

Digital Disruption and the Future of Leadership: An interview with Rick Haythornthwaite, Chairman of Centrica and MasterCard

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Abstract

Unprecedented changes in the nature and prevalence of digital technology have significant implications for leadership theory, practice and development that, as yet, remain largely unexplored in mainstream academic literature. This article features an interview with Rick Haythornthwaite, Chairman of global businesses including Centrica and MasterCard, where he reflects on the ways in which digital disruption is impacting upon the nature of leadership and strategic practice. It is accompanied by a commentary that highlights the importance of factors such as context, trust, ethics and purpose in a fast moving corporate world.

Keywords

Leadership, change management, innovation, strategy, trust

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Introduction

Rick Haythornthwaite has an impressive track record at senior executive level both sides of the Atlantic. He is currently chairman of Centrica - one of the largest energy companies in the UK, MasterCard Inc. - a US-based financial services corporation and one of the largest networks payments operators in the world, and QIO Technologies - an industrial Internet of Things (IOT) company that he co-founded. Previous roles include Chief Executive Officer (CEO) of Invensys group, a UK-based engineering and information technology company sold to Schneider Electric for £5.5 billion in 2014, and CEO of Blue Circle Industries, a British cement manufacturer sold to Lafarge in 2001.

Educated at The Queens College, Oxford (a masters degree in geology) and the MIT Sloan School of Management (Sloan Fellowship), Rick's early career was in the oil and gas industry - initially in British Petroleum (now BP) where he worked his way up from the role of geologist to President of BP Venezuela, and subsequently at Premier Oil as Director of Corporate and Commercial.

Rick's interests extend beyond the corporate sector, however, particularly in the fields of arts and culture where he has been Chair of the Board of the Almeida theatre and the South Bank Centre, Chair of the Tate Gallery's Corporate Advisory Group and a board member of the British Council. He has also been a chairman of the World Wide Web Foundation, trustee of the UK National Museum of Science and Industry and Chair of the British American Arts Association.

In this interview Mr Haythornthwaite shares his thoughts on leadership considering, in particular, the opportunities and challenges posed by the rapid growth in digital communications technology. He suggests that we are the midst of a digital revolution – comparable to the introduction of the printing press in the 15th/16th Century – that renders hierarchical perspectives on leadership and management largely obsolete. Through a broad ranging discussion Rick illustrates the implications of this changing context for current and future leaders and calls on organisations of all kinds to fundamentally reconsider the nature of their relationship to society.

This interview is based on a talk given by Rick as part of the Bristol Distinguished Address Series at the University of the West of England in October 2015. It begins by considering the role and nature of leadership in an era of social and technological change, drawing parallels to earlier periods of disruptive change, before exploring the UK's productivity gap and the potential opportunities of digital innovation. The interview concludes with practical recommendations around building trust, formulating strategy, getting results and maintaining perspective.

Interview with Rick Haythornthwaite

What kind of leadership is required in today's complex and turbulent business environment?

I have had the privilege of leading people in many circumstances, many countries and with many objectives. And the one lesson to be learned is that leadership is context specific. There is no one approach to leadership. It must be adapted to the needs of the day and shaped to make the best of opportunity and tackle the worst of threat. The only immutable truth of leadership is that people truly matter, and your job is to help them negotiate the complexity that dominates their working lives.

And why is it complex today? In large part because the context of our times is dominated by the power of digital innovation, which is occurring at a breath-taking speed.

You mention digital innovation as being a factor. This is not a new phenomena.

The technological foundation was, of course, laid with the invention of the computer and the establishment of the principles of a digital versus an analogue world. Digitization is nothing more than the conversion of information into 1s and 0s to allow it to be processed communicated and stored.

The rate at which this simple notion is transforming our lives is being determined by shifts in fundamental technology that is increasing speed and capability of machines while lowering costs at an extraordinary pace. So in the last 25 years the speed of supercomputers and the volume of gigabytes per dollar on a hard drive have both increased by one million times. It is estimated that next year the volume of Internet Protocol traffic will be 1.3 Zettabytes – to give you a sense of how much this is at the edge of human imagination, we only have the name for one larger unit, the Yotta which is 10 to the power of 24. If you wanted to store all that as data then you would have to build a very large data centre possibly covering the size of three English counties. So digital technology is big and getting bigger very rapidly.

