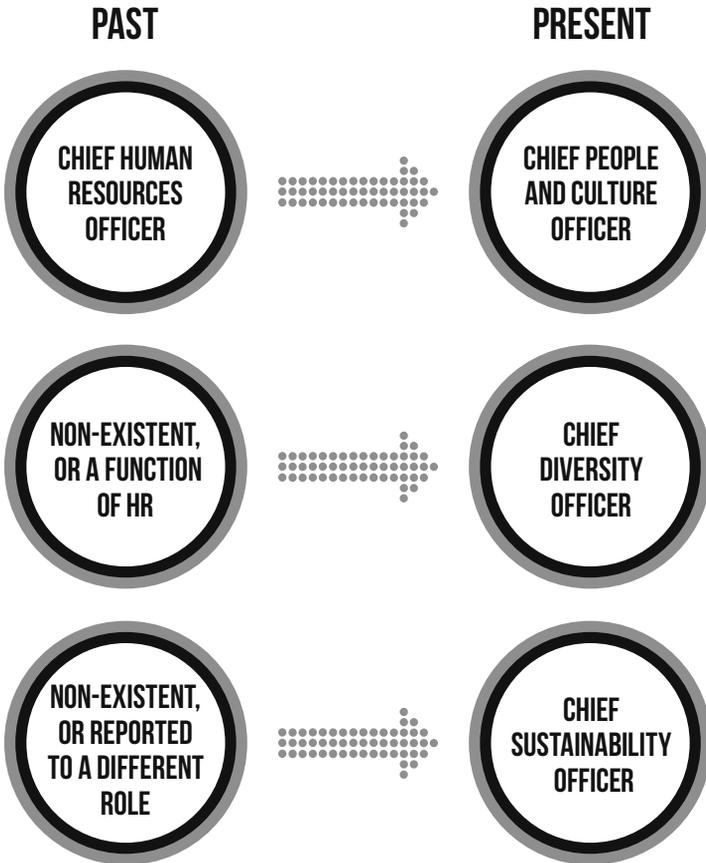
Think back to what we discussed previously around the growth of the frontline worker segment on LinkedIn, and my view that this is related to these workers wanting a voice. We need to ensure that our organisation is structured and our leaders are skilled to operate in this way. In the example of Ford earlier in this chapter, we saw that the personnel and education departments were buried under the finance function. In modern organisations, these functions have been elevated to enable us to lead in a people-centric way, and allow our people to grow with us. We and our leaders need to be able to deliver on this expectation.

Today we often see the following roles in organisations depending on their size, and these roles report directly to the CEO (see figure 12).

I like the concepts in Ram Charan, Dominic Barton and Dennis Carey's book *Talent Wins* which represents a well-considered and influential step change in the importance of elevating the right leaders to the right level in the organisation.⁶⁰ The authors talk about creating a core group of leaders comprising the CEO, CFO and CHRO, which

elevates human capital to the same importance as financial capital in an organisation.

Figure 12: Present and past people-related leadership roles



SKILLSET 4: Listening to the customer’s voice

As leaders we also need to consider the voice of the customer. They are also our coalface: they are the ones who buy our products and services, and to truly deliver upon our brand promise their voice matters. Let’s take a look at what Chris Wilesmith and Marc Havercroft had to say about listening to the customer’s voice.

**Chris Wilesmith, Group CEO and Managing Director,
Jaycar Group, on respect, connection and listening to the
customer's voice**

It's important to me to be respectful and connected, and anyone who knows me would know that. But they might not necessarily know that I started as a trolley boy. As people get to know me, they understand where I've come from. I never want to lose that connection.

One of my greatest mentors is a fellow by the name of Greg Foran. Greg was with the Warehouse Group in New Zealand before coming across to Australia. He became the President and CEO of Walmart, and is now the CEO of Air New Zealand.

I'd always wanted to think I could become a managing director or CEO. In the early part of my career, when I was lucky enough to work directly for Greg in the Dick Smith division, I asked him, what was it about his leadership that allowed him to be running a division within the organisation? And Greg said to me, 'I'm just a baggy-arsed shopkeeper.' He said every morning, whether it's the office, the warehouse or wherever you're working, you should walk around and observe what's happening. What environment are you giving to your team members to do their best jobs? Do they have the right tools? How are they working? Stand at the front of your shop, and see how the interaction is occurring with the customer. Watch how the customers are moving and what they're looking at and not looking at. The baggy-arsed shopkeeper is an observer of what's happening around them. If you have that fascination with always thinking about what's around you every moment, you can actually look and observe, and you can learn and chat with people as you're doing that in an informal way. And wow, that's where the gold nuggets are actually found.

