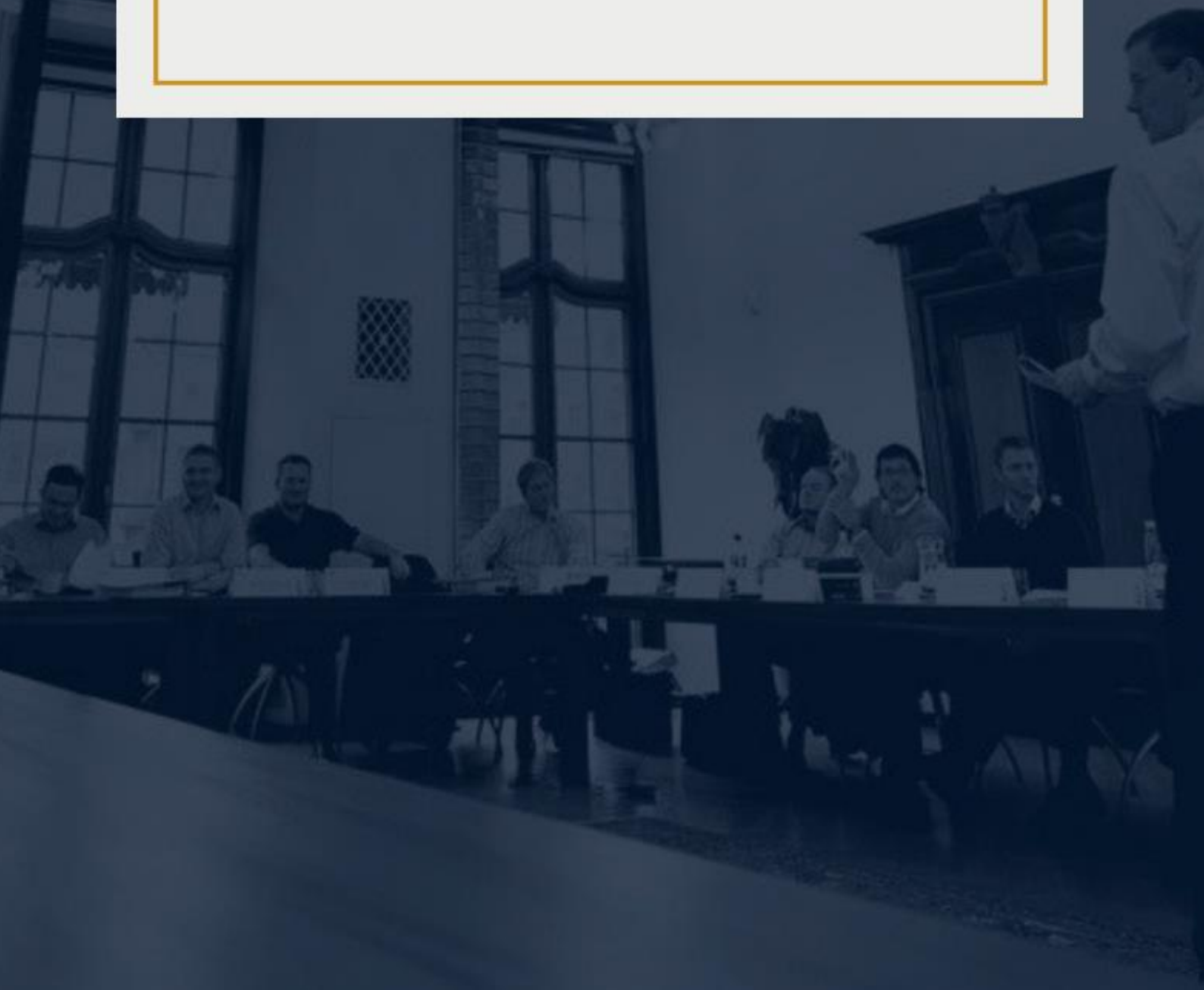


**BUSINESS INSTITUTE**

**CEO NOW  
LEADERSHIP REPORT  
2018**





# CEO NOW Leadership Report 2018

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*"The impact of tendencies on business leadership has reached dramatic proportions over the last decade, leaving managers insufficiently prepared to navigate in the tendencies' landscape. Executives, who are trained in disciplines that were highly relevant 3-5 years ago, find themselves ill-equipped to make decisions that guarantee success, and which will pave the way for sustained organizational growth. The implications are clear; every company needs to re-tool its talent to rapidly integrate new skills into the workplace of acceleration and improve the effectiveness, so that it is possible to keep pace with the speed of change.*

*The managers' inability to navigate in this inconstant world can be expressed through the acronym 'VUCA', which consists of the following components: volatility, uncertainty, complexity and ambiguity. The term originates from the military world, but it has now been adopted by the management world since the acronym encompass the powers that managers face today and in the future.*

*At Business Institute, we want to create insight, understanding and a broad perspective, so a direction can be set, and space can be created for development and drive. To support that imperative, we have conducted a comprehensive survey among Danish managers this year and completed an analysis of the forces and dynamics that are most urgent for businesses to respond to. We have also evaluated megatrends in a global context to provide an even more far-reaching perspective on how the business environment will change over the coming decade.*

*Our aim is that our synthesis of research, as reflected in this Leadership report, can create a coherent understanding of, as well as insight into, current and future leadership challenges. The report*





***serves as foundation for Business Institute’s contribution to the current and future dialogues on expectations for contemporary leadership in a complex world.”***

*- Lars Ib, Rector of Business Institute*

## Table of contents

Purpose .....	5
Setting the scene.....	6
The creation of the report .....	8
5 Global Megatrends .....	9
Megatrend 1: The shift in economic power from the West to developing countries...9	
Megatrend 2: Climate change and lack of raw materials.....	9
Megatrend 3: Aging and social change.....	9
Megatrend 4: Technological breakthroughs.....	10
Megatrend 5: Rapid urbanization.....	10
The most important tendencies of the external .....	11
environment in a global context.....	11
Globalization .....	11
Counter-reaction to globalization.....	13
Multilateralism .....	13
New potential markets.....	14
Climate change.....	14
Equality .....	14
Will the future be human.....	15
Unpredictability of technology.....	16
Responsible Stewardship.....	16
Specific adaptations that companies can make to fully .....	17
access the potential of digital transformation .....	17
The organization of the future - Smart Business.....	17
Augmented Reality as a Strategy .....	17
Hub economy.....	18
Cultivation of curiosity .....	18





Global Leadership Tendencies ..... 20

- The great importance of risks ..... 20
- Become the next Bitcoin ..... 20
- Think like a surgeon ..... 21
- Ditch the winner’s-gene and think inexpensively ..... 21
- Acceleration ..... 22
- Exponential development ..... 23
- Innovation without limits..... 23
- Strategy behind innovation..... 23
  - Implications of Singularity University’s research ..... 24

Recommendations from the Management Commission..... 25

The manager’s own perspective towards 2020 ..... 27

- The manager in a VUCA age ..... 27
- The manager’s challenges towards 2020 ..... 30

Summarizing model ..... 33

Conclusion ..... 34

Business Institute’s Accreditation Council..... 36

- Co-creation loop 1..... **Fejl! Bogmærke er ikke defineret.**
- Co-creation loop 2..... **Fejl! Bogmærke er ikke defineret.**





## Purpose

At Business Institute, we are committed to educate Denmark's most visionary and committed business managers and prepare them to excel at managing in an environment characterized by high complexity. For this reason, Business Institute has a clear ambition to encapsulate the current leadership challenges and outline the trends that are driving the urgent need for change. Our research methodology reflects a continuous search for new insights, collected annually through both surveys of business managers as well as secondary research focused on emerging tendencies. The analysis is summarized in this report: the 'CEO NOW Leadership Report 2018'.