So why is Digital Technology important from a leadership standpoint?

First, it offers a great opportunity that cries out to be understood. And secondly, it carries a very significant threat that will require new paradigms of leadership to address, but if addressed, will ensure that the opportunity on offer is truly realised.

In this context what do you mean by opportunity?

We are witnessing the latest technological revolution, revolutions that have been occurring since the years for more than a millennium, each one about two thirds as long as the former. Each of these was triggered by what economists call a General Purpose Technology such as the steam engine or electricity or synthetic materials that led to bursts of productivity, a trend that we would all love to see today as a digital dividend.

This is the great opportunity. The UK is suffering from a large and stubborn productivity problem – there is a gap of between 23 and 32 per cent relative to other comparable countries: Germany, France, the Netherlands and Belgium. There is also a productivity gap of 17 per cent between the UK's current level of productivity and what it would have been if it had continued to increase at the past average rate up to 2007, both during and after the 2007-2008 financial crash.

Why does this matter?

Because Gross Domestic Product growth follows our ability as a nation and as individuals to get more output from a given level of inputs – in other words, productivity. And this economic growth helps a nation solve a host of other problems.

Deeper analysis shows that the UK's relatively poor productivity is in manufacturing, wholesaling and retailing, transport, accommodation and food services which explain much of the gap, sectors that one would have thought should have benefitted from the digital revolution – so why haven't they?

Here is the good news and the opportunity – the study of the past would suggest that delayed impact is the norm and the best is yet to come. General Purpose Technologies are important milestones in the productivity of nations but they rarely deliver immediate uplifts. They require complementary innovations that can take years, may occur in distinct steps and which result in lags between introduction of a technology and productivity benefits.

Often the most important complementary innovations are business process changes and organisational shifts that make a new tranche of technologies possible. Researchers have found that when steam engine plants in the US were first electrified in the late nineteenth century, they often retained a similar layout and organisation to those that were still powered by steam. In a steam-engine plant, power was transmitted via a large central axle, which in turn drove a series of pulleys, gears and smaller crankshafts. If the axle was too long the torsion involved would break it. So machines needed to be clustered near a power source with those requiring most power positioned closest. Exploiting all three dimensions, industrial engineers put equipment on floors above and below the central steam engines to minimise the distances involved.

When electrical engines replaced steam, the engineers simply put the largest electric motors where the steam engines used to be. Even in new build factories. Not surprisingly, electric motors did not lead to much productivity improvement.

Only thirty years later did a new generation of leaders figure out that it would be much better to give each piece of equipment its own motor spread out over single floor factories, much as we see today, with a layout based on the natural workflow of materials. Productivity rose between a factor of two and three and the platform for further innovations such as Lean Manufacturing and Six Sigma was laid.

The same principles apply to the digital age, during which it is arguable there have been several General Purpose Technologies emerge all of which needed significant organizational innovation to capture the full benefit. The large enterprise-wide IT systems that companies rolled out in the 1990 leveraged the early round of digital innovation and made possible a wave of business redesign while machine based automation pushed up efficiencies and effectiveness. But this wave started to slow in the mid 2000s as the limitations of technologies that were very good at following rules but poor at pattern recognition and learning came home to roost.

This coincides with the recession worldwide, did that have a huge impact?

Yes, I believe it did as the imperative to innovate fell away and survival was ensured by driving down real wages and returning cash to shareholders through share buy backs. But in the background, a number of very positive things were happening.

First, the relentless roll out of the mobile phone has continued worldwide. Half of the world's population now has a mobile subscription, up from one in five 10 years ago and likely to move to 60% of the world's population by 2020.

Second, for a variety of reasons, not least the resounding success of network companies such as Google and the search of investors for better returns in a low interest rate world, we have seen an explosion of well-financed start-up technology entrepreneurship across the world including in the UK.