A recent LinkedIn post showed a picture of Greg Foran on an Air New Zealand flight. He was offering water to customers after helping the post's author put their luggage into the overhead compartment.⁶¹ The photo perfectly illustrates the comments Chris put forward in our interview.

Marc Havercroft, President, Go1, on listening to your customers

Bring your customers into your problems. They add a tremendous amount of value to that conversation. And as much as we believe it's not smart to tell a customer what doesn't work or point out the problem, particularly in a subscription business, which is the business I'm in, they're so invested in your business. They're buying on a roadmap, and we're all looking for business partners for the long-term.

We all know things aren't perfect and there are good days and bad days. But trust me, if they're a good customer and they're a partner customer with you, they would love to tell you where they think you could improve. And of course, as Steve Jobs said, you have to start with the customer experience and work backwards to the technology. So I do that on every problem, all the time. It's about engaging with people who are operationally, functionally dealing with the problem. I always ask, 'Can we get the customer's input on this as well?' And you honestly can't go wrong when you're looking for solutions and outcomes like that.

I know from my own consulting experiences that customers want you to listen to them, understand their problem from their perspective and help them develop their business so they can provide exceptional people-related experiences. This relates to both their people and their customers.

SKILLSET 5: Becoming a storyteller

As CEO we must become storytellers. Our people, in particular our leaders, need to be able to tell a story, too. Why are we doing what we are doing? What's in it for our people? The story needs to extend from the coalface right throughout the organisation and our people to family, community, society and planet. The role of public relations, communications, branding and marketing has become fundamental in today's organisation. People are only a click from a Google search, tweet, Instagram post or whatever online medium they choose to post

thoughts or hear from others. Your story will be heard far and wide. I believe those with the ability to tell an authentic story about organisational purpose right through to the impact they have on our planet add significant value to their organisation. That's why I called this out in **Manifesto 5: Become a great storyteller.**

Ben Bowen shared some insightful thoughts on storytelling and how this leads to innovation.

Ben Bowen, CEO, Indigenous Literacy Foundation, on storytelling and innovation

Innovation is about asking people really simple questions, to be honest. We struggle with this idea, because every time we read a book or watch a lecture there's so many buzzwords and so much jargon. People have come up with pretty terms to do things that are just normal. So, as a business unit, there's this pressure to be innovative and use buzzwords and be able to draw diagrams to express concepts. But for us, it's in our narrative. How do we tell a story about who we are and what we're trying to do, and bring people along with that? There's a concept as Blackfellas that, even now, as you and I are talking, we've had this connection that says, 'You take a part of me. I take a part of you. That is going to be part of our identity moving forward, and our thinking.'

So, how do we focus on that piece? Because once we all focus on those connections, we start to innovate together. We start to understand what people are doing. We're showing that we're living, breathing humans who are always innovating, because we're always learning. Then straight away, people are more willing to try something different, to listen to someone else's idea because they have that trust and relationship behind it. They have that connection to them. They're able to say, 'This is not a risk. This is an opportunity for us to try something together. We're not going to get slapped on the head if it doesn't work because we don't know what we don't know.'

It's about changing baselines. Once again, it's not going to the operations before the people, or going to the leadership style before the people. It's focusing on that connection that

brings people together. It's about finding out how they think, communicate, storytell and bring each other on their own journeys. That's where we start, and that's where innovation naturally flows from.

Key points: Skillset

- Ensure you and your people develop digital muscle – being intuitively ready for what the future brings.
- The metaverse is an example of digital muscle at play.
- Let your people grow in your organisation. Develop them, empower them and let them be themselves.
- Listen to the customer's voice to help you and your people grow.
- Ensure you are skilled to be a great storyteller.



Toolset

Now that we've looked at the mindset and skillset you and your leaders require, let's move on to toolset. What frameworks and tools can you use to deliver and measure leadership value in your organisation, and how does this relate to your people?

The rest of this section will look at the tools we as CEOs and our leaders can utilise in the context of organisational wellbeing, organisational commerce and broader social impact. I will finish with a call-out to make sure you are appropriately budgeting for your people initiatives and delivering on your purpose.

TOOLSET 1: Organisational wellbeing

Wellbeing can manifest in a number of ways in the world of business. Of course, your own wellbeing as CEO has a significant impact on your people and organisation. That's why I invited Georgegina Poulos to contribute a whole chapter on CEO wellbeing to this book (chapter 10), and why it's the focus of **Manifesto 4: Look after your wellbeing**. In this chapter, though, let's focus our discussion on the wellbeing of the people in your organisation.

