EIGHT EXECUTIVE TRENDS FOR 2018

Leadership in a Transforming World

PageExecutive

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Welcome to the 8 Executive Trends for 2018

LEADERSHIP IN A TRANSFORMING WORLD

In a rapidly shifting landscape where our focus is constantly challenged, one thing will always ring true: change is constant, and those who adapt will be a step closer to success.

This has never been more relevant than it is now. Currently in its third edition, the 8 Executive Trends for 2018 explores the biggest challenges facing senior business leaders and executives today.

We investigate the 'horizontal' workplace and how it is driving engagement, and explore how the new commitment to diversity in the boardroom is creating stronger, more prosperous businesses. We consider how personalisation will affect supply chains, and how the rise of the 'social CEO' will boost engagement for both employees and customers.

The trends also examine cybercrime and crisis management in the age of social media, pinpointing how public opinion can rapidly affect the unprepared. Finally, we take a look at the future workplace and explore from where the next generation of CEOs are most likely to emerge.

In addition to pinpointing challenges for 2018, the 8 Executive Trends shed light on opportunities for businesses, particularly when it comes to engaging and retaining the talent that will take you forward. As your needs and focus evolve, our global team of 150 executive search consultants in 24 countries are uniquely positioned to help you capitalise on sector trends and see your business thrive.

On behalf of Page Executive, I wish you an inspiring read.

Steve Ingham
CEO PageGroup

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Trend 1

FLATTENING THE MANAGEMENT PYRAMID

How the digital age invites horizontal leadership

Fuelled by fierce competition for talent, there is a growing trend towards horizontal management in the workplace. What are the benefits? And how should executive leaders go about creating a flat, open culture that works well for their business?

The streaming service Netflix does not track how many hours employees work each day, nor how many holidays they take. "We leave it up to people's own good judgment," explains Netflix's Allison Satterlee. The company is a well-known example of the 'flat' organisations that have become so popular in the last decade.

For Netflix, the magic formula was a simple and compelling message: the only rule is that there are no rules. What's your expense allowance for a business trip? You decide. Who will sign off your project? Nobody – it is up to you and your colleagues to determine whether it meets quality standards or not.

It is a message that ties in perfectly with how younger members of the workforce view their ideal workplace. According to a recent survey of millennials (those who reached adulthood around the turn of the century), a towering 83% prefer a flat, transparent and flexible way of working.

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Since fewer management roles are needed with a flatter structure, organisations enjoy greater agility and can more easily empower their employees.

DRIVEN BY THE JOB MARKET

Horizontal management is by no means a new phenomenon. After all, even seventeenth century pirates democratically elected their captain and wrote their 'constitutions' collectively!

Coming up to date, technology companies were among the first to pioneer a horizontal approach to leadership, as a selling point for future hires. One of the reasons for the pivotal shift in management economics was the looming deficit in digital talent. With the rise of digital, it is no coincidence that horizontal leadership and similar ideas are firmly on the agenda.

Recent data by PageGroup show how companies are struggling to attract and retain tech candidates, with a clear shortage of Java developers in all major European Markets. For example, in October 2017 in France there were twice as many job adverts for these roles as there were candidates.

"The ratio shows there is a clear need for businesses to create the right environment for employees, instead of focusing on the right environment for managers," says Matt Mowlam, Global Digital Director of PageGroup.

Tech companies embracing a more horizontal structure are using digital tools to support this new way of managing. Google has introduced Google Moderator, a tool that allows anyone to ask a question during a worldwide online meeting and enables all employees to vote for which questions they would like answered. Twitter, Facebook and Nextdoor have similar online Q&A sessions with their employees.

HERE TO STAY

However, for every success story, there is a corresponding example of a business that has hit a roadblock and returned to a more hierarchical structure. Why then do companies continue to invest in flattening their organisation when there are no guarantees of a smooth transition?

The reason is simple: there are huge gains to be made in innovation and agility. The big tech players know that their future depends on employees who can help develop new products and services to meet competitive demand.

Matt Mowlam adds, "A flatter structure empowers employees, but it doesn't stop there. Since fewer management roles are needed, the model is highly cost-effective and has the added impact of making the organisation leaner and more agile."

These are compelling arguments, and for organisations committed to a flatter internal structure it becomes a question of not *if*, but *how*.

VARIATIONS ON A THEME

It's worth noting that, as always, one size does not fit all. In 'The Future of Work', Jacob Morgen describes four types of horizontal structures, of which the so-called 'flatter structure' is the most scalable for the majority of the companies.

A flatter structure does not completely abandon the traditional hierarchy, but opens up lines of communication and removes layers from within the organisation. Cisco, Whirlpool, and Pandora are just some of the corporate giants who are actively implementing this approach.

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> A flatter structure does not completely abandon the traditional hierarchy, but seeks to open up lines of communication and remove layers from within the organisation.

ADDRESSING GENERATIONAL AND CULTURAL GAPS

One big difference between the larger tech companies and most other organisations is their demographic. The average age of employees at Facebook, Apple and Google is 28, 30 and 31 respectively. The vast majority of their employees are millennials who are generally comfortable with flat structures and digital tools. For companies in other sectors, this is still not the case.

Leaders need to find a balance between the multiple generations in the workplace, each with its preferred way of working. According to a Boston College Center study, baby boomers feel much more enabled in a hierarchical structure and are less open to the use of digital tools. With a wide range of needs at stake, how can generational gaps best be bridged?

An additional challenge faced by multinationals concerns how the perception of authority has a strong connection to the prevailing culture. Dutch sociologist Geert Hofstede coined the term 'power distance', which he defined as "the extent to which the less powerful members of organisations accept and expect that power is distributed unequally". When Swedish managers were asked if they should have the answers to all the questions of their team, only 4% claimed that was important, in contrast to 47% of Japanese respondents.