Third, a group of nascent technologies referred to by McKinsey as the Disruptive Dozen have reached a level of maturity that is likely to excite adoption, adaptation and productivity response in the near term – next generation genomics, advanced materials, energy storage, advanced oil & gas recovery, renewable energy, advanced robotics, self-driving vehicles, 3D printing, mobile internet, internet of things, cloud technology and automation of knowledge work.

And the last several of these, are, in my view, going to impact productivity in our laggard sectors very profoundly as we see the convergence of mobile and cloud technologies, big data and machine learning. The application of sophisticated data analytics to more than 20 billion embedded and intelligent systems, with massive amounts of device and human generated data, will lead to dramatic improvements in the capability (and safety) of knowledge workers and the efficiency of machines.

When do you think this will be evident?

Everyone has their view as to when this potent combination will drive extraordinary improvements in productivity. From what I have observed about the technologies and competitive dynamics that prevail at present, I expect to see dramatic improvements over the next 5 years.

What needs to be done for this to happen and is it really as seismic as you suggest?

Leaders need to be ready to embrace the changes that are coming and implement the business process and organisational changes that will be required to allow the full impact of the technology innovation.

This digital technology revolution has prompted changes in society of a scale not since seen the invention in Europe of the printing press, an invention that triggered a challenge of everything that everyone believed in at the time and which demanded a fundamental shift in approaches to leadership. Johannes Gutenberg, in the first half of the 15th century, created a device that would lead to the production of over 200 million books in the 16th century and 5 times that by the 18th century. The printed word not only allowed the dissemination of knowledge that stimulated the cycles of invention but also spawned a new leadership paradigm that, although greatly evolved, was still recognisable through to recent times.

The world before the printing press, at least in Western civilisations, was based on a largely shared core of faith, tradition and authority where the primary objective of the limited public debate that occurred was to establish which block of faith ought to have the 'monopoly of truth' and a 'God-given title to authority'.

With time, and the dissemination of ideas, there emerged a new society starting to demand, in its most radical form, democracy, racial & sexual equality, individual liberty of lifestyle, full

freedom of thought, expression and the press, eradication of religious authority from the legislative process and education: and full separation of church and state.

These were the consequences, direct and indirect, of the printing press. There had occurred a proliferation in the volume of available information and a step change in its reach and connectivity. Society found itself informed and empowered. At first, the information flowed in a very subversive, inchoate and uncurated form but, gradually, the philosophical classes emerged and shaped thinking through the period we now know as the 'Enlightenment', the scientific classes drove invention and the industrial classes transformed such insights into economic growth.

What do you think it was like to be a leader in that era?

To have been a leader through those highly disrupted times must have been immensely destabilising with familiar contexts collapsing and the future deeply uncertain. They are likely to have felt very threatened just as many leaders today are feeling.

Leaders would have been right to have been concerned then and should today. Old leadership orders were razed to the ground. Revolutions followed but from the ashes, new leaders and leadership models emerged that have driven the progress agenda over the past 400 years. A combination of liberal democratic, capitalist and managerial science principles has, with all its shortcomings, maintained enough flexibility and momentum in Western societies to weather world wars, economic crises and natural disasters.

How does digital technology today change all that?

We live in a time when all leadership rules are being rewritten, a time that is fast becoming recognised as being as historically momentous as that of the mid-15th century. Digital technologies have moved from a life enhancing phenomenon, but one that was essentially turning our physical world into a virtual one, to being genuinely disruptive, turning our lives upside down and rendering irrelevant many tenets of our understanding of the world in which we live.

Information is a resource that is inexorably increasing in volume, velocity and variability, with negligible marginal cost and, in theory an infinite life, it never gets used up. This is a genuine threat to everything economists hold dear in the realms of pricing and wage theory.

The web and social media have democratised participation, giving everyone a voice, conferring disproportionate power to protesting voices, making anything less than full transparency a cause for suspicion. Network technologies enable the power of the crowd to overshadow that of old elites and bypass old regulatory regimes, joining supply with demand without the old controlling and intermediating institutions. Open source technologies with low cost processing and storage is allowing scores of start-ups to dream of, and occasionally succeed, in the disruption of old business models.