The purpose of the 'CEO NOW Leadership Report 2018' is to document both present and future leadership priorities at a national and international level.

Additionally, we aim to ensure that all of Business Institute's educational programs reflect the highest level of current thought leadership and 'Useful Education' in a time of volatility, uncertainty, complexity and ambiguity.

Input for the 'CEO NOW Leadership Report 2018' comes from the following sources:



Find appendices for this leadership report at [business-institute.dk](http://business-institute.dk) under the menu 'Accreditation Board' → 'CEO NOW Ledelsesberetning 2018'.





## Setting the scene

Business Institute's 'CEO NOW Leadership Report 2018' is structured as a topical view of top-of-mind issues affecting opinion makers globally and nationally as they look towards 2020.

What is the focus, and what is it all about?

The 'CEO NOW Leadership Report 2018' addresses topics supporting the strategic focus as described above:

- A. A description of the most important global megatrends
- B. A global perspective of the most current tendencies
- C. A global view of top-priority and urgent leadership tendencies
- D. Recommendations by the Danish Management Commission - a national perspective of the concept 'good leadership'
- E. Managers' perspectives on how to best prepare for 2020

The 'CEO NOW Leadership Report 2018' is designed as a compendium of insight and themes related to the above-mentioned elements. Although there are potentially cause and effect connections among many of the elements, it is not the report's intention to construct this context.

The purpose of the existing input is to provide the basis for a leadership discussion at all levels and to equip the individual organization and manager for the coming change, laying the foundation for discussion and action based on the following questions:

1. Which megatrends have an impact on our framework conditions now and in the future?
2. Are there megatrends that are significant to us, which are NOT included in this report?
3. Which global tendencies in the external environment are important now and in the future?
4. Are there global tendencies in our external environment that are significant to us, which are NOT included in this leadership's review?
5. Which opportunities and threats does the chosen megatrends and global tendencies entail for us now and in the future?
6. Which leadership shifts must become central components of our own development in order to be equipped for tomorrow's market opportunities?
7. Are we seeing the same challenges as other managers as we look toward 2020?
8. Can we construct our own leadership mindset to engineer in reverse topical priorities based on the future we see ahead, so we can provide effective leadership to our teams and high-impact strategy to our organizations?



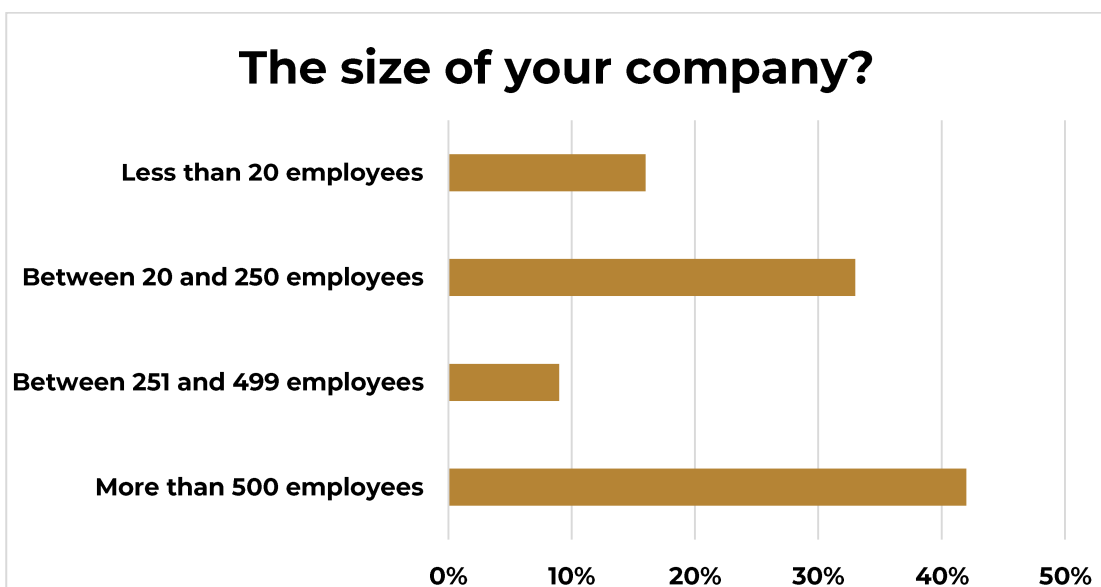
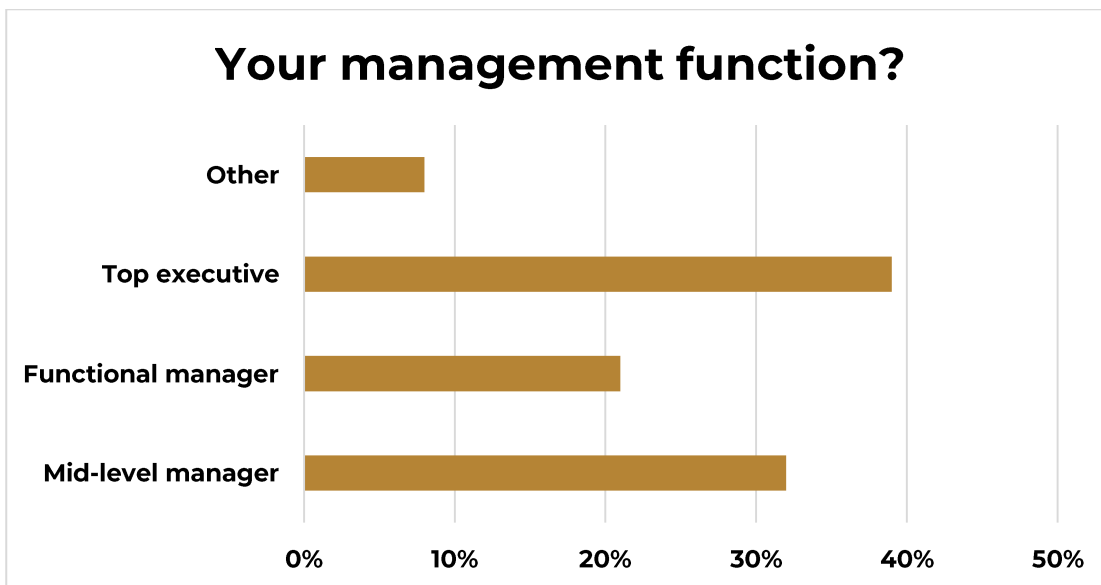