THE RISE OF THE CHIEF CULTURE OFFICER

Increasingly, horizontal companies are appointing a chief culture officer (CCO), a role first introduced by Google in 2006. PageGroup's Matt Mowlam contends, "The rise of the CCO marks a shift in the way companies think about HR.

> A harmonised company culture minimises the risk of collateral damage caused by either a high turnover rate or disengaged employees.

Rather than having a traditional HR remit, CCOs are focusing on how to market the business in order to attract the right people."

In the early Noughties, few companies grasped the added value the CCO can bring. However, a CCO or equivalent profile is becoming a key figure in companies committed to building a collaborative and inclusive workforce. There is a sense that a harmonised company culture is a route to commercial success and minimises the risk of collateral damage caused by either a high turnover rate or disengaged employees.

For maximum impact, a chief culture officer requires the full support of senior management, but just as importantly should remain in close contact with employees. Cultures grow and develop from the bottom up. The challenge for CCOs and their senior colleagues is to influence that organic evolution.

KEY TAKEAWAYS

- Millennials prefer a less hierarchical, more transparent and flexible way of working
- A flat management structure better supports innovation and agility
- Four types of horizontal structure have been defined, of which the 'flatter structure' is the most pragmatic
- Differing generational and cultural expectations can be an obstacle in creating flatter organisations
- Increasingly, the appointment of a chief culture officer is intended to create a collaborative workforce

Trend 2

A PLACE AT THE TOP TABLE

In the drive towards gender diversity, the eyes of the world are on the boardroom

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An impassioned discourse around gender has come to frame and define the narrative of modern global society. Over in the boardroom, to what extent are debates around gender diversity and equality driving change?

Over the past 12 months, the issue of gender diversity and equality has rarely been off the front page. Having periodically bubbled to the surface for a number of years, it is suddenly top of the news agenda and our global consciousness.

Many of the examples have become so infamous that surely few can be unaware of their seismic impact: from the fall-out from the huge gender pay gap at the BBC and other UK organisations to the collapse of Hollywood's house of cards around shocking historical sexual abuse; from the evolution of understanding around self-defined gender identity and fluidity to individuals sharing their personal experiences of gender discrimination and harassment with the hashtag #metoo.

If 2017 saw the tipping point reached in highlighting discrimination in all its forms, then it is this year that society at large expects and demands to see real progress.

As a consequence, there's never been such scrutiny on boardroom targets around gender diversity; the theory being that if the balance is redressed at the top, this will filter down the corporate ladder.

WHAT'S THE CURRENT STATE OF PLAY?

According to a widely noted Deloitte report published last year, women account for 15% of seats at the boardroom table globally. This represents a 3% per cent rise compared to 2015, highlighting that progress is being made – albeit slowly and from a very low base.

Norway leads the world on parity in the boardroom, with 42% of board roles filled by women, with Sweden also high on the list at 32%. It's perhaps unsurprising that the more socially progressive Scandinavian countries appear in the highest echelons of the list of 64 nations. But they are hardly likely to be viewing the numbers as a success, given they all still fall below the perceived desirable 50/50.

It is also notable that in companies with a female CEO, 29% of board roles are filled by women, again suggesting that focusing on diversity and inclusion at the very top tier is the best way to facilitate change at more junior levels.

The Deloitte study found that 20% of boardroom roles are filled by females overall in the UK. However, the UK government's Hampton-Alexander Review, published in November 2017, is slightly more upbeat: the current figure is just under 28% for FTSE 100 companies, up from a low base of 12.5% in 2011.

IS SETTING QUOTAS THE RIGHT WAY TO GO?

Ambitious targets for equal representation in the boardroom are being set. The Women's Forum of New York has set a goal of a minimum of 40% of women on the boards of all Fortune 1000 and S&P 500 companies by 2025.

While setting targets, whether mandatory or voluntary, may be a laudable exercise, tracking progress and finding ways to attain these goals is far more complex.

This was one of the key topics of discussion at the 2017 Page Executive Women in Business event in Birmingham, UK. Interviewed at the dinner, Danuta Grey, Independent Non-Executive Board Director at PageGroup, suggested that the old adage 'What gets measured gets done' is a key point to remember.

However, Dame Denise Holt, who also spoke at the event and is Non-Executive Director at HSBC, cautioned against positive discrimination ultimately helping companies hit their targets. "Clearly you don't want someone on a board who just meets a target, who isn't competent to do it. However, [targets] do force organisations to find a better shortlist."

GATHERING MOMENTUM?

Helen Schwarz, Director at Page Executive, suggested that initiatives to improve gender diversity at board level are certainly gathering momentum. She commented: "We need to make it easier and more acceptable to balance career and family, ensure women get mentors,

> Staff, particularly those in leadership roles, need to know that they won't be punished when they make a mistake or take a calculated risk."
>
> *Esther Roman, HR Director, PageGroup*

KEY TAKEAWAYS

- In today's global markets, the benefits of a diverse workforce and leadership team are more evident than ever
- The rise of social media makes it easier for employers to share their stories of discriminatory workplace practices
- With the groundwork in place, there is now huge opportunity for a sea change in the boardroom
- Setting targets signals that boardroom gender diversity is to be treated as a measureable business objective
- To improve boardroom diversity, organisations need to review every aspect of their diversity and inclusion strategy

sponsors and career development, and create workplace cultures where women feel valued. As well as the consideration for existing employees, it also requires businesses to take on new and innovative approaches to access more diverse talent pools."

Esther Roman, HR Director at PageGroup, agrees and argues that improving a company's culture around diversity and inclusion needs to be married with appropriate leadership behaviours that promote the adoption of a culture built around fairness.

"Employers need to create an atmosphere of psychological safety in the workplace," she explains. "Staff, particularly those in leadership roles, need to know that they won't be punished when they make a mistake or take a calculated risk. If they have been discouraged from taking risks or speaking their mind previously for fear of upsetting the status quo, the knock-on effect is that it may have hampered career development, especially into the boardroom."