Meanwhile, we are all being bombarded daily with ever increasing amounts of data noise, targeted ads, email traffic and real time commentary. Where Gutenberg empowered society, the likes of Berners-Lee and Zuckerberg have empowered every individual in possession of Internet or mobile access. This covers 40% of the world and the rest are following fast.

How can leaders react to such changes?

Leaders face shifts in global markets and circumstance that can come from nowhere and impact the destinies of even the largest companies and undermine even the most powerful governments and global institutions.

The agenda is being set today by entrepreneurs and social activists, armed with very powerful digital tools and ubiquitous access. They are seeking to serve the newly empowered generation of individuals and, in so doing, trying to reboot society's operating systems in a similar entropic, largely uncurated fashion to that excited by the invention of the printing press.

None of this is good or bad. It is simply an observation.

Do Leaders have a choice?

Yes, they can either adopt the typical reaction of a threatened organism – to fight, or they can see this as a call for transformation in attitudes and approaches, a transformation that not simply mitigates the threat but also allows the emergence of a purposeful leadership that both encourages the productive deployment of new technologies and leverages their power to tackle some of the seemingly intractable problems that we have bestowed to future generations – not least the impacts associated with urbanisation, climate change and the demographics of ageing.

If we address this disruptive moment in history well then we may be able to realise a dream of a resurgent economic growth that does not sacrifice this time around long term interests on the altar of short-termism, trash our planet or favour the few at the expense of the many.

As a business leader, what would your priorities be in addressing this new reality in purposeful way?

As an industrial leader, I lean towards the practical and four areas in particular – building trust, formulating strategy, getting results and maintaining perspective.

Why start with trust?

The first good reason is that we in business are deeply distrusted and as we move to tackle some of the emerging threats to full realisation of the potential of the digital age – in particular issues around privacy, censorship, restrictions to international data flows, fragmentation of the internet and web – this lack of trust is likely to be a big impediment.

The first reaction of business to radical scrutiny has, all too often, been to man the barricades and put up a smokescreen of PR and Corporate Social Responsibility. The public is not fooled and business should stop being patronising and paternalistic in our approaches. Companies have always purported to have been servants of our customers but have too often played lip service to the notion. Likewise, they are always supposed to have been servants to society as well as their investors – a notion that was at the heart of the principle of limited liability companies – but some have forgotten.

In this new world of democratised participation, there is no hiding place for business – poor service, hollow values, unfair pricing, shoddy product will be held to account and displayed for all to see. Failings at the margin, exposed to such scrutiny, have too often left the impression that business is simply not on the same side as society, which for the most part is

not the case, but we do have a great deal of trust rebuilding to do. This is not surprising – egregiously bad behaviour by some sectors of business have tarred us all with the same brush such that even the smallest lapses in well-intentioned journeys of companies are interpreted, by default, as malfeasance or conspiracy to dupe the public.

Such characterisations are potentially disastrous for companies, requiring that the highest ethical and performance standards are set and achieved in the face of extreme scrutiny. The only surviving defensible source of competitive advantage is, arguably, brand and trust sits at the heart of every brand. In a world where the marginal cost of information is zero, and the development costs of next generation products are falling rapidly in all fields, the only thing standing between you and having to give away your product today is the emotional connection between your product and the customer – in other words, your brand and the value attributed to your product.

Over time this will require that your sources of competitive advantage are robust to intense exposure. This, in essence, means that your competitive advantage will rely on the continuous cultivation and harvesting of ideas, by having the smartest people who can make the most your data and drive down product development cycle and adoption costs. The concept of IP protection is fragile even today and is likely to get tougher to defend in the face of public scrutiny – it does not matter whether you are Apple or Taylor Swift, Uber or a London cabbie, Turing Pharmaceuticals or the HIV lobby, ultimately the deafening voice of the public will prevail unless there is some intervention by a trusted voice to allow other considerations to be taken into account.

This is unsurprising, all of us have invested too little in building public trust and that must change.

What can be done to establish trust?

