

ISB CTO

Week 18: Building and Leading Organisations

Video 1: Introduction to Leadership

- Leadership principles are consistent across functions, even with technological disruptions.
- The series will focus on leadership issues also discuss those specific to the CTO role.

Video 2: Apollo 13 Case Study: Overview

- Crisis situations demand leaders who can "make sense" by distilling facts from a tumultuous sea of information.
- To combat groupthink, leaders should create a culture that encourages dissenting opinions.
- Hierarchy should not stifle open communication; leaders should approach decision-making informally and empathetically.
- Applying lessons from historical case studies to our own organisational context can yield valuable insights for decision-making and culture development.

Video 3: Group Dynamics

- Strategy is a matter of choices, encompassing what to do, what not to do, how to execute it and the allocation of resources.
- Beware of anchoring on a single option; instead, insist on exploring multiple alternatives.
- The "rule of three" can help in generating diverse options for strategy.
- Strive for a qualified consensus among the team, where all members can tolerate the outcome even if they disagree on the means to attain it.

Video 4: Perception to Decision

- Effective execution hinges on fulfilling promises, differentiating between good and bad promises.
- Transition from private promises to public commitments to foster accountability and collective responsibility.
- Clarity and explicit understanding of responsibilities are essential to avoid misunderstandings.
- Accountability is non-negotiable; team members must recognise their individual responsibilities.
- Encourage scope for renegotiation and foster trust to adapt to unforeseen challenges in the execution phase.

Video 5: Execution Loop: Making Revisions

- Flexibility is essential – be prepared to make course corrections as the journey unfolds.
- Thorough prior planning and building a culture of trust are foundational for success.
- Swift, decisive actions are pivotal in decision-making.
- Continuous learning and adaptation are fundamental for organisational resilience and growth.

Video 6: The Execution Loop: Role Playing

- Building a strong organisational culture and showing leadership are vital components of effective management.
- Ensuring that strategies are well executed is a common challenge in organisations.
- The initial 100 days in a new leadership role are crucial for setting the tone and making a lasting impact.

- Leaders must define their values and the behaviours they expect to create a culture that aligns with the desired strategy.
- Promote accountability and a culture that tolerates failure by demonstrating desired behaviours and values.
- Gene Kranz's leadership during the Apollo 13 crisis emphasised being "tough and competent." This mindset and culture were crucial in achieving the mission's success.
- Professor Xavier Gilbert's six key capabilities for effective strategy execution include staying focused, preparing people to lead execution, structuring execution as a learning process, ensuring the whole organisation is onboard, emphasising follow-through and measurement (KPIs) and setting people up for success.
- A mediocre strategy that is executed effectively often outperforms a brilliant strategy that is poorly executed.
- Leaders should remain consistent in their commitment to execution and integrate the six key capabilities to ensure strategy implementation.

Video 7: The Rules of Execution

- Creating a culture that effectively executes strategies within organisations is a common challenge.
- In complex and ambiguous situations, simple rules often work better than intricate guidelines. They align with the culture, are easily absorbed and are straightforward for everyone to follow.
- Simple rules that work in one context may not be suitable for another. Piloting, testing and adapting are essential steps to ensure their effectiveness in execution.
- When communicating, executing and developing strategy within your organisation, consider implementing simple rules. Pilot, test and refine them for your unique context.
- Once simple rules are proven effective, scaling them up is the next crucial step in the process of executing strategies within an organisation.

Video 8: Are We Born to Be the First Movers?

- Effective leadership involves preparing the organisation for change and creating a culture that values new ideas and learning agility.
- While diversity in terms of gender, religion, ethnicity, age and skills is important for social reasons, the most crucial form of diversity in a business context is cognitive diversity – individuals who think differently.
- It is not enough to have cognitive diversity; you must also create a climate of psychological safety where diverse team members feel empowered, valued and free to contribute.
- Bureaucratic organisations often have low psychological safety and low cognitive diversity, leading to silo-based cultures where blame is placed on different departments.
- Ideal organisations strive for both psychological safety and cognitive diversity, fostering an environment where team members can work together effectively.
- Diverse backgrounds and perspectives enrich decision-making.
- The focus should be on building on each other's ideas and perspectives, celebrating diversity of thought and not on winning arguments.
- Leaders should personally contribute to teamwork and tolerance, sometimes taking a backseat to encourage others to speak up.
- The combination of cognitive diversity and psychological safety leads to a culture of breakthrough thinking, fostering teamwork and creativity.

Video 9: How to Create Culture

- Culture within an organisation significantly impacts the quality of execution. A well-crafted culture can help the organisation thrive even in challenging situations.
- Professor Sumantra Ghoshal identifies four key factors that influence an organisation's culture: strategy, processes, team dynamics and leadership behaviours.