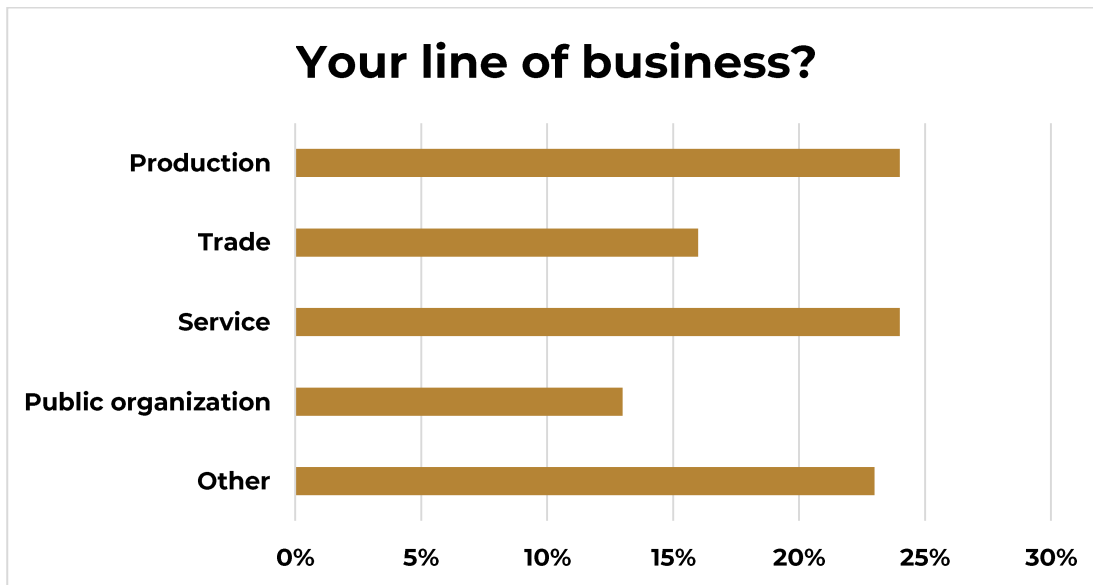
Answering these questions might feel disruptive to our current norms in the short-term, but at the same time it will force us to confront the new realities of the complex world ahead.

The basis for this leadership report is two-pronged:

- The first part consists of a systematic coverage of the most central megatrends through the collection and processing of data from the key secondary sources in the 'CEO NOW Leadership Report 2018'.
- The second part consists of the results from a survey of current managers (The survey was sent to approximately 1.200 managers and we received 250 responses.)

The composition of the respondents is very diverse:





## The creation of the report

This leadership report is made through investigation of contemporary and future trends and tendencies in a national as well as international perspective. Following, the report has been presented to Business Institute's Accreditation Council and the other participants at an event at 22. October 2018.

During the event, the participants participated in a co-creation process with focus on the report's content, which has resulted in two summaries: one from the council's closed meeting and one from the open meeting.

A presentation of the Accreditation Council and the two summaries can be found on page 32 – 34 in this leadership report.





## 5 Global Megatrends

The 'CEO NOW Leadership Report 2018' has its main starting point in the 5 megatrends which are globally acknowledged. In 2016, PricewaterhouseCoopers (PwC) composed a report that identifies the five main megatrends of today. This report is linked to a report composed by the UN in collaboration with Willis Tower Watson 2017, in which they also describe and explain the five megatrends based on expert opinions and a worldwide survey.

In this context, the definition of a megatrend is: a globally recognized macroeconomic and geostrategic force that affects our world today and is expected to shape and transform our future for many years to come. The five global megatrends are:

1. The shift in economic power from the West to developing countries
2. Climate change and lack of raw materials
3. Aging and social change
4. Technological breakthroughs
5. Rapid urbanization

### Megatrend 1: The shift in economic power from the West to developing countries

*For many years, the geopolitical and financial power has been in the West, North America and Western Europe. However, a change of power can be foreseen, as countries like Asia and Africa can expect more global power and influence in the future.*

### Megatrend 2: Climate change and lack of raw materials

*On a global scale, the climate is changing, and this is particularly a result of man-made influences through our carbon emission into the atmosphere and the high consumption of the Earth's limited resources.*

### Megatrend 3: Aging and social change

*Demographic changes are clearly traceable to the Earth's population, which also means changes in our society. There is an unprecedented distribution of age groups, and the society have not yet adapted to the implications this may have.*





## Megatrend 4: Technological breakthroughs

*Technological breakthroughs are already affecting our society today, and this impact will undoubtedly continue in the following years. In the UN's study, technological breakthroughs were estimated to be the megatrend that will change our society the most in the next 10 years.*

## Megatrend 5: Rapid urbanization

*People are moving to the cities like never before, and especially the increased automation of food production indicates that even more people will leave the small urban communities in favor of the city life. It is estimated that up to 72% of the world's population will live in cities in 2050.*

In the 'CEO NOW Leadership Report 2018', the basis for all transformation - both in the leadership universe and in the uncovered tendencies in the global environment - is that the requirement of change comes from the global megatrends.



## The most important tendencies of the external environment in a global context

In this context, global tendencies are seen as events that are reflecting topical themes. These tendencies are an expression of the themes and topics that experts and opinion makers are most focused on during this period. Our intention here is to deliver the themes that the sources forming the leadership report have had the HIGHEST focus on during this period. Hereby, we recognize that there are MANY and already existing tendencies that also influence both society as a whole as well as **business** and commerce.

### Globalization

A number of tendencies focus on the counter-pendulum on the megatrend we have seen over the last 30 years: globalization. Here, a growing counter-pressure is experienced in the form of protectionism. And exactly in that perspective, we see a series of new tendencies that place themselves more in the middle of the field to ensure a greater balance of the globalization.

Business executives are in full swing of adapting to a new worldview; a worldview, in which Brexit is a reality, Donald Trump is president in the United States, and radical right-wing policies in Europe reflect the growing dissatisfaction with the free movement of trade, capital, people and information. The traditional open markets in the United States and the United Kingdom are experiencing resistance, and China is emerging as globalization's champion. Among the world's business managers, there is doubt about whether to go from internationalization to localization.

But is withdrawal the right choice for companies in these uncertain times? There is a strong argument to be made against protectionism, supported by the notion that protectionism only restricts the companies' ability to create value between nations.

By contrast, more nuanced crafting of corporate multinational strategies and organizational structures is in order, based on targeted focus on key emerging markets as a strategy that can provide competitive corporate advantage. Change the focus from all regions to just a few, but most importantly, you must ensure that you not only





extract, but actually create value (World Economic Forum - Davos 2018, Harvard Business Review, International Monetary Fund).

In addition to reevaluating globalization strategies and optimizing the formal structures, companies should also renew the tools that strengthen the connective tissue throughout the whole company; including a strong culture, internal diversity and mobility/agility.





## Counter-reaction to globalization

We are all connected through the online world. Every day we see many of the same news. We face many of the same problems. Globalization has led to the breaking down of borders, better and faster communication opportunities, better cross-border trade opportunities and more cooperation between countries and organizations despite differences. Thus, when thinking about the long term, globalization is a source of creating shared interests and making a collective difference in the world.