PageGroup's Danuta Grey agrees, concluding that a levelling of the playing field requires a multifaceted approach: "You have to look at recruitment and appraisal processes, and challenge your thoughts on the convention of what great leadership looks like – which isn't always a masculine model."

> You have to challenge your thoughts on the convention of what great leadership looks like."
>
> *Danuta Grey, Independent Non-Executive Board Director, PageGroup*

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Trend 3

THE RISE OF THE SOCIAL CEO

To get ahead and stay ahead, today's leaders need to make the right type of connections

A social media presence driven by a company's senior business leaders is becoming a critical tool in the battle for customers and employees. Led well, going social can overcome the restrictions some online platforms are placing on branded content, and boost sales performance too. Here's how to get started.

SEARCH FOR ALIGNMENT

In today's aggressive markets, leading companies are discovering that the best talent is attracted to employers who not only represent a logical career move in terms of compensation and benefits, but who also feel right by offering a close fit with their values.

The implication for the CEO is clear, according to PageGroup Executive Board Director Gary James: "Positive results now take place within positive company cultures. There's an expectation among people entering into the workforce that their work won't be just about showing up every day. Increasingly, work also has to offer us a sense of belonging."

This sense of belonging applies equally to customers, whose alignment with a brand's cause requires constant reinforcement. Customers will show most loyalty to those brands where there's an emotional connection, a bond that goes beyond functionality or value

> Increasingly, work also has to offer us a sense of belonging."
>
> *Gary James, Executive Board Director, PageGroup*

for money. When this works well, they may even go on to become champions for the brand.

With customers – and prospective employees – becoming ever more brand-sceptical and increasingly immune to hard-sell tactics, many CEOs choose avenues such as social media to present a less sanitised and more people-oriented view of the characters and issues driving their companies.

THE CEO AS SOCIAL MEDIA TRAILBLAZER

The most visible CEOs in the marketplace are clearly masters of social media. Popular for his columns on LinkedIn, Richard Branson personally checks social channels every morning. Meanwhile Air Asia's Tony Fernandes has 1.5 million Twitter followers, and gained considerable praise for his open approach following the loss of AirAsia Indonesia flight QZ8501 in 2014.

Using social channels has been one of the weapons in the armoury of Microsoft CEO Satya Nadella, who took over the helm in 2014. In three and a half years, the tech giant saw its market value leap by $250 billion – a transformative journey described in his 2017 book 'Hit Refresh'.

Many responded to Satya Nadella's personal account of his initial struggles coping with his son's severe cerebral palsy, which ultimately taught him the value of empathy. Elsewhere, he has written of the importance of empathy to the process of innovation within a company.

> The most visible CEOs in the marketplace are clearly masters of social media.

Yet what about situations where regulations restrict a leader from speaking freely? To overcome internal resistance, there needs to be an understanding between the company's social media advocates and its compliance or legal team about what will and will not be shared. Social media should not be about posting financial results; rather it's an opportunity to show the company's human side and give it a personality.

STRONGER SOCIAL PERFORMERS

Even in industries with a lower profile, CEO engagement through social can have a demonstrable boost to revenues. In a survey of the Australian financial services sector, Hootsuite found that organisations embracing social were 51% more likely to reach their quota – while 78% of social sellers outperformed peers who didn't engage in social media.

You might think that such examples would no longer be the exception to the rule in business. Yet despite the inherent benefits of utilising social media, it is surprising to find that many Fortune 500 CEOs still have no properly curated social media presence.

So what does an engaged company look like? According to Forbes'

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You really cannot grow your presence on social without everyone being actively involved."

Eamon Collins Group, Marketing Director, PageGroup

KEY TAKEAWAYS

- Building the brand requires an emotional connection with employees and customers
- Properly managed, social media is a critical weapon in encouraging engagement
- A business-wide social media strategy will help employees to support the company's objectives
- The legitimate concerns of compliance and legal teams must be addressed
- Social media advocacy platforms can be a key to circumventing ad-blocking software

report on the top 50 socially engaged companies, brands like Amazon, Google and Starbucks are leading the way in terms of social engagement – matched by annual growth rates of between 11% and 27%. Forbes' found that 93% of the list's executives understood the importance of engagement, with 88% of those companies leading in terms of customer experience having created a position responsible for customer engagement in the past year.

On the flip side, disengaged employees can be extremely detrimental to output – resulting in high rates of absenteeism, a lack of brand loyalty and lost productivity. A report notes that in Germany, 84% of workers are disengaged with their work – while absenteeism was 67% higher among actively disengaged employees.

MOBILISING YOUR PEOPLE

Advocacy works better when its start at the top. The Hootsuite research suggests that over 40% of staff social media performance can be attributed to the activities of executives.

Having modelled the way forward, wise CEOs will then invest in social advocate training so that their employees can join the social media conversation. They will provide clear policies and guidelines to help keep their workforce on message in supporting the company's objectives.

For PageGroup, building a successful social engagement platform has meant its frontline team shares quality content with ease. Dubbed Page Social, the platform netted the LinkedIn award for Most Socially Engaged Recruiter in 2017.

Group Marketing Director Eamon Collins explains, "It works through a mixture of serving our consultants a constant feed of content to share on trending topics across our disciplines – some of it generated by our in-house editorial team, some of it curated from elsewhere; and encouraging them to create and share their own content and join the debate on social."

He emphasises, "You really cannot grow your presence on social without everyone being actively involved."

There's a further impetus for this approach: with Facebook announcing in early 2018 that it would take a tougher stance on branded content, enabling more social advocacy and social sharing from within the organisation has become key to attracting more looks and likes.

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Trend 4

THE WORKPLACE OF THE FUTURE

How will automation and technology shape the demand for talent

Will the talent of tomorrow need to commit to a lifetime of learning? Could client meetings happen in virtual reality? One thing we know for sure: the workplace of the future requires strong leaders who are prepared to start thinking differently today.