Leaders today must invest in their company's relationships with society. A business leader must recognise the importance of key stakeholders other than customers, investors and employees – politicians, regulators, civil society, NGOs, the list goes on. They must stand for openness and authenticity as individuals and as a proxy for their organisations. Ultimately people trust people and will do so provided they do what they say and deliver what they promise. This requires giving away some power – that of information in particular.

It takes a brave and skilled leader to give away power in search of influence and trust but the increasingly predictable outcome of not grasping the nettle is rejection, as seen in the gradual decline in the tenure of CEOs in the UK, down now at 5 years for the FTSE 100.

Is trust a long-term game?

This rekindling of trust is indeed a long game in which the world is crying out for today's equivalent of the café society philosophers of the Enlightenment. Leaders who can make sense of the new digital world and are trusted as navigators, facilitators and curators. Leaders who can act as a bulwark against the resting pulse of the public voice which is still dominantly one of instant gratification and short termism. Leaders who can harness the new disruptive technologies and help turn them from a force to be feared into a catalyst for societal improvement.

Business leaders must underpin all their actions with trust.

You mentioned strategy as the next stage in the journey

As part of this navigation, facilitation and curation of the present, leaders must come to learn to adapt their instinct and approaches to strategy formulation. The future can no longer be looked upon as an extension of the past and experience can become a burden not a benefit.

Anyone who thinks they can impose yesterday's patterns on tomorrow looking for insight in this fast-paced, disrupted world is kidding themselves. Yet that is our first instinct as human beings – behavioural scientists refer to 'recency bias' and other such concepts to remind ourselves how strongly we seek to make the next few years resemble the past.

Does this mean changes in the way Strategic Planning was traditionally seen – a PowerPoint presentation and incremental change?

Strategic planning today simply cannot afford to involve a deterministic view of the future and a series of well-honed plans that tell you how to get there. The days of the thick strategic PowerPoint deck that gets rolled out and reviewed periodically are gone. Today leaders in all realms can learn a lot from the start up world where there is no consideration of legacy issues, simply an imagining of what futures may happen, a stepping forward in time and looking at a range of possible scenarios that could emerge. It is these possible futures, not the past, that must inform the present.

What actions do you see underpinning strategic planning apart from trust?

Strategic plans need to be founded on the ability to sense in real time what signals are emerging as time unfolds, on the building of capabilities that are suited to future not past challenges and the willingness to take prudent risks, failing fast, moving on and learning as a way of developing.

In seeking an understanding of what future might emerge, the reductionist practices loved by planners over recent decades, slicing and dicing complex problems into manageable more easily understandable chunks, are no longer viable. Today's issues and opportunities are multi-dimensional and fluid. Understanding of cause and effect as well as the most effective routes to intervention require systemic understanding. And so, when we consider MasterCard's strategy, for example, there is no point thinking of it in terms of multiple stakeholders, 220 countries and a wide range of physical and digital products – it is one system that requires holistic strategic consideration, a strategy that gets adapted in real time as the context of delivery changes and we learn.

That strategy is not confined to that over which we have direct control. MasterCard like every progressive company today recognises that it can only succeed in a successful society and that every company must have a strategy to work with partners in government and civil society to tackle the broader issues that we all face today – such as inequality, women's rights, education standards and mental health – and those that we can expect to face tomorrow – including the technology induced unemployment, climate change impact and cyber-threat. No company is an island and programmes such as our focus on financial inclusion are designed to be one contribution to shaping a society that is good for all.

So, successful strategies are all about competitive advantage, better performance and better results? This takes us neatly onto your third step in the journey.

We must remember that strategy is a necessary but insufficient ingredient of success. Getting results is a crucial next step and in these disrupted times one that often requires making profound changes to your company in mid-flight, which is rarely easy.

Changing any business will take time, during which period you rely on the old business to fund the new business development, an old business in which the margins are likely to under pressure from the new world competitive forces. You need the old business to be close enough to the new business so that it informs strategy and provides, where helpful, an experimental sandbox but far enough away such that the traditional approaches do not infect the new, dynamic ventures. And you need to do all of this without leaving your vital staff in the legacy businesses thinking that they are second-class citizens. This is not always the easiest of roads to travel.

Any suggestion on how this might be facilitated?