Most considerations around wellbeing can be broadly considered within the dimensions outlined in figure 13, which Georgegina breaks down in full in chapter 10.

Figure 13: The seven dimensions of wellbeing



Content by: Georgegina Poulos

Inherently we have known for some time that wellbeing can lead to improved results and returns for our organisations. Josh Bersin's report *The Definitive Guide to Wellbeing: The Healthy Organization* presents convincing evidence of this.⁶² In the report, Josh ties his findings to business, people and innovation outcomes:

- **Business:** Organisations were more likely to exceed financial targets and delight customers.
- **People:** Organisations were more likely to engage and retain employees, be a great place to work and have lower absenteeism.
- **Innovation:** Organisations were more likely to innovate effectively and adapt well to change.

For a long time now I have seen organisations treating wellbeing in a one-size-fits-all way. Tools such as employee assistance plans (EAPs) have existed for decades, and are generally administered by a third party to enable people a degree of anonymity when it comes to seeking help with their wellbeing. My belief is that in many circumstances the EAP has been a transactional solution, provided so that leadership and the HR team can tick a box. I am supportive of EAPs but I think people, their needs and their expectations have moved on quite some way from what the traditional EAP offers. I also believe that organisations who invest in providing a superior people experience and focus on this as part of their core business have less need for such programs.

As early as the recruitment process, people are looking for personalisation and want to know their employer will look after their specific needs in some or all of the seven dimensions of wellbeing. I am seeing more wellbeing discussions during the recruitment process, and also more dialogue around the People Purpose framework: people, family, community, society and planet. People are looking for personalised solutions specific to their situation.

At Smart WFM we only have one key people policy, and it is based on the quote from Dr Seuss's book *Happy Birthday to You!*:

Today you are you! That is truer than true! There is no-one alive that is you-er than you!

I let my team members know that if they have any personal situation they want to discuss, they'll be provided a safe environment to do so. They can chat to any of our leaders about what is important to them. They understand the high degree of flexibility we have in the organisation to tailor our wellbeing programs to each individual.

Smart WFM has helped people in numerous ways that are relevant and personalised to them. Some examples include flexible time off, flexible working hours, ongoing learning, reskilling, helping people back into the workforce after life events such as having children, mental health and wellbeing support, temporary and permanent relocation both nationally and internationally, financial assistance, flexible compensation models and full pay during the pandemic. We also help with workforce entry and exit, from graduates to retirees. Through our Pledge 1% initiative that I introduced in the previous chapter we also support relevant philanthropy, especially in the area of Indigenous education.

The above examples are relevant to our business in consulting services and our people. No matter what type of organisation you have, you can always find things that are relevant to your industry and people. For example, you might choose to provide higher-than-mandated superannuation contributions or free childcare to encourage parents back into the workforce.

We also need to carefully monitor digital technology including the metaverse from a wellbeing perspective as it evolves. The World Economic Forum recently commenced a new initiative to build an equitable, interoperable and safe metaverse.⁶³ This will provide a toolkit to industry that ensures ethics and responsibility when building the metaverse. I will speak more about ethical people practices in chapter 7.

Wellbeing is no longer one-size-fits-all. Personalisation to people's experience, taking the seven dimensions of wellbeing mentioned earlier into consideration, is paramount to having a real and lasting impact on their wellbeing, and ultimately what they will say about your company.

TOOLSET 2: Delivering people outcomes in the flow of work

We rely heavily on our leaders and managers to work in advance; manage productivity, efficiency and effectiveness; maximise people's experience; control costs; look after people's careers; manage performance and more.

Providing our team the relevant tools to enable this from the coalface right through to measuring sales and service output is paramount. This is a primary area of focus of my consulting business and the topic of my first book, *The Digital Workforce*.⁶⁴ Smart WFM helps organisations optimise their operating models focusing on people, technology and operating environment and implements tools for people to effectively manage their workforce.

An example of the functions related to managing your workforce in the flow of work are depicted in figure 14.⁶⁵ These are generally applicable to a blue-collar operational environment. Your organisation might use different variations of this – for example, if you run a white-collar organisation you may not track employees' time – but demonstrating the concept is the key point here. Tailoring this to your organisation in a human-centered way is also an example of the personalisation that we spoke about in the previous section.