Nevertheless, it seems like countries and companies increasingly look inward towards their own interests, instead of creating a common voice and integration. If this trend continues, a counter-reaction to globalization can truly be created, and such an event may have catastrophic consequences. As we now have experienced to become connected, we may be split apart, and this can become a source of hostility because it will become difficult to understand the views and cultures of others again (World Economic Forum - Davos 2018, Harvard Business Review, International Monetary Fund).

## Multilateralism

*“Ever since the Roman Empire, ever since the Chinese Wall, we know that shutting ourselves off doesn’t help.” - Angela Merkel*

During this time, where the Great Britain and Northern Ireland withdraw from the EU, where Trump builds a wall at the Mexican border, and where countries like North Korea close their ears from global advice and orders, the counter-reaction to globalization seems like an alternative that many countries are beginning to embrace. But how do we ensure that the counter-reaction does not occur? And what can business leaders do to stem the tides of resistance to global openness?

The answer lies in the concept of multilateralism. This term includes the processes of structuring relationships between multiple parties; organizations or states. Several of the speakers at Davos 2018 used the term when they talked about a better future with a common goal (World Economic Forum - Davos 2018).



## New potential markets

A theme that recurred in several speeches during Davos 2018 was the potential to focus on new geographies and new market segments to expand business impact. For example, companies can look toward developing countries, where there is massive potential for creating new sources of revenue, as these countries gradually acquire new technology. The Internet itself has been assessed to have a potential to generate more than 2.2 billion in GDP, and, additionally, has the potential to create more than 140 million new jobs (Theresa May).

Through the strategic acquisition of customers in previously under-served markets, companies can make a big difference to those people, as they can raise their income through development in technology and jobs. Additionally, business expansion into underserved markets could have a secondary positive effect: reducing economic inequality. (World Economic Forum - Davos 2018, Harvard Business Review, International Monetary Fund).

## Climate change

We all have the responsibility to acknowledge that climate change is real and that businesses need to play a significant role in addressing the implications and preventing the acceleration of the forces that cause climate change. We owe it to the future generations to take action now.

Many people talk about the period from 2018-2020 as a period where something really needs to be done, so that we can be more responsible about our planet. This tendency shows more 'call to action', in relation to the megatrend of climate change and a lack of raw materials. Additionally, this tendency and megatrend has a focus on the UN's world goals for sustainable development (World Economic Forum - Davos 2018).

## Equality

In 2016, \$58.2 billion was used for investment in start-up companies led by men. Contrastive, newly started companies led by women received \$1.46 billion from investors. World Economic Forum argues that progress must be made to bring greater balance to the equation by actively promoting women as leaders within





existing companies and supporting female entrepreneurs on a global basis. Gender equality is a very central issue to a broad spectrum of issues including:

- Initiatives focussing on education as an incentive for gender equality
- Focus on utilization of women's capabilities and contribution in the work force

(World Economic Forum - Davos 2018)

## Will the future be human

*“In the coming generations, we will learn how to engineer bodies and brains and minds. This will be the main product of the economy.” - Yuval Noah Harari*

For centuries, the world economy has been controlled by physical products; of things that went from hand to hand. Today, we are moving into a world where data has become the most important economic object. Think about it; today, data has become its own form of “currency”, driven by an exponentially larger collection of data and information available about a person than ever before. Data on health, social activities, well-being, habits, purchase decisions, and personal preferences is more readily mined, scanned, shared, and evaluated, with implications that are both rich with positive possibilities (for example, personalized medicine) as well as potentially darker outcomes (threats to privacy, and loss of control). The economy of the future will, thus, be controlled by the people who own the most data (Sundur Pichai) (Yuvel Noah Harari).

It is within the megatrend 'Technological breakthroughs' that we see new social norms that drive new thinking about business fundamentals. At their core, trends, innovations and advancements in technology present challenges to managers and decision makers on multiple fronts. Within the context of responding to emerging technologies, integrating artificial intelligence (AI) and machine learning into business models, and transforming companies, managers need to revisit core questions including the role of people in a world where computation and technology has reached massive proportions, framing a key question for all leaders: "Will the future be human?" (World Economic Forum - Davos 2018, Harvard Business Review).



## Unpredictability of technology

The rapid acceleration regarding today's tech revolution and the potentially sinister

implications of technology disruption drives both excitement as well as fear. Faced with an unpredictability as well as the knowledge that technology gone awry could lead to widespread, negative social, economic and political impact, business leaders can easily become paralyzed with uncertainty on how to lead. Many of this year's speakers at Davos 2018, therefore, express that we should realize and recognize that technologies such as AI will change our world and approach to trade (World Economic Forum - Davos 2018, Singularity University).

## Responsible Stewardship

As Ginni Rometty, CEO of IBM, expressed at Davos 2018, we have to realize that technology will become a regular part of everyone's work life. Therefore, it is also important to focus on three factors within what is called '*Responsible Stewardship*':

1. We must have a clear purpose and transparency when handling technology. This means that everyone must be aware that the purpose of technology is to achieve a collaboration between human and machine. Therefore, everyone must know which implications new technology can have in the form of data, processes etc.
2. We must all be aware that we live under data principles. We need to be explicit and transparent in our policies about the use of data. What can and should data be used for on a personal level, a corporate level, or within a larger political arena?
3. We need to prepare the workforce for the impact of technology. This means that innovative and accelerated training becomes a focal point, which will enable the workforce to continuously handle the development of technology.

(World Economic Forum - Davos 2018).







## Specific adaptations that companies can make to fully access the potential of digital transformation

### The organization of the future - Smart Business

A Smart Business consists of an ecosystem of stakeholders that have one common goal. All activity in this ecosystem is coordinated through an online network that uses

machine-learning for real-time data management. Enabled by automation, a Smart Business can quickly and dynamically adapt to market changes or changing customer needs, as algorithms control business decisions. The algorithms can quickly change

existing software if there are indications that this will benefit the company. In that way, this organizational structure has a huge advantage over the more traditional company that manually has to make these changes.

The trick with a Smart Business is that the longer the company uses an algorithm, the better it will perform due to the ongoing modifications of the algorithm (Harvard Business Review).

### Augmented Reality as a Strategy

Augmented Reality is the technology that enables transformation of data and objects for analysis into images or animations that 'overlap' the real world. Think about the Google Glasses or the app Pokemon Go. It is a technology that will have an exponentially greater impact on the business world.

Today, many of us are aware of the simple use of AR, but in reality, AR can change a whole business structure and our data management.

There are three factors in particular that show AR's potential:

1. AR creates better visualization through the detection of objects or systems that can be difficult or impossible to see with the naked eye. AR is currently being used in medical studies where the patient's veins are displayed through heat sensors in an AR software, making the tapping better for both patient and student.





2. AR can replace old-fashioned instructions by transforming 2D to 3D. For example, it is possible to use AR to receive holographic instructions that the user can interact with. This can be used for more efficient processes in production, reconditioning or deconstruction of objects.
3. AR can replace physical components via buttons that are 'laid on top of' surfaces, so that a machine can be controlled without having physical buttons.

(World Economic Forum - Davos 2018, Harvard Business Review, Singularity University)

## Hub economy

The global economy has been centered around a few digital superpowers, and slowly, we are creating a the-winner-takes-it-all world, where just a few digital hub firms, including Alibaba, Alphabet/Google, Amazon and Apple sit at the top. With increasing access to and control of data from billions of people, these companies have an unreasonably high value share that shapes our economic future. The same technologies that promised to democratize trade are now threatening to monopolize it.