The simplest way to achieve this is to declare that you are going to be your own disruptor, to define success as the development of products, processes and systems that reform the legacy businesses – the subtext of which is ‘before others do to us’. And so, in MasterCard, we spend a great deal of time getting to know leading edge technologies, incubating them, and incorporating them in our core business to the extent that our legacy business will become our future business.

Inevitably, this often requires new blood either via recruitment or in board acquisitions. And so the market for skilled, well-educated digital natives is very hot, bringing new ideas, energy and life experiences to bear.

So there needs to be a change in both leadership and strategic thinking?

This also requires changes in business models, organisations, processes, systems and culture every bit as dramatic as occurred in the late nineteenth century. The new disruptive technologies are already breaking down the walls within supply chains, opening up powerful new avenues for collaboration and pushing the most potent roles away from the centre towards the customer. With it, approaches to decision-making authorities, information flows, incentives schemes, hiring systems and career progression will need to change.

The role of the general leadership also needs to be far more flexible nowadays. The days of the charismatic, omniscient and omnipotent leader are long gone. Top leadership today requires the exercise of influence rather than power, the setting of tone and context that ensures that leaders through organisations act with confidence, purpose and a strong ethical compass. A leader must know when to lead, when to coach, when to facilitate and when simply to support.

You mentioned having a clear perspective as the last step. What do you mean by a clear perspective?

It is important that one always retains a clear perspective on life in general and the specific challenges that one face. Only then can a leader make a continuous judgement of the circumstances of delivery and the future trajectory of the business and its strategic context. Leaders must be able to understand and adapt to needs, be willing to fail fast if necessary, taking sensible risks and learning from both success and failure.

What are the drivers of ensuring a clear perspective?

There is a need to be digitally savvy, to be a systemic thinker, to have the confidence and ability to influence widely, and a hinterland beyond the confines of the business that offers insight into the issues that concern society as a whole, and above all a propensity to listen rather than talk.

Such people naturally look for and command trust. But then, if they are truly aware of the forces at play at any one time and the extent to which one can truly influence outcomes, those leaders behave with a certain humility, which lends itself to building such trust.

Finally, what are your thoughts about the future?

I find it both exciting and daunting to have been born into a time that I believe to be the beginning of a new epoch, with disruptive digital technologies not only potentially providing a springboard for a new, sustainable phase of economic growth but also fundamentally altering the ways in which people in the world relate to information, themselves, each other and power.

It is tempting to think that today's trends are just a faster version of yesterday's. I would strongly counsel against doing so. The chances of you and all your followers emerging from these interesting times as a winner will be better for it.

Commentary

There is much in this interview that merits further consideration, however, we will discuss four interconnected themes that have particular resonance for new and emerging theories and concepts in leadership and organisation studies.

1. The significance of context

“The one lesson to be learned is that leadership is context specific... Anyone who thinks they can impose yesterday's patterns on tomorrow's world looking for insight in this fast-paced, disrupted world is kidding themselves.”

For far too long context has either been ignored, or treated simply as an independent variable, in studies of leadership (Osborn, Hunt & Jauch, 2002; Porter & McLaughlin, 2006). This interview provides a stark reminder that context is an integral aspect of leadership practice - shaping perceptions, processes and outcomes in a fluid and dynamic manner. Leadership in a context of digital disruption and change requires a fundamentally different approach to situations of centralised control and stability. In the leadership literature, authors are beginning to embrace ideas from complexity science to rethink the nature of influence and authority in a networked society where traditional boundaries, elites and beliefs are no longer relevant (Stacey, 2010; Uhl-Bien, Marion & McKelvey, 2007). A complexity approach calls for systems thinking (Senge, 1990), sensemaking (Weick, 1995) and adaptive leadership (Heifetz, Grashow & Linsky, 2009) that enable individuals and organisations to navigate their way through turbulence and ambiguity. As Rick says in his interview: ‘there is a need to be digitally savvy, to be a systemic thinker, to have the confidence and ability to influence widely, and a hinterland beyond the confines of the business that offers insight into the issues that concern society as a whole, and above all a propensity to listen rather than talk’.