Contemplating the future of work can be a fascinating exercise, as we envisage how and where future generations will do their jobs, and the innovations that might power our future workplaces.

As technological advances quicken and future-watchers respond in turn, the latest predictions are that the office of tomorrow will be enhanced by innovations such as greener and more oxygen-rich environments, also known as 'biophilic design', 3D-printing and robot secretaries.

However, few predictions address the fundamentals of how leadership and our use of talent might change.

ANALYTICAL TRANSFORMATION

One force sure to transform the workplace and the decisions taken there is big data. Indeed, a priority for senior leaders will be to tap into a supply of high quality data.

In an interview with PageGroup, Larysa Melnychuk, CEO and founder of the International FP&A Board, a think-tank for senior

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finance professionals, predicted that artificial intelligence (AI) and advanced systems knowledge will give leaders of tomorrow a clear, real-time understanding of the exact numbers driving company success or failure.

She says, "It's all based on key business drivers, and about those 20% of drivers that explain 80% of the results, and, obviously, this then drives changes." She cites a financial client in New York: where previously it took over a month to reforecast a balance sheet numbering in the trillions, it now takes under 36 minutes.

Key to this process, which she describes as 'analytical transformation', will be a growing need for advanced talent: including new roles for data scientists, information architects and storytellers who can help senior leaders to bring their strategy to life. These roles are likely replace those such as that of traditional accountant, whose work may soon be performed by AI-powered automation.

PROTECT PEOPLE OVER JOBS

There is no window-dressing it: the workplace of today contains many jobs that will be redundant tomorrow. That's a difficult message for today's CEOs, and one with serious implications for workplaces and educators alike.

Companies may not be able to ring-fence jobs that are made redundant by technology and automation, but they do retain a responsibility to their people, and for helping them to adapt and re-skill as new roles emerge.

There is a clear role for leadership during any transition phase. Laurence O'Neill, EU Core Infrastructure Coordinator for PageGroup notes that staying true to your service-centred path must remain a priority for CEOs: "While advancements in technology will shape the landscape of the future workplace, it will be up to people to ensure that we don't lose focus of what makes us human and up to future leaders to ensure they facilitate this way of thinking."

Similarly, at the individual level, staying ahead in the workforce of the future will demand that we continuously adapt and engage with others in that process, while retaining our core identity and values.

To protect livelihoods and maintain a competitive edge, our future leaders must be utilised for higher-order tasks, particularly finding new ways of answering our bigger problems, and building the models to help solve them.

Selling the idea to people that their formal education won't come to a halt in their mid-20s, and that work should become an arena of continuing high-level re-skilling, might require rethinking how we view our adult careers. And if our talent has to constantly head

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back to school throughout their careers, what other buttresses of the post-war workplace, such as the fixed working week, will also be dismantled?

TODAY'S ONLINE GAME-PLAYERS WILL CHANGE THE MARKETPLACE

Changing consumer expectations will also drive radical market change. As those currently immersed in playing games in online realms come of age, will they enter the marketplace demanding the same limitless immersion from everything from banking, to trading, meetings and e-commerce, all within one virtual marketplace? Time spent game-playing and analysing the games market may turn out to be time well spent.

There are already predictions that within a decade, most consumers will have a device in their pocket capable of delivering an impressive virtual reality experience. This could also help us overcome what Joss Godbold, Regional Director for Page Executive Australia, calls the "tyranny of distance" facing many global CEOs.

With an improved human-machine interface creating a more immersive experience, brand owners will have the potential to engage and connect emotionally with consumers in a way that today's senior leaders can only dream of.

> Brand owners will have the potential to engage and connect emotionally with consumers in a way that today's senior leaders can only dream of.

KEY TAKEAWAYS

- An analytical transformation will provide insight into the exact numbers driving business success or failure
- Plan your talent strategy around protecting people not jobs
- Craft your change narrative early, including (re)training key talent
- Tomorrow's workplace model won't be solely office-based
- Build the prospect of virtual reality and augmented reality experiences into your future service model

Trend 5

MANAGING THROUGH A CRISIS

How the first hours after an incident can determine success or failure

Organisations regularly encounter events such as natural disasters, cyberattacks, data breaches or professional fraud. They test the mettle of the most experienced leadership teams. How then can senior managers best prepare for and manage the impact of such events?

> Today's social media and the 24-hour news cycle intensify the pressure on any company in the spotlight.

Last year, businesses, universities, hospitals and other organisations all over the world were subject to an attack on an unprecedented scale: the biggest ransomware attack ever witnessed. According to Europol, thousands of computers in 150 countries were infected by WannaCry, a software program that encrypted systems and demanded a ransom of several million euros for the release of employees' personal data.

Events such as these can potentially bring companies crashing down. The reactions of senior leaders and the organisation as a whole in the first few hours can determine the chances of a successful outcome whereby the company's reputation and share price survive intact.

Organisations have always had periodic crises to deal with. The difference is that today's social media and the 24-hour news cycle intensify the pressure on any company in the spotlight and mean that lines of communication must be kept open and well managed at all times.

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What concrete steps can senior leaders take to ensure their company can survive the most catastrophic events and, just possibly, emerge all the stronger?

FIRST, BUILD YOUR CRISIS MANAGEMENT TEAM

Building a crisis team is a good start. The team should be 'community' based, representing stakeholders from the business, such as the CEO, heads of departments, the board of directors, human resources, and of course, media advisors.

Their role is to get to grips with the main areas of concern quickly and insightfully, and to ensure all employees are working as a single unit and that no one goes 'off message'. They are the first responders to any emergency situation, and so should be fully aware of their roles from the start, and be at the ready to implement a crisis action plan.