But it is not just in the technological industry that the hub economy will dominate. We can expect to see the hub economy spread to other areas such as the auto industry. As cars are becoming more digital, Apple and Google will be the first to take a bite of the cake in this industry. Over time, we can expect to see a growing hostility among consumers towards these tech giants, and there will be an increasing danger of growing inequality, undermining of economy and greater social instability (Harvard Business Review).

## Cultivation of curiosity

Throughout human history, we have created a myriad of great inventions, and they all stem from curiosity. In that way, curiosity is the root of groundbreaking innovation and plays a key role in all companies; by cultivating and implementing curiosity, both business executives and employees can learn to adapt faster and easier in times of instability. Specifically, curiosity enhances the decision-making process among managers and employees, and equip them with commitment and enhanced collaborative skills. This strengthens the company through a joint creative problem-solving process. In





other words; curiosity increases the performance of a company (Harvard Business Review).

The tendencies outlined above directly and indirectly reflect the potential impact of the five megatrends. Within this context, the individual manager needs to play an altogether different role than in the past. Rather than focusing on process efficiency in driving current products to market, managers must master the skills of collaboration, open communication, rapid data integration, connection to new stakeholders in their eco-system to drive the change that can keep pace with digital disruption.



## Global Leadership Tendencies

In the previous section, the focus was on uncovering the most topical tendencies of the external environment that affect regions, countries, industries and companies. Directly and indirectly, these tendencies will provide a framework for the individual manager's present and future conditions to enable day-to-day business leadership. But is there a correlation between tendencies in our external environment and the thinking of top business thought leaders?

This section focuses on the key trends in global leadership thinking, based on the present focus of Harvard Business Review, Thinkers50 and Singularity University. Accordingly, the articulation of the global leadership tendencies reflects the perspectives of the sources.

### The great importance of risks

***"Not taking a Risk Is A Risk."*** – Terence Mauri

Blockchain, AI and digitalization can be seen like stars on the night sky on Thinkers50's website. These three forces must be reckoned with, and business leaders must

proactively learn their potential and devise strategies that capitalize on the power of these technologies. As Terence Mauri, author of the book 'The Leader's Mindset', expresses; it is too risky to ignore them and not take a risk. Markets and competitors move too fast to allow any individual company to remain complacent, which means that risk taking is also inevitable in order to survive in our time. Mistakes and defeats are, of course, a part of taking these risks, but without trying, success is a galaxy away (Thinkers50).

### Become the next Bitcoin

***"The best leaders have the courage to shape the future, rather than just live by the norms of today."*** – Peter Fisk

Amongst other things, digitization, cryptocurrency, AI and robotics innovate our world. Peter Fisk, founder of GeniusWorks, has established 18 concepts that can help companies to handle technology optimally. Here the concepts are gathered in three points:





1. In symbiosis with the technology
2. New, personal view of the customer
3. Think faster, better and newer

(Thinkers50, Singularity University)

## Think like a surgeon

*"The ability to embrace uncertainty, be agile in leadership styles, and create a systemic view are becoming necessary leadership skills." – Kriti Jain*

Today, we are living in a VUCA world that is governed by the four components of the acronym: volatility, uncertainty, complexity and ambiguity. Therefore, navigating through the thick fog created by the VUCA elements can be difficult and endlessly risky.

When challenges are to be addressed, Kriti Jain from IE Business School proposes developing the "mentality of a surgeon" that is characterized by three components of a surgeon's mindset:

1. Interaction with uncertainty through training and intuitive thinking
2. Variation of behavior through flexibility in social and business-related situations
3. The holistic is the way forward because of overview and the connection between the internal and the external

(Thinkers50)

## Ditch the winner's-gene and think inexpensively

*"I was interviewed (...) and asked, 'What is the number one problem of all the successful people you've coached over the years,' and my answer was, 'Winning too much'." – Marshall Goldsmith*

Marshall Goldsmith is an expert in leadership, and he has a research-based observation on what it takes to win in the current business environment. The observation is: stop focusing on winning. In the past, looking at the world as a win or lose gameboard has prepared managers to surpass expectations and drive their companies toward sustained levels of economic growth. But, in the VUCA world, the





winner's-gene actually works against success by putting too much emphasis on the competitors on the horizon today and not enough emphasis on emerging forces, other industries, the innovations of startups that are not currently in the line of sight of existing companies.

By definition, the winner's gene is rooted in the past.

What it takes to win today is the ability to move fast, make mistakes and correct them quickly, enter unknown territory, and think smarter and act more nimbly when it comes to strategic execution.

One of the ways to do this is to ensure that the innovative initiatives can be introduced in small steps with inexpensive experiments and that they can be implemented quickly.

*Hesitation is more expensive than pivoting.*

If an implemented product has failed, managers need to ask themselves the following questions to ensure continuous learning:

1. What was the intention with the product/service/initiative?
2. What happened in reality?
3. What can be learned from the process?

(Thinkers50, Singularity University)

## Acceleration

***"The future will be far more surprising than most people realize, because few observers have truly internalized the implications of the fact that the rate of change itself is accelerating."*** – Ray Kurzweil

While the word 'technology' dominates as a key concept at Singularity University, 'acceleration' is the concept that serves as a significant driver of change. Speed brings two implications with it that challenge business leaders building growing companies:

1. Greater complexity
2. Multiple risks





(Singularity University)

## Exponential development

*"We're local and linear thinkers in an exponential world."* – Singularity University

The vibrating block in your pocket has more power than the supercomputer that managed to send the first man to the moon - and yes, we are talking about your tiny, little mobile phone. This is an example of the exponential growth of technology, which is much faster than you might think. In just 18 to 24 months, we double the development rate for technology, leading to what we can call an "exponential" evolution", which means that acceleration in no way can be ignored in our time (Singularity University).

## Innovation without limits

*"Your Biggest Problems Are Your Biggest Opportunities."* – Singularity University

The boldest mindset for VUCA leaders is of those who can learn how to invent processes, products or solutions that are 10x better than the last generation of offerings. This is called: 'moon shots' (TEE2). With a moon shot mind-set, leaders can approach innovation more bravely by adopting practices like these:

1. Use young labor
2. Enter remarkable cooperation
3. Throw out the bureaucracy - Aim for the inevitable

(Singularity University)

## Strategy behind innovation

*"Explore, envision, and unlock the future of your organization."* – Singularity University





The thought process behind moon shooting can be divided into the following three processes, which involve the attempt to make your approach not only twice as good but ten times better:

- 10x strategic development where clear plans for innovative initiatives are set
- 10x leadership training through continuous learning for managers
- 10x innovative sprints, especially in phases with testing and prototyping, there needs to be a focus on velocity, so the success rate for a product can be identified quickly

(Singularity University)

## Implications of Singularity University's research

Based on well-documented indicators of the seismic shifts in the market and the rapid change in the competitive business environment, it is clear that the leadership role is in transition based on global leadership tendencies, where key issues for tomorrow's manager will be:

- Increased speed
- Exponential development
- Acceleration
- Mindset of a surgeon
- Think cost-effectively
- Innovation

It is also evident that these leadership imperatives are fueled by technological breakthroughs and the framework conditions that this entails. Second, increased pressures based on rapid globalization causes additional uncertainty and complexity.