There's also a broad range of modern and intuitive HR technologies (refer to chapter 8 for a broader discussion on HR technology) and approaches to help your organisation and especially your managers tie your organisational purpose and goals to your people's purpose and goals.

As CEOs it's important to ensure that our leaders are equipped with tools to lead in these areas and return measurable value to our people and stakeholders.

Figure 14: The flow of work



TOOLSET 3: Measuring broader organisational impact

Once you have implemented frameworks such as People Purpose to help deliver upon and track your organisational purpose, it's important to align your leadership. Ensure they understand how they will contribute to these programs, what is in it for them and what is in it for their people. Your people need to be able to tell the story.

There are numerous ways to measure your organisational impact. We have already spoken about ESG and the various reporting protocols, the UN SDGs, and philanthropy frameworks such as Pledge 1%.

Different organisations are at different levels of focus and maturity when it comes to measuring their organisational impact. At one end of the spectrum organisations such as BHP are mature with ESG and reporting. You only have to look through the collateral on its website to see the incredible effort that goes into sustainability.⁶⁶ BHP breaks down climate, water, risk, retirement of assets, Indigenous peoples, human rights, human inclusion, ethical operations and more including a climate change report and reporting methodology.

Other organisations such as T2 produce a sustainability report every couple of years and align this specifically to their organisation's purpose.⁶⁷ T2 includes Indigenous reconciliation within its core report. I love to see this as myself and my wife are particularly passionate about Indigenous culture – and promoting and learning more about it.

As my organisation matures we are starting to think more about sustainability and ESG and how we mature and report on this. Under the Pledge 1% banner we focus on Indigenous culture. We are also developing our internal community to place more focus on the regions we are expanding to, and on the long-term sustainability of our planet.

TOOLSET 4: Budgeting for people initiatives

It would be remiss of me not to speak about making sure you and your leadership team appropriately budget for the people-related initiatives in your organisation. My recommendation is to build a solid business case tied to the organisation's goals and purpose. Build the business case in a way that enables agility and continual baselining, and that allows it to evolve with your organisation. I'll speak more about this in chapter 7 when I introduce the People Value framework.

I'll leave it for Jason Averbook to sum up the business case.

Jason Averbook, Global Leader, Mercer | Leapgen, on HR speaking the language of the business and being commercial

Every CEO is trying to understand the impact that people have on business results. So, when HR say, 'Hey, I need to buy a new

skills-based piece of technology,' well, what's that going to do for me? HR have to be able to speak CEO to a CEO. They need to say that by implementing this, I'm going to increase retention by 20 per cent, and I'll be signing something saying I'm going to do that. Talk about an oh-shit moment for your HR person who knows before they even say it that that's not what's going to happen, because they don't have the organisational buy-in to do what they're doing.

So, more than ever, the way for HR to make the case is to be able to tie the piece of technology to an outcome or an initiative that the business cares about. Jarrod, I still see way too many HR departments making HR cases instead of business cases, and I still see way too many people doing what I've started to say is making sense with an S instead of cents with a C, the reason we're in business.

I have seen many organisations over the years not budgeting correctly for people-related initiatives. People are often forgotten in favour of a new piece of software, plant or machinery, which is often more tangible than a people-related initiative. Getting the budget and business case right is critical to ensure we can deliver on our people-related promises.

TOOLSET 5: Delivering on your purpose

In the hierarchical operating model, goals were typically cascaded down through the organisation ultimately landing at the coalface, where people were required to deliver on something the organisation wanted to achieve. This method of cascading goals was not always effective, as those at the coalface were essentially told what to do without any real understanding of how their purpose or passion played a part.

Over time feedback loops were introduced, and this gave employees the opportunity to provide feedback on their manager, their manager's performance or on other items that were relevant to them. Again this was often disconnected from organisational purpose.

Engagement models took this one step further. Organisations started to look more holistically at the person, take on their feedback and measure how much they were buying in and contributing to organisational outcomes and purpose.

Today, more and more organisations are transitioning to team-based operating models that involve empowering talent. For this, frameworks such as objectives and key results (OKR) are often used. These frameworks define an objective and associated measurable key results to deliver on that objective. You empower your people to deliver, establish a regular cadence to track and measure your results and check in with your people. These frameworks are very popular in the technology industry and are becoming more broadly used.

At Smart WFM we use a causal framework to deliver on our organisational purpose.⁶⁸ We have our organisational goals and for each of our goals we define a performance objective and associated drivers of performance. Like OKRs, this framework empowers our talent to get on to deliver in alignment with our organisational purpose, without the need for continuous monitoring.