CREATE – AND TEST – YOUR BUSINESS CONTINUITY PLAN

Creating a business continuity plan is vital for any business looking to minimise the losses incurred by a forced cessation in trading or operation. The plan is essentially a response and recovery plan that assigns roles and responsibilities to people in key functions, allowing the company to stay operational in the face of massive disruption.

The plan will include a business impact analysis and risk assessment, two components needed to pinpoint the mission-critical functions and resources needed to maintain operations, as well as details of the internal and external threats, their likelihood of happening, and the possible damage they might cause. In this way, organisations can protect themselves from untold damage by being proactive in thinking the unthinkable.

Dieter van Mulders, Senior Executive Director at PageGroup's Barcelona-based Shared Services Centre, explains, "A business continuity plan for a multifunctional organisation has three important dimensions to be considered and balanced against each other – or that should be in sync when creating your plan. These are: the criticality of the service; the time of interruption; and the investment you want to make to secure the service."

He continues, "It can be a challenge to explain to an organisation or to a function that in the case of an emergency their department is not critical. For example, a finance organisation with 20 sub-processes and 110 people might need to cover only 4 sub-processes and can do that with 8 people. Only by bringing this focus to the table in advance can a manageable and successful business continuity plan be built."

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A business continuity plan has three important dimensions: the criticality of the service; the time of interruption; and the investment you want to make to secure the service."

Dieter van Mulders, Senior Executive Director, PageGroup Shared Services Centre

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> Organisations need to be sensitive to the power of social media, whereby bad news goes viral at the push of a button

Testing the plan is also key to understanding and evaluating its effectiveness, helping to ensure all employees, both those included in the plan and those outside of core functions, are aware of their roles. Testing the plan helps to keep it as a dynamic 'live' document, which will be amended as risks to the business evolve, ensuring it remains relevant and timely.

Alongside this business continuity plan, building a Media Relations plan will help to manage bad news in the immediate aftermath of an event.

BE PREPARED FOR A SOCIAL MEDIA BACKLASH

The instinctive response to a PR disaster might be to close ranks and deny any responsibility. But 'no comment' is not an option. Senior leaders need to step up to the plate and take ownership. If they are at least willing to keep an open mind and commit resources to a full investigation, they can limit the damage and turn things around.

This is especially so in age when almost everyone carries a camera in their pocket and the world is full of witnesses. Organisations need to be sensitive to the power of social media, whereby bad news goes viral at the push of a button.

Last year, the United Airline's stock price plunged after videos of a passenger being violently dragged off an overbooked plane circulated on the internet. It was only after an intense backlash and boycott threats that United belatedly took full responsibility. In the wake of this scandal, United's consumer perception rating dropped to a 10-year low.

Let's not forget either that social media is not just a conduit for spreading the story about your company. It can become the story itself, if not treated with care.

In one recent 'social media fail', Virgin Trains in the UK came under fire for a patronising response on its Twitter account to a complaint from a female traveller. Similarly, last year Adidas tweeted "Congrats, you survived the Boston Marathon!", which was widely perceived as insensitive in the light of the 2013 terrorist attack.

A proactive analysis of current vulnerabilities will prevent an organisation being swept into a reactive and potentially destructive spiral. Leaders with their finger on the pulse stand to benefit both as pioneers, and later on.

KEY TAKEAWAYS

- The reaction of senior leaders in the first few hours of a crisis can make or break corporate reputation
- It's essential to form a crisis team in advance that can quickly spring into action when an incident occurs
- Organisations should be prepared to be accountable when it is clear the fault lies at their door
- Leaders should be sensitive to the intense pressure brought about by social media
- Planning should take into account negative publicity generated by employees using corporate social media channels

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Trend 6

EVERYTHING IS PERSONAL

Personalised marketing could lead to a merging of the CIO and CMO roles

By leveraging Data, companies are able to personalise the sales journey of their clients and customers. But creating a successful personalised sales and marketing strategy does not come without its setbacks. How can companies overcome these challenges?

If you frequently fly with the low-cost airline EasyJet, you might remember receiving an email, showing a timeline with all your travel experiences in recent years: the date you went to Paris for the weekend, the flight home for Christmas and the last-minute trip to that ski-resort.

The campaign is often cited as one of the most successful examples of personalisation. The emails were based on a wide range of personal data that, collated, spun tales of travelling with EasyJet that were unique to each customer. Not only did the campaign highlight the individual travel experiences of their frequent flyers, it also captured their imagination by suggesting places they could visit next, based on their personal interests.

The effort that went into the extremely complex campaign paid off. The open rates were 100% higher than for their average newsletter and the click-through rates increased by 25%. Over 7% of customers who received the personalised mailing made a new booking within 30 days.

HUGE OPPORTUNITIES FROM PERSONALISATION

Expectations from personalisation run high. According to a study by the Boston Consulting Group, it

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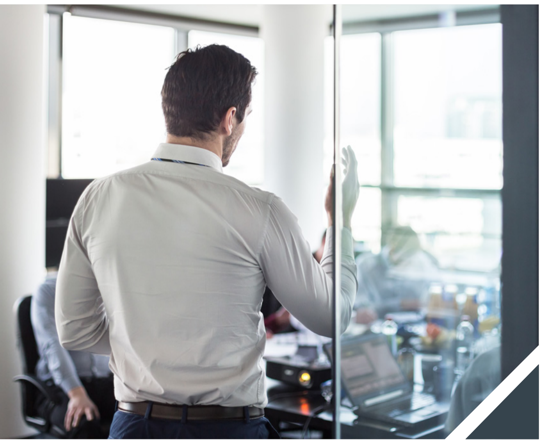

will push a revenue shift of some $800 billion to all the companies in financial services, retail and healthcare that manage to leverage big data analytics in the right way.

Two-thirds of all respondents in the study say they expect to see at least a 6% increase in annual revenue from personalisation. In some sectors, including technology and financial services, the figure is even higher, with companies expecting to experience increases of 10% or more.