## Recommendations from the Management Commission

The 'CEO NOW Leadership Report 2018' has chosen to list the recommendations of the Management Commission (in Danish: Ledelseskommissionen) because they fundamentally frame what 'good management' is in the public sector of Denmark in a topical context.

On June 12, 2018, the Management Commission launched a series of recommendations, which, in particular, focus on the role of the public manager in society.

These recommendations are expressed in the following points:

### **The citizens at the center**

The public manager must create value for both society and citizens and ensure that the employees put the citizens at the center of their daily work. Citizens should be seen as potential partners, rather than passive recipients of public services.

### **The politicians must trust managers**

There must be a constructive interaction based on trust, mutual understanding and respect between managers and politicians.

### **The cooperative system must be simplified**

The dialogue between managers and employees must support the citizens' perspective. In order to run a workplace, it is important that there is mutual trust between the manager and the employees.

### **The administrative managers must lead the operations and the development hereof**

The administrative managers must be operationally closer to the institutions and people they lead. Additionally, the managers should collect and employ feedback from citizens and companies for further development of operations.

### **Managers must set the direction**

The attentiveness between manager and employee must be prioritized. If the manager is ensuring quality for the benefit of the citizen, the manager must be visible and present to the employees.



### **Managers must pick the team**

The recruitment process must be professional and include small recruitment committees. In order to avoid managers who do not solve the leadership task satisfactorily, there must be a focus on the development of qualifications. For this task, the manager must have another responsibility, or ultimately be dismissed.

### **Managers must evolve**

To strengthen a practice-oriented leadership development, workplaces and chief executives must be more active before, during and after executive training. Leadership development is a continuous process and through systematic managerial evaluations, ongoing dialogue and feedback, the continuous development of the manager is assured.

The Management Commission's recommendations express a contemporary view of a common Danish macro approach to the management role. Although the recommendations are designed for a public context, we believe that these conditions are also highly relevant and applicable to the private manager.

Applied to a leadership context, the Management Commission's recommendations provide direction for the role of business leaders. Multiplied by the complexity inherent in those recommendations within a larger global context, it is clear that managers need to consider each of the Management Commission's themes and reflect on how to incorporate each theme into their companies' paths toward economic success.

## The manager's own perspective towards 2020

In relation to the preparation of the 'CEO NOW Leadership Report 2018', Business Institute conducted a quantitative questionnaire survey, distributed to approximately 1,200 respondents in Denmark, with approximately 250 responses. The study was conducted to uncover the manager's perspective regarding:

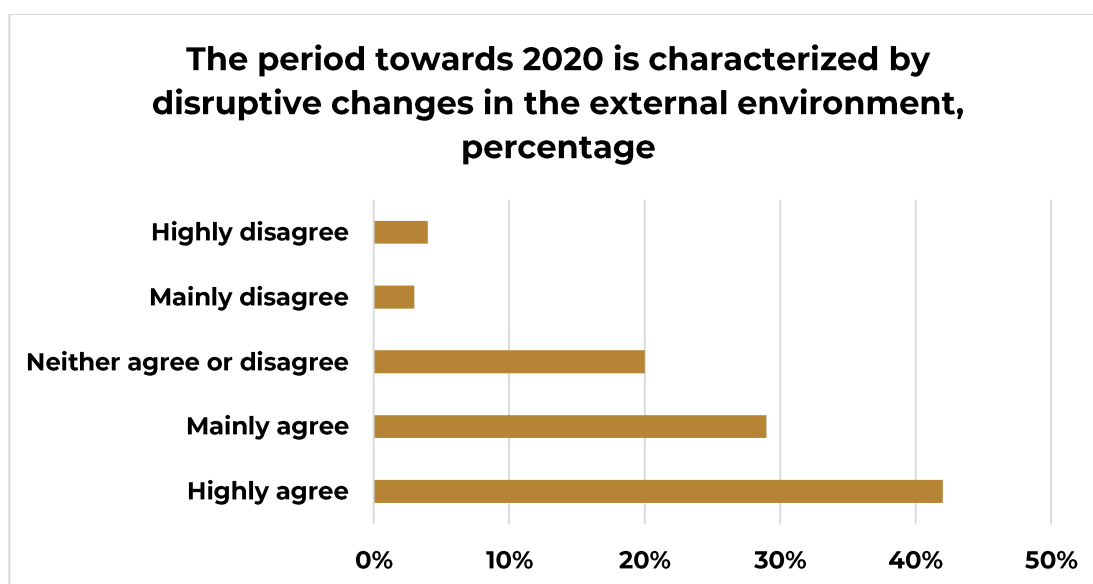
- Change in the manager's external environment towards 2020
- Expectations for growth in revenue towards 2020
- The manager's challenges towards 2020

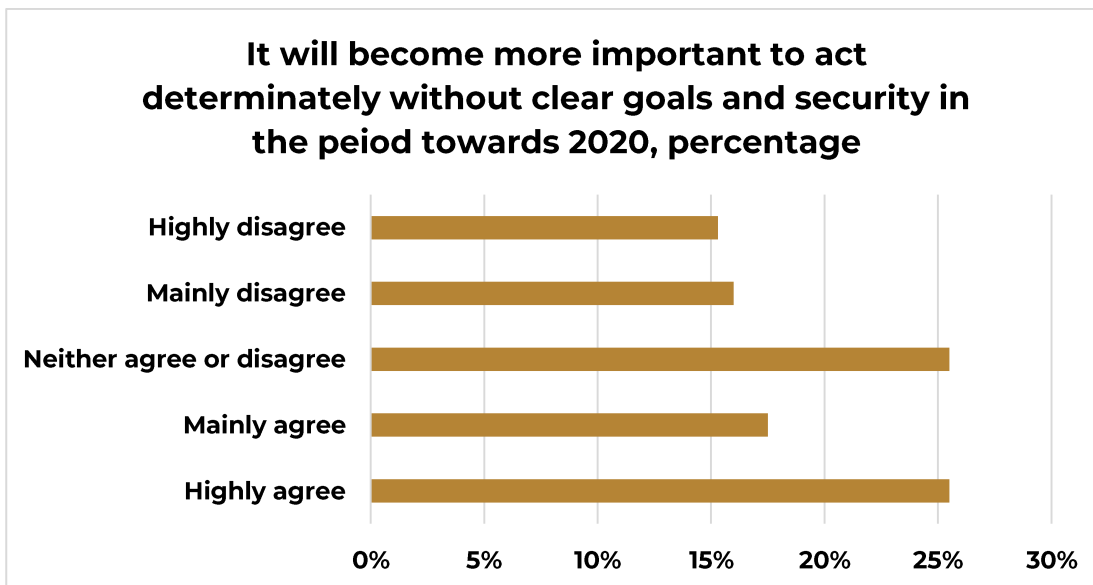
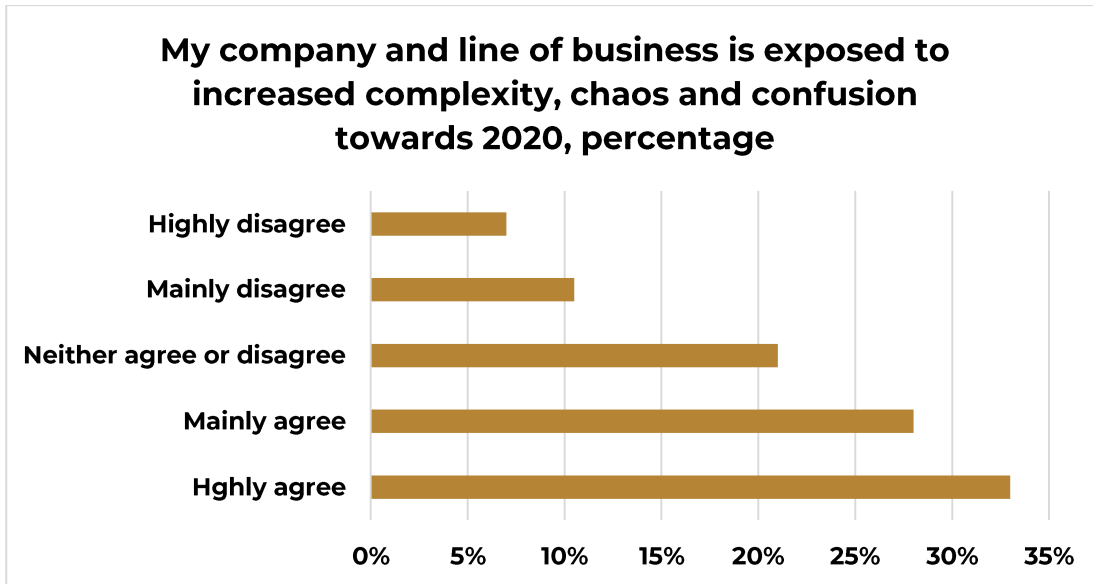
The uncovering of the manager's own perspective gives an idea of whether the manager is in sync with the changing and evolving external environment.