- Strategy can be seen as a set of constraints or as a stretch ambition, and how it is communicated to employees has a significant influence on culture.
- Processes can range from compliance-oriented to discipline-oriented and the balance between the two is essential for a healthy organisational culture.
- Team dynamics can be contractual or trust-based. Trust-based interactions foster a more positive and collaborative culture.
- Leadership behaviours can be control-oriented or support-oriented. Supportive leadership tends to result in a more empowering and engaging culture.
- Strategy, processes, team dynamics and leadership behaviours interact to create an organisation's culture. The way these elements align determines the type of culture that emerges.
- While compliance-related processes are necessary for ethical standards and regulations, overemphasising compliance can hinder creativity and innovation.

Video 10: Nurturing Innovation: Behavioural Enablers

- Innovative organisations often exhibit five key behaviours: always seeking better ways, understanding customer needs deeply, actively collaborating, embracing experimentation and empowering people to take calculated risks and voice dissenting opinions.
- DBS initiated a culture shift by describing the culture they wanted: agile, learning-oriented, customer-obsessed, data-driven and experimental. They encouraged rapid testing of new ideas and redefined failure as a necessary step in learning.
- DBS identified desired behaviours and the blockers that prevented them from happening. This helped them formulate specific plans to address these blockers.
- They drove active interventions through behavioural enablers, artifacts, and nudges to instill the desired behaviours.
- DBS improved meetings by having a meeting owner responsible for creating an agenda and selecting participants. They introduced "joyful observers" to ensure the quality of meetings.
- DBS encouraged its teams to spend 70% of their time on operational roles and 30% on innovation and learning. Team members were empowered to learn and share their knowledge with their teams.
- DBS has achieved remarkable success, being voted the best bank in the world and the best digital bank in the world. Their example demonstrates that even highly regulated and compliance-oriented institutions can transform their culture to become forward-looking and customer-driven.

Video 11: Measured Transformation: Nestle Philippines Case Study

- The Nestle Philippines transformation journey focused on four key levers: strategy, processes, team dynamics and leadership behaviours.
- Short-term strategies were implemented to address immediate concerns such as stock clearance. The long-term strategy aimed to transform Nestle into a nutrition, health and wellness company.
- A culture of experimentation and trial-and-error was encouraged, allowing for the rapid testing of new ideas, provided they were cost-effective and beneficial.
- The company shifted from backward-looking processes to more forward-looking ones, focusing on real-time data and dynamic forecasting tools. Compliance-based processes were replaced with more disciplined processes.
- Silo-based working was transformed by lowering partition heights, reassembling teams to sit together, and implementing a more balanced incentive structure that linked 50% of incentives to business targets.
- Leadership changes included the CEO's personal engagement in regular interactions, transparent office spaces and efforts to change the culture through behaviour modelling.
- The transformation journey was a trial-and-error process, but over 18 months, the company went from -17% sales to zero and then achieved consistent growth.

- Working capital was significantly reduced, liberating an extra \$500 million in cash over five years, and fresh food products were emphasised.
- The transformation involved creating and maintaining a culture shift.

Video 12: Project Oxygen

- Engineers prefer data-driven decisions and dislike micromanagement, but value career development and personal well-being support from managers.
- The 8 qualities of a good manager include being a coach, empowering the team, being results-oriented, a good communicator, helping with career development, having a clear vision, and possessing key technical skills.
- The ninth trait, added for today's fast-changing tech landscape, is the ability to continuously learn and adapt to new technologies.

Video 13: Spotify Case Study

- Spotify's success was shaped by its principles around music, artists, customers, and compensation.
- Key challenges included balancing artist compensation, dealing with pressure from big artists, and refining their business model (free vs. paid subscriptions).
- CTOs should consider both technological and broader organizational issues in shaping company strategy and growth.

Video 14: Culture as Continuous Change and Preparation for Change

- Culture has a significant impact on the success of an organisation, and getting culture right is crucial for achieving results and implementing strategy effectively.
- When embarking on a culture change journey, it is essential to work on four key levers simultaneously: strategy, processes, team dynamics and leadership behaviours,
- Working on any one lever in isolation from the others can lead to culture change failure, so it is essential to address all four levers simultaneously.
- The culture change approach is not limited to specific industries; it can be applied in various sectors, including defence, banking and consumer goods, with consistent success.
- The story of British cycling demonstrates the power of simple rules and culture in driving extraordinary performance improvements. A 1% improvement in multiple areas compounded over time can result in a substantial positive change.
- While the approach can be copied, it is not easy to implement. Success in culture change requires discipline, dedication and a focus on maintaining culture as a pivotal element.
- Leaders should focus on inspiring people, setting values and direction, creating culture and delivering results.