BIG CHALLENGES TO LEVERAGING BIG DATA

It´s therefore no surprise that companies are allocating a large part of their marketing budget to digital marketing. The number of job openings for digital marketers grew by 460% worldwide last year, according to PageGroup data.

However, the number of companies actively using big data analytics to personalise their sales and marketing remains relatively low. The Boston Consulting Group survey concludes that 65% of companies are still using segmented or even mass-market approaches.

What is holding these businesses back from sharing in the proven benefits of personalisation? Many contend with organisational and cultural challenges that block them from collecting, analysing and leveraging big data to build a personalised sales and marketing strategy. The question is how business leaders should tackle this problem.

A KEY ROLE FOR THE CHIEF MARKETING OFFICER

One of the key figures to take on the challenge is the chief marketing officer. CMOs sit at the intersection of converting digital expertise and data analytics into consumer demand. They need to demonstrate an understanding of what drives customer demand and then align the firm's operations to act on this insight.

The higher expectations placed on the CMO are changing every aspect of the role: "There is growing need for a new set of skills and mindset," explains Paulo Gomes, PageGroup's Head of CRM Europe. "CMOs need to be tech-savvy, so they can create the technological vision for marketing. The CMO role needs someone who can combine marketing strategy with technology and analytics."

BRINGING THE BOARDROOM ON BOARD

Allocating budget for the necessary technology is not enough: a digital marketing strategy can be successful only if all the members in the boardroom are in agreement regarding the responsibilities of the CMO and then trust the CMO to fulfil them. The CMO needs to be free to take the decisions that are necessary to implement a digital strategy.

One of the most pressing issues when it comes to defining the role is the collaboration between the CMO and CIO. PageGroup's Paulo Gomes says, "With big data increasingly playing a key part in

> "The number of job openings for digital marketers grew by 460% last year, according to PageGroup data.

the sales and marketing strategy, these two roles cannot been seen as two completely separately entities any more. That's why these roles will most likely merge in the near future."

He continues, "The so-called chief marketing technology officer (CMTO) will combine the best of both worlds: as a data guru he or she will engage the other senior leaders and take them on this new data-driven journey. The CMTO will collaborate closely with the chief marketing officer, who will be responsible for the data analytics and the performance measurement of the marketing campaigns. As a team, they will lead the way to a new kind of marketing, where advanced technology helps them to get a better understanding of people and their personal needs."

It can sometimes seem as if there's a proliferation of 'chiefs' in the organisation. However, creating this role recognises the value of having an in-house architect of digital business solutions in a world where marketing has to take control of its own technological destiny.

KEY TAKEAWAYS

- Few companies actively deploy a personalised sales and marketing strategy
- Organisational and cultural challenges can be a showstopper for personalisation
- The chief marketing officer is the senior leader best placed to overcome those challenges
- To be successful, the role of the CMO must be well defined
- The role of the CIO and CMO could merge into that of 'chief marketing technology officer'

Trend 7

HOUSE OF CARDS?

Doing business in the age of cybercrime

With attacks on businesses and governments a daily occurrence, cybersecurity is a growing concern. The huge fines proposed by the EU's General Data Protection Regulation (GDPR) and attacks on digital infrastructure ensure that cybercrime will persist as headline news. What preventive measures should executive leaders consider?

EXERCISING CYBER DUE DILIGENCE

As we are in the era of Data, we are in the era of hacks. By even conservative estimates, the cost of cybercrime is expected to more than double over the next few years. The long-term reputational costs of falling victim to an attack are harder to measure, but just as critical.

The predicted explosion in interconnected devices (the Internet of Things) will leave companies and their networks more exposed than ever.

The key questions are applicable across all sectors, creating a useful checklist for M&A transactions:

- What information is key to revenue?
- How is information collected and stored?
- How is it protected?
- What is the company's cyber risk profile?
- Has the company been hacked before and how did it respond?

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CLOUD COMPUTING IS NOT THE ANSWER

Michael Reed, Technical Lead for PageGroup, explains that using external, cloud-based solutions for IT operations does not protect businesses from data breaches or relieve them of their responsibility to protect data.

> Many companies now use outsourced and cloud-based services. This does not diminish their responsibilities to ensure data is protected and secured from misuse or breaches."
>
> *Michael Reed, Technical Lead, PageGroup*

He notes, "Many companies now use outsourced and cloud-based services to manage large parts of their IT operations. This does not diminish their responsibilities to ensure data is protected and secured from misuse or breaches, nor does it allow local regulations to be bypassed by storing data in overseas locations."

The Uber hack is a stand-out example here. In a headline-grabbing data loss, 54 million people were affected when attackers were able to access information held on cloud-based Amazon Web Services. The issue was compounded by Uber's payment of 86,000 euros in hush money to the criminals.

WHO HAS RESPONSIBILITY FOR CYBERSECURITY?

Information technology has often been seen as the domain of the CFO, mostly because it has often been regarded as a capital outlay to be justified. But which senior leader(s) should take overall responsibility when it comes to cybersecurity? Where does the buck stop?

There is no doubt that responsibility lies with the senior management team, with the CFO often taking the lead on cybersecurity from an enterprise risk management perspective, allowing the deployment of tried and tested frameworks, processes and strategies to protect the company.

However, at PageGroup, we have observed that some client companies are taking a different approach. As Louis Botha, Director of Information Security for PageGroup, explains, simply having defences in place is not enough. The issue is more than complex, as threats change rapidly and emerge from multiple sources.

He comments, "Recent ransomware attacks have crippled several large, well-defended multinational firms, which begs the question whether the CFO is close enough to this topic to fully understand the complexities involved. The result is that we are seeing the emergence of the board-level chief information security officer (CIO) role, bridging

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> We are seeing the emergence of the board-level chief information security officer role, bridging the gap of understanding between the business and technology."
>
> *Louis Botha, Director of Information Security, PageGroup*

the gap of understanding between the business and technology and holding the company leadership to account."