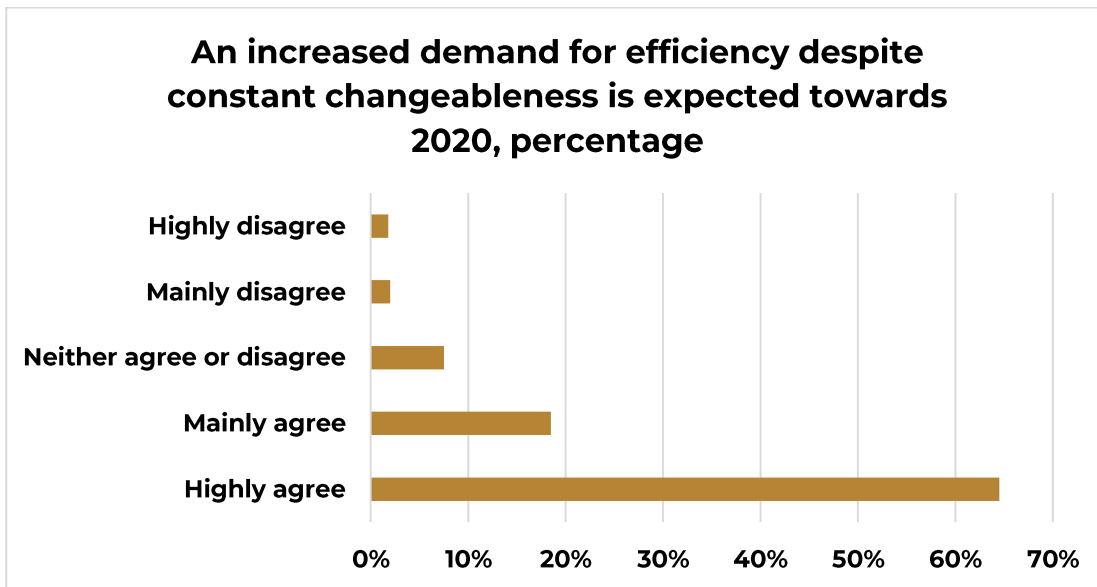
### The manager in a VUCA age

Within the context of a manager's perceptions of challenges between today and 2020, respondents expect an even greater degree of complexity in the future. The double-edged sword of expectations, where a business leader is expected to execute and optimize brilliantly and efficiently while also innovating rapidly, leaves managers in a state of uncertainty. The conclusion is quite clear here; in a VUCA perspective, the complexity will increase in the coming years.

This is expressed in the following tables:

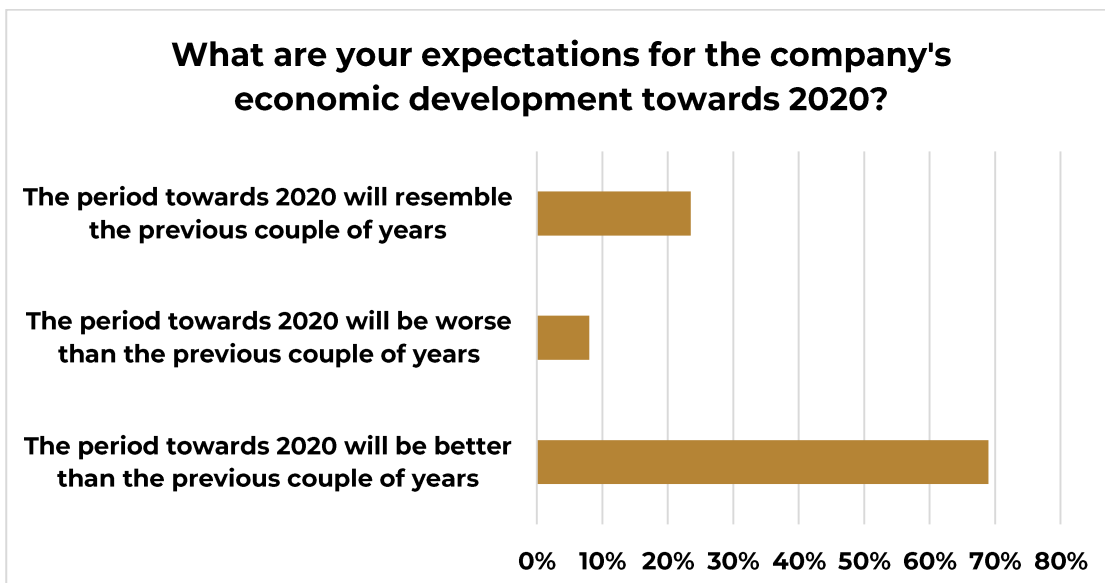






Danish managers in particular express the expectation that the component 'Complexity' will get a bigger influence in the coming time. In that context, disruptive change plays a considerable part because this creates a high amount of complexity. Unpredictable fluctuations and changes in a market add to leaders' stress, presenting a challenging standard for the future and a question for managers: How can managers drive business optimization and growth within an intensely chaotic environment?

Furthermore, there is an expectation of economical growth towards 2020 as well as increased VUCA intensity.