2. The importance of recruiting, developing and retaining good people

“The only immutable truth of leadership is that people truly matter... your competitive advantage will rely on the continuous cultivation and harvesting of ideas, by having the smartest people who can make the most your data and drive down product development cycle and adoption costs.”

Whilst many organisations continue to focus on the technological aspects of digital innovation and change, this interview offers a stark reminder that it is the human aspects of change that tend to determine success and/or failure (Beer & Nohria, 2000; Kotter, 1995). Remaining responsive, adaptable and innovative requires leaders and organisations to tap into the knowledge, expertise and creativity of all staff, not just those at the top of the hierarchy. The concept of ‘distributed leadership’ recognises that people at all levels can, and should be encouraged and supported to, contribute towards leadership through their active engagement in teams, projects, organisations and collaborations (Bolden, 2011; Gronn, 2002). This is not a simple case of delegation, but of genuine shared and collaborative leadership that emerges and transforms over time through group interaction. As we transition from the *information* to the *knowledge* era (Staron, Jasinski & Weatherley, 2006) the ability to effectively engage, develop, deploy and retain the collective talents, not only of our direct workforce but also our external networks, is a key strategic priority.

3. The need to (re)consider the relationship between business and society

“Leaders today must invest in their company’s relationships with society... I find it both exciting and daunting to have been born into a time that I believe to be the beginning of a new epoch, with disruptive digital technologies not only potentially providing a springboard for a new, sustainable phase of economic growth but also fundamentally altering the ways in which people in the world relate to information, themselves, each other and power.”

In her review of relational leadership theory Uhl-Bien (2006, p. 668) describes leadership as ‘a social influence process through which emergent coordination (i.e. evolving social order) and change (i.e. new values, attitudes, approaches, behaviours, ideologies, etc.) are constructed and produced’. In a highly networked, digitally-enabled environment the ability of a single individual, group or organisation to dominate processes of coordination and change are greatly diminished. In this interview Mr Haythornthwaite highlights the importance of trust, ethics and authenticity, suggesting that ‘ultimately people trust people and will do so provided they do what they say and deliver what they promise’. Building and maintaining mutually beneficial relationships requires individuals and organisations to rethink the distribution of power – from ‘power over’ to ‘power with’ and ‘power to’. Recent examples, such as the VW emissions scandal, Google’s tax arrangements and Tesco’s treatment of suppliers, demonstrate just how quickly relationships with the public can be undermined and how difficult they can be to rebuild. Without strong relationships, built on a foundation of trust, the value of even the best-known brands can plummet overnight (Ulrich & Smallwood, 2007).

4. The value of strong and inclusive leadership

“We live in a time when all leadership rules are being rewritten... The days of the charismatic, omniscient and omnipotent leader are long gone... A leader must know when to lead, when to coach, when to facilitate and when simply to support.”

In times of complexity and change good leadership makes a huge difference. Leaders can provide a sense of clarity, purpose and direction in the face of uncertainty that helps others navigate their way through ambiguity and paradox. But good leadership requires more than just good leaders – it is dependent on a whole host of processes that together create a shared sense of direction, alignment and commitment (Drath et al., 2008). Grint (2005) suggests that leadership is about asking questions rather than providing answers – it is about identifying and articulating the nature of the problem and facilitating a process through which others, with the appropriate skills, expertise and motivations, can be brought together to help resolve it. As Rick argues, this approach may enable ‘the emergence of a purposeful leadership that both encourages the productive deployment of new technologies and leverages their power to tackle some of the seemingly intractable problems that we have bestowed to future generations’. Issues such as urbanisation, climate change and shifting demographics pose significant and increasing threats and challenges as we look to the future, yet solutions lie well beyond the reach and remit of any individual, group, organisation or society. Such ‘wicked problems’ (Grint, 2005) arguably require courage, compassion, collaboration and boundary spanning leadership (Ernst & Chrobot-Mason, 2010).

To conclude, Rick’s interview provides a thoughtful and engaging reflection on the current state of business and society and the implications for leadership. It is a bold and timely call to action from someone at the forefront of international business that offers valuable lessons and insights for all of us – as leaders, followers and citizens.

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