Companies are increasingly aware of the need to set up a dedicated security team with the essential knowledge and skills to combat the risk posed by cybercrime. As noted, defence is not enough: the team needs to adopt a proactive approach, ensuring that they are well versed in intrusion prevention and detection. They must be positively fanatical about rooting out flaws and vulnerabilities in the IT infrastructure.

PageGroup's Michael Reed adds, "The use of regular security penetration tests by external companies to check for vulnerabilities is also particularly useful, as they are closer to new and evolving exploits or risks."

As cybersecurity is a company-wide issue, user behaviour also must come under scrutiny. Senior managers must heighten their employees' awareness of risk, underscoring the importance of strong passwords and training them to engage only with emails and attachments from verified senders.

RECOVERY PLANS KEY TO SURVIVAL

As our lives and businesses move deeper into the digital world, more of our data becomes valuable. Nation states, often with extremely large budgets, are increasingly using cyberwarfare to augment their traditional offensive strategies and modern businesses can be caught in the crossfire.

Cyber-attack becomes no longer a question of if, but when, and organisations need a plan and playbook in case the measures outlined above fail to prevent the unthinkable.

Recovery for an organisation after a cyber-attack could be as simple as restoring data from a server and rebooting company websites, or it could be a complex rebuilding

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> Cybersecurity is a company-wide issue, so user behaviour, too, must come under scrutiny. Senior managers must heighten their employees' awareness of risk.

of key IT systems and painstaking regeneration of lost business data, which could take months.

The American National Institute of Standards and Technology (NIST) recently published a 'Guide for Cybersecurity Event Recovery', giving suggestions for the recovery playbook. The guide recommends maintaining an up-to-date list of key organisational people who know the systems your business needs to run; documenting and understanding the key data for your organisation; identifying who will recover this data; defining the overall plan including communications efforts, and monitoring all your assets during the process.

THE GDPR RAISES THE STAKES

Let's not forget that the GDPR is set to raise the stakes for all businesses and organisations, wherever they are based, holding data on EU citizens and residents. It brings an expanded definition of what counts as 'personal data' and swingeing penalties for non-compliance and breaches, with fines for the most serious infringements of up to 4% of annual global turnover or €20 million, whichever is greater.

Clearly, today as never before, data security is not an issue that can be left on the back-burner or delegated to junior teams. Senior leaders need to take ownership.

KEY TAKEAWAYS

- Senior leaders must lead by example, modelling best practice and providing employee training on cybersecurity
- Cyber-attacks hugely impact share price if not well handled
- Long-term reputational damage is another likely consequence
- Plan for the worst by creating a cyber-attack recovery playbook to ensure company trading continues
- The stringent requirements of the GDPR put data security squarely on the corporate agenda

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Trend 8

IDENTIFYING YOUR NEXT CEO

A rapidly changing operating environment demands a CEO with a different kind of CV

The speed at which technological innovation is transforming our daily lives is exceeded only by the impact it is having on businesses. The responsibility for overseeing this change falls on the world's CEOs and it will be their response and decisions that ultimately decide the fate of the businesses they lead. What skills and values is the Board of Directors looking out for in 2018?

This change is not confined to any single sector; the commercial landscape continues to evolve and the role of a CEO is as much to be the custodian of change as anything else. A Forbes CEO outlook report notes that globally 71% of CEOs consider the next three years to be more critical for their industry than the whole of the previous fifty.

CEOs are under unprecedented scrutiny. As they steer their organisation through often stormy waters, they must be customer facing, politically minded, social influencers and brand ambassadors. Rapid change and widespread uncertainty bring huge challenges and those willing and able to adapt are the ones best placed to succeed.

In this new world of economic and political uncertainty, social media exposure, corporate responsibility

> Rapid change and widespread uncertainty bring huge challenges. Those willing and able to adapt are the ones best placed to succeed.

and rapid transformation, how is the role of the CEO changing, and from which business functions are we likely to see future CEOs emerge?

THE DIGITAL REVOLUTION CREATES OPPORTUNITIES FOR THE CIO

A new skill set is required of the CEO when business is increasingly driven by technology, which brings both opportunity and threat. CEOs currently in post are unlikely to be digital natives. In contrast, those CIOs and CMOs who have spent their careers witnessing and driving drastic change in their field are perhaps best placed to take the helm of organisations that are most impacted by the digital revolution and undergoing fundamental change.

"The focus within many businesses is moving away from traditional areas and is engaging more and more in the realm of technology and digital," explains Joss Godbold, Page Executive Regional Director for Asia Pacific. "This is heavily influenced by UX/CX, that is, the user experience and the customer experience, with increased customer focus, mainly driven by a desegregation of where customers are coming from and how consumers engage with businesses nowadays. As a result, CEOs from technology and digital backgrounds will become more common."

Marketing has not typically been a route to the top. However, in the modern world of metrics, measurement and technology, marketers are now able to show tangible evidence of their contribution to profitability and growth. What is more, they are likely to be tech savvy and have a solid understanding of the customer base. That's a powerful combination in the modern business environment. Currently, 21% of European chief executives have a marketing background, second only to those with a finance background.

COMMERCIAL EXPERIENCE FAVOURED

In the APAC region, companies tend to be more comfortable with a commercially-minded CEO. When a business leader is appointed, those from a marketing, procurement or operations background are often pipped to the post by someone with commercial expertise.

This is likely due to the rapid growth in the region's many emerging markets. Businesses seeking to push growth are more confident that a leader with a strong commercial background will be able to achieve their ambitious targets.

> In the modern world of metrics, measurement and technology, marketers are now able to show tangible evidence of their contribution to profitability and growth.

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> Focused on business growth, those from a marketing, procurement of operations background are often pipped to the CEO post as companies continue to prefer hiring business leaders with past commercial expertise.