Alicia Roach shares some thoughts on organisations, people and purpose and how this relates to strategic workforce planning.

Alicia Roach, Founder and Joint CEO, eQ8, on delivering to purpose

I think 'purpose' has become a bit of a buzzword lately – not just in corporates and the business world, but for individuals as well. I think people are really increasingly asking, 'Why am I here? Not just on earth, but working in this organisation?' I won't get too deep on you, but I think giving them that 'why' is crucial. The reason that our organisation exists is something that they really need to attach to. Unfortunately, the missing part for most organisations is the connection between purpose and people. Most organisations will have a purpose. Most will then set a strategy detailing how they'll go about achieving, living and displaying that purpose, and embedding it in the way they interact with customers.

But then, there's a bit of a disconnect. They have a purpose but they really, I think, miss the trick in connecting their people to that purpose. The strategy will often be set in a corner office by the strategy folks. What then happens is there's no connection of that purpose and strategy to the people who are going to be responsible for executing it. The workforce, the people in the organisation, are the ones who are going to be fulfilling and executing that purpose. They're the ones who touch the customer. They're the ones who do the work. They're the ones who live and breathe what your organisation is every day. They are the organisation. So we can't have a purpose and strategy that's so disconnected from the people who are doing that work.

The way that manifests is that people aren't connected to the purpose and they don't have buy-in. They're not connected in terms of mindset, they're not connected from the heart, and they're not connected physically in terms of the activities they're performing. This is where we see a lot of issues with cause and effect. What I mean by that is, we see organisations saying things like, 'We've got a thousand open requisitions we can't fill. We're missing our transformation milestones. We're failing on our project delivery. We have unhappy customers with long wait times. We can't meet our revenue goals.' All of these things that the organisation's trying to achieve, manifest, are failing because they haven't fundamentally connected their people to purpose.

The way to do that at the physical level, which I think then flows through to mindset and heart, is through strategic workforce planning. This is about translating the strategy the organisation is trying to achieve into the value chain and the activities the organisation needs to complete, who needs to complete them, what skills they need to have. In this way, we are very clearly aligning our people to our purpose. And, when we do that, we're creating that causal link, and that becomes inherent in the fabric of the company. The organisation and workforce are one and the same, not two separate entities. If they're two separate entities, because that connection hasn't been made, we see failed execution in not only the business as usual, but in transformation, and change, and all of the things that we've got going on these days.

I speak further on strategic workforce planning in chapter 7.

The concept of system thinking that I introduced earlier in this chapter is required to maximise all of these inter-relationships across people, technology and the associated environments in which they exist. To deliver this you need to maximise the people experience, always. Utilising human-centred design is also a popular way to deliver a holistic and people-experience focus.

Key points: Toolset

- Look after your wellbeing and the wellbeing of your people and measure how you are doing.
- Improved wellbeing can have positive results in terms of financial performance, happier employees, happier customers, reduced absenteeism and more.
- Ensure you put the right development programs and tools in place for your managers to be effective people leaders.
- Budget adequately and build a solid business case for your people initiatives; this will be driven through your organisational leaders.
- Pay close attention to how you are going to align with your leaders and your people to deliver on your purpose.

In closing out this chapter I would like to reflect on the significant responsibility we have to deliver on our purpose and to ensure our leaders are developed and focused to support this work. This is especially important for the topics I'll cover in the next two chapters of the book: people and operations. If our leaders are not prepared there's a significant risk that you will not deliver on the expectations of a modern people-centred organisation.

Summarising leadership

Figure 15: Leadership summary



Leadership mindsets

- **Leadership mindset 1: Break the hierarchy.** Modern organisations are moving to empowered networks to enable organisational agility, collaboration and people-centric work methods.
- **Leadership mindset 2: System thinking.** Consider the impact of your decisions across the entire system in which your organisation exists considering people, technology and operating environments.
- **Leadership mindset 3: The coalface matters.** Those at the coalface have a voice, want to be heard and want you to understand them. They are well positioned to know what is happening in your business. Not considering the coalface will make it hard for you to attract and retain good people.
- **Leadership mindset 4: The right leadership team.** We must always be thinking about whether we have the right people on our leadership team. Are they the right people to take the organisation forward and deliver on our purpose?
- **Leadership mindset 5: The commercial mindset.** Our leaders need to have a commercial mindset and ensure the decisions they are empowered to make have a commercial basis and focus.
- **Leadership mindset 6: The manager mindset.** Our managers must always be thinking of our people to ensure we grow and retain them. Many people leave organisations because of their manager.
- **Leadership mindset 7: Let people be themselves.** We must always be thinking and acting in a way that allows people to be themselves, and we must consider who they are both inside and outside work.
- **Leadership mindset 8: Take responsibility for people.** We must maintain a mindset that ensures we never try to pass responsibility for people to others. Modern HR is there to support us, but we are responsible for our people.