The predominant expectation is continued growth towards 2020 with the pressure it provides on raw material supply, recruitment etc.



The combination of the two factors, illustrated in the model, can be expected to create even greater pressure on the individual manager/employee, the individual manager's/employee's mental readiness, as well as corporate organizational and learning readiness at all levels. This pressure is created as it becomes harder to make decisions on a daily basis that shift between short-term operational-oriented tasks that will satisfy economic metrics at the same time as engaging in long-term thinking and even exponential moon shot thinking.

Simultaneously, the answers of the respondents show that there is a need to concentrate on strategic and organizational preparedness so that managers can navigate through the changes that will arise from the increased VUCA intensity.

## The manager's challenges towards 2020

The following focal points are the result of the expressed leadership challenges from the respondents in Business Institute's own leadership survey: '2020: Spotlight on Future Leadership'.



## Challenges of progressing internally in the organization

- Greater coherence between the company's strategy, organization and the outside world
- Executing the already established strategy
- Customer and market insights
- Greater innovation in the company
- Digitalization competence
- Acting in a market that is being disrupted by new actors
- Acting in a market with a greater degree of internationalization
- Focus on new markets, customers and products/services
- Navigating in geopolitical crises
- Navigating in increased public regulation
- Acting with acquisitions, sales or merges

The cohesion and execution forces must both be served to define and carry out the company's strategy, organization and the external environment, along with a focus on innovation, digitalization and interna-

## Internal factors in the company that are important in meeting the external environment's future demands

- Predicting disruptive changes
- Acting decisively without always having a clear goal and security
- Navigating through complexity, chaos and confusion
- Maintaining efficiency despite constant surprise and lack of predictability

Businesses and managers must be able to act and make decisions in the paradox between efficiency and a high degree of unpredictability



## Challenges for creating progress in the strategy as well as the execution



- Co-Creation
- Flexible organization in the form of teams and networks
- An agile approach in the organization
- Digital access to value creation
- Maintaining key personnel
- A transparent business model
- Talent development
- Increased level of innovation and the success hereof
- Increased degree of experimentation to create new learning
- Increased speed in our implementation of changes

Businesses and organizations must focus on talent development, flexible organizational structures, partnerships and innovative processes that create learning and renewal for the entire organization.

## Greatest challenges to obtaining the leadership role



- Setting a meaningful direction through a clear vision
- Spreading and anchoring the values
- Being visible internally and externally for the employees through attentiveness and presense
- Being visible externally for customers, citizens and other stakeholders by being accessible and outgoing
- Being able to grasp my span of management
- Being able to navigate with greater certainty in my leadership contrasts
- Being able to put my talents better into play in relation to opportunities and challenges
- Having a competent external network that can contribute concretely to my opportunities and challenges
- Having time to educate and qualify myself as a leader

Managers must be visible, have clear visions and a good perception of the needs of the employees and the customers. Additionally, they must be able to navigate in paradoxes, review their managerial task and devote





# Technological themes will change my organization and marketplace

- Use of robots and artificial intelligence (AI)
- Internet of Things (IoT), Big Data and Machine Learning
- The increased use of data to increase the customer experience
- Using virtual assistants
- Cloud platforms



The managers' asses that e.g. robots, AI, virtual assistants and Cloud platforms will grow in importance in the future of business, while Augmented Reality and Blockchain are amongst the technologies leaders think will be less important for future business.

## Summarizing model

To express this leadership report's most focal points, the following model has been created to illustrate the cohesion of the report's elements:





The complete model in real-size can be found in a separate appendix.

## Conclusion

The 'CEO NOW Leadership Report 2018' is intended to outline a clear view for the future that can become a practical roadmap for business leaders who focus on embracing trends and driving adaptation.

From a global perspective, there are two key trends that, in particular, hold significance for this report:

- A. Technological breakthroughs
- B. The shift in economic power from the West to developing countries

'Technological breakthroughs' is the megatrend that has the greatest long-term unpredictability, and which, in a development perspective, will create the biggest changes. This is seen, among others, in the global tendencies of the external environment that the report has uncovered:

- Will the future be human
- The uncertainty of technology
- Responsible Stewardship
- Smart Business
- Augmented Reality as a strategy
- Hub Economy
- Cultivation of curiosity
- Rapid organizational learning as a driver of competitive advantage

'The shift in economic power from the West to developing countries' is particularly centered on the counter-pendulum of globalization in the form of:

- Counter-reaction to globalization
- Multilateralism
- New potential markets

'The shift in economic power from the West to developing countries' is characterized by geopolitical tensions that will challenge countries and businesses to find new ways of coexistence and growing.

In the future, business leaders who embrace this new mindset of "winning" will be characterized by an even greater VUCA intensity than we know today, leading to





an expectation of leadership that can handle an even greater degree of complexity at an even faster rate of acceleration.

The 'CEO NOW Leadership Report 2018' outlines a view of relevant development themes so that the manager can get in sync with the present and get ahead of the future:

### **Foundation for displaying dynamic leadership:**

- Set a meaningful direction through a clear vision for the division/organization
- Secure the spread and anchor of the values in the division/organization
- Be visible internally for the employees through attentiveness and presence
- Be visible externally for customers, citizens and other stakeholders by being accessible and outgoing – cultivate customer and citizen insights
- Think in unities and break down silos
- Grasp your leadership span
- Learn to navigate with greater certainty in the leadership contrasts
- Put your talents better into play in relation to opportunities and challenges
- Create a competent external network that can contribute concretely to your opportunities and challenges in the form of co-creation

### **Leadership with direction and execution abilities:**

- Think acceleration
- Think exponential development – go from 10% to  $X^{10}$
- Think like a surgeon
- Think cost-effectively
- Think innovation
- Think about the risks

In conclusion, the exponential pace of technological change presents unprecedented opportunities for the organizations and individuals who learn to navigate the chaos. The dual set of expectations of economic success combined with innovation placed on managers require a new outlook, different talents, and an ecosystem fueled by collaboration, co-creation, and a refreshing perspective on the po-





tential of business to be an important force in driving positive outcomes in a rapidly changing world. Business Institute is committed to provide the far-reaching insights to equip business managers to look into the future as well as provide the practical skills to drive change in the managers' own organizations today. It is the intention of this report to inspire business leaders in Denmark and beyond to embrace these VUCA dynamics and lead with confidence.

## Business Institute's Accreditation Council

At Business Institute we are aware of the fact that our educations constantly risk to become non-topical. Because of this, we must ensure to maintain practical relevance for the business world and ensure that we constantly heighten our academic level. Both are conditions for the education of new, skilful managers.

For that reason, we have established an accreditation council consisting of prominent personalities from the public, private and academic sector. The accreditation council's members shall ensure that all educational programs at Business Institute:

- Address contemporary and future leadership challenges
- Reflect national and global tendencies
- Heighten the academic standard and topicality
- Update quality measures and come with change and improvement propositions

The members of Business Institute's Accreditation Council are presented at the next page.



**Roberto Verganti**  
Professor of Leadership and  
Innovation, at Politecnico di  
Milano



**Andrea Kates**  
Managing Partner at I-Scale



**Kristian Dahl**  
Business Psychologist and  
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