Again in APAC, consumer-driven organisations are likely to favour the appointment of chief executives who exhibit sales acumen. However, they are now becoming more open to considering heads of digital or marketing.

The type of company, how it interfaces with its customer base and where the interaction takes place can be a factor here. An enterprise that conducts a large part of its business digitally is far more likely to appoint a CIO as chief executive than a company reliant on a 'boots on the ground' salesforce, where someone commercially minded usually heads the list.

This is not so much the case in established Western markets, where growth is slower and more established companies show more confidence in promoting leaders with an operations or finance background. In the UK, 50% of FTSE 100 leaders have a finance, accounting or financial services background.

SELECTING A SAFE PAIR OF HANDS

A potential barrier to the promotion of a wave of CEOs from new business areas is that company boards tend to be highly risk averse. If the ultimate test of a CEO is the bottom line, then it stands to reason that the individual or business function that has the most impact on profitability represents the safest pair of hands.

One of the world's largest companies certainly thought so when Apple appointed Tim Cook to the position in 2011. Bringing his procurement background to the fore, he implemented wholesale changes at the ground level that have helped the company habitually post record profits during his tenure.

> The capacity to manage rapid change, combined with appropriate interpersonal and leadership skills, is a powerful combination in a modern CEO."
>
> *Simon Nolan, Head of Practice Consumer, Page Executive UK*

"There is a very significant focus on adaptability and change management," notes Simon Nolan, Head of Practice Consumer at Page Executive UK. "The capacity to manage rapid change, combined with appropriate interpersonal and leadership skills, is a powerful combination in a modern CEO."

APPOINTING IN THEIR OWN IMAGE

Culture fit remains a huge factor and even though business need is often now moving away from traditional areas and toward the realm of technology and digitisation, there can be a tendency for decision-makers to take the perceived safe option and appoint from within their own industry. Unfortunately, this approach leaves scant room for innovation and fresh thinking, which are more likely to be injected if the new CEO brings experience of a different business area or sector.

Most modern CEOs and other senior leaders would insist that their skills are highly transferable and that the role of a leader is to get the best from all business functions. Looking outside the traditional areas for new leadership, therefore, becomes fundamental to business evolution, innovation and, ultimately, survival.

KEY TAKEAWAYS

- A successful CEO must foster and embrace change and innovation
- Today's senior leaders need to grasp the opportunities that technology affords
- The selection of a CEO is subject to a wide array of considerations, including the company's growth ambitions
- Being too risk adverse in selecting a CEO can lead to the organisation becoming stagnant
- Despite some industries remaining conservative in their choice of CEO, many are widening their search for candidates for the top post

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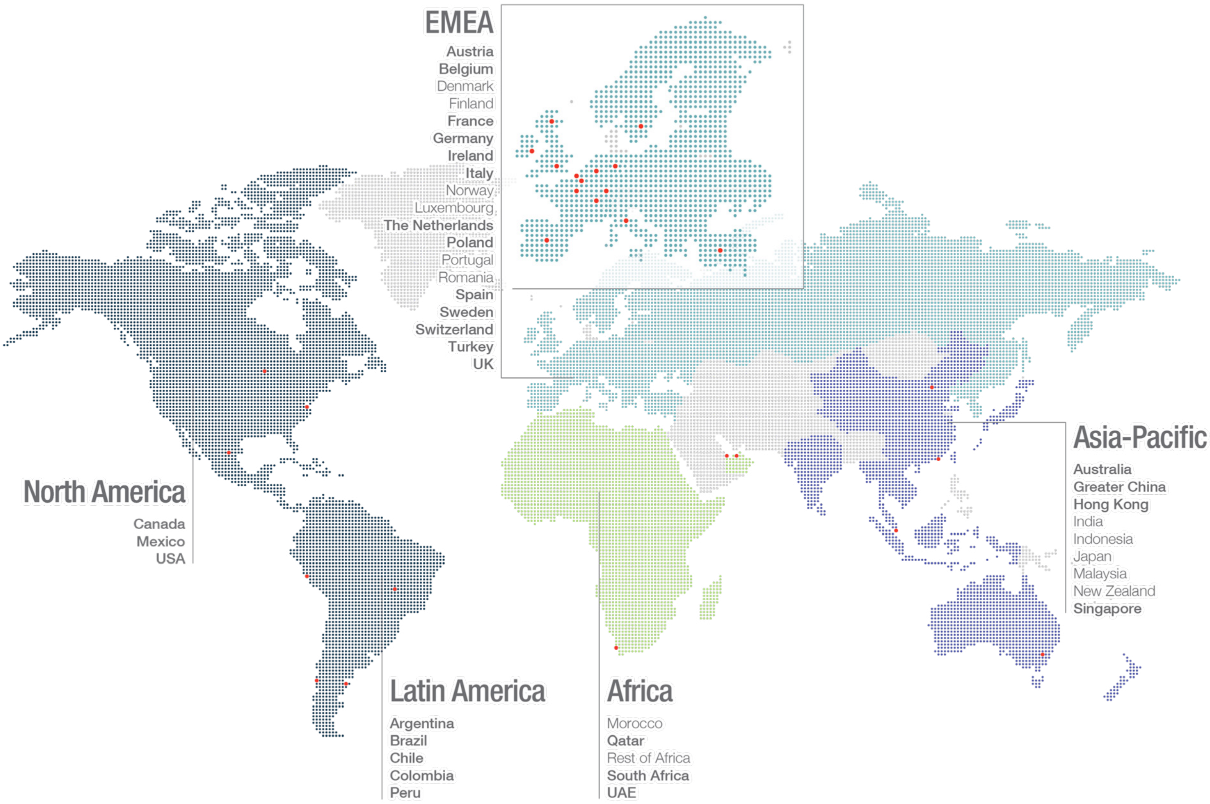

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