Leadership skillsets

- **Leadership skillset 1: Developing digital muscle.** We require digital skills that enable us to be intuitive in the adoption of technology, and support people and the associated environments in which they exist.
- **Leadership skillset 2: Preparing for the future: the metaverse.** Understanding the metaverse and how we can use it in business to create value.
- **Leadership skillset 3: Leading in a modern organisation.** We and our leaders require skills to lead our people in an empowered way while ensuring complete alignment of our leadership team to our purpose.
- **Leadership skillset 4: Listening to the customer's voice.** We need to ensure we listen, observe and learn from our customer.
- **Leadership skillset 5: Becoming a storyteller.** Today's leaders require the skills to tell a story and take people on the journey with them. They need to be able to use stories to develop trust and take people and their organisations forward in an inclusive and safe way.

Leadership toolsets

- **Leadership toolset 1: Organisational wellbeing.** You can't have a healthy, productive organisation without looking after your people's wellbeing.
- **Leadership toolset 2: Delivering people outcomes in the flow of work.** Define your unique human-centred flow of work.
- **Leadership toolset 3: Measuring broader organisational impact.** Utilise frameworks such as the UN SDGs, ESG and Pledge 1%. Use reporting to measure your impact.
- **Leadership toolset 4: Budgeting for people initiatives.** People-related initiatives can show hard and soft returns. Develop a strong business case and ensure your team delivers this in CEO voice.

- **Leadership toolset 5: Delivering on your purpose.** Utilise data and analytics, frameworks such as OKR and cause/effect models. Deliver this using human-centred design to maximise people's experience.

Where to next?

That concludes our focus on leadership. In a nutshell, our leaders need to be aligned to our purpose and have the necessary mindset, skillset and toolset to be able to effectively deliver on that. If we can't get this level of alignment right, there will be a disconnect between purpose, our people and delivery on our organisational goals and commitments.

I look forward to the next chapter on people. In many respects this is where the rubber hits the road, as without our people we do not have an organisation. Today more than ever, our people want a voice and want to be heard.

'Leadership is only as valuable as the followership it garners. Human-to-human inspiration and connection is the competitive edge that creates the performance advantage in the market. It is at the heart of the Modern CEO's toolkit.'

**NICKY SPARSHOTT, GLOBAL CHIEF OF TRANSFORMATION UNILEVER,
FORMER CEO & EVP, UNILEVER AUSTRALIA & NEW ZEALAND**

The roles and responsibilities of CEOs have been put to the test in recent years. Never before has the corporate leader had to do business in such a rapidly evolving, globally influenced and turbulent time. For many CEOs this means it's time to rethink strategies, philosophies and tactics.

As a CEO of his own company, an *Australian Financial Review* Top 100 Fast Growth company, Jarrod McGrath knows only too well just what it takes to lead effectively, managing the challenges of being a modern CEO on a day-to-day basis. At the same time, Jarrod works with CEOs around the world, all of whom are facing the same issues. It has become clear that a fresh approach to leading organisations is needed.

With the input of leading CEOs from around the world, and extensive research on the changing roles of CEOs and the challenges and opportunities they face, *The Modern CEO* is an inspirational and practical guide. This book will help you with:

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- Building an organisation around the needs, expectations and purpose of those who work within that organisation.
- Balancing the need to be commercial while putting people at the core of what you do.
- Building a culture and a philosophy that supports people being themselves, including diversity, equity, inclusion and belonging.

THE MODERN CEO WILL BECOME A MILESTONE BOOK, ONE THAT MANY CEOs WILL USE TO MAP THEIR FUTURE AND THE FUTURE OF THEIR ORGANISATION.



Jarrod McGrath is a visionary business leader, speaker, media commentator, founder and author. As the CEO of Smart WFM, an *AFR* Top 100 Fast Growth company, he knows what organisations need to prosper in the modern world where digital is now the norm. He is passionate about promoting the importance and value of people in the digital workplace and beyond. Jarrod has a strong focus on philanthropy and regularly contributes to people-related causes with a focus on education, literacy and Indigenous storytelling.

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