

*As part of our Tomorrow's Executive series of articles we bring you: an insight into what tomorrow's executives will be like*

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## What tomorrow's executive should know

**The financial crisis and the woes of the Eurozone have distracted executives from the most pressing threats to future profitability and growth – just what is lurking in the woodwork?**

**Mercuri Urval research has revealed that any corporation wanting to stay afloat must tailor its business to three dominant trends: imminent demographic change, accelerated technological development and the realities of globalisation.**

Whilst most leaders will have considered these business challenges and put plans in place, have you considered whether you will be able to stay afloat as a leader? How what is coming will affect your future, what you should focus on and your whole approach to leadership? In this first of a series of articles, we outline the key forces shaping tomorrow's business environment and describe how leaders might need to adapt to survive.

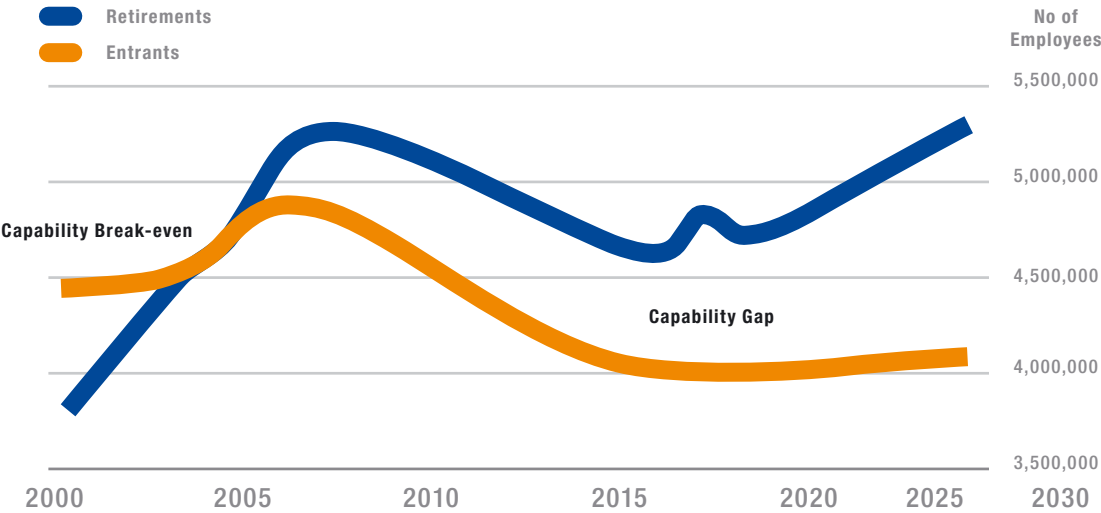
# The forces shaping tomorrow's business environment

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**The big demographic gap**

In the next five-to-ten years, business leaders in the developed world are likely to have a rude awakening, as the impact of rapid demographic change becomes clear. A

rise in the number of retiring workers combined with a drop in entrants to the labour market could lead to a dearth of qualified people to fill the jobs they need to maintain and grow their businesses (figure 1).



Source: AMS EUROPEAN UNION (EU-15)

Even though the economic cycle has masked this critical issue in recent years, tuned-in governments and organisations

are preparing now for the talent drought to come.

## Technology revolution



Cheaper and more universally available technology, such as the Internet, is lowering barriers for fresh competitors to enter the marketplace, while reaction times are being reduced and technological development is speeding up.

These factors mean that today's dominant players can be overtaken by agile and fast-moving new competitors. Everything is evolving more rapidly. Businesses must keep up with change – or lose out. The smartest companies are making this change work to their advantage.

## Globalisation... at last!



Globalisation has been a live boardroom topic for many years. In the near future, its effects are set to become much more profound. Globalisation means businesses must be able to relate to – and service – a kaleidoscope of customers located anywhere in the world. It has opened the doors for innovative players from emerging markets, which may leave businesses in the developed world behind.

Knowledge is now shared in an instant, and businesses will have to fight to deliver value-added products and services perceived by clients as unique. They must also be prepared to handle unexpected turmoil that may start in one region but quickly sweep across the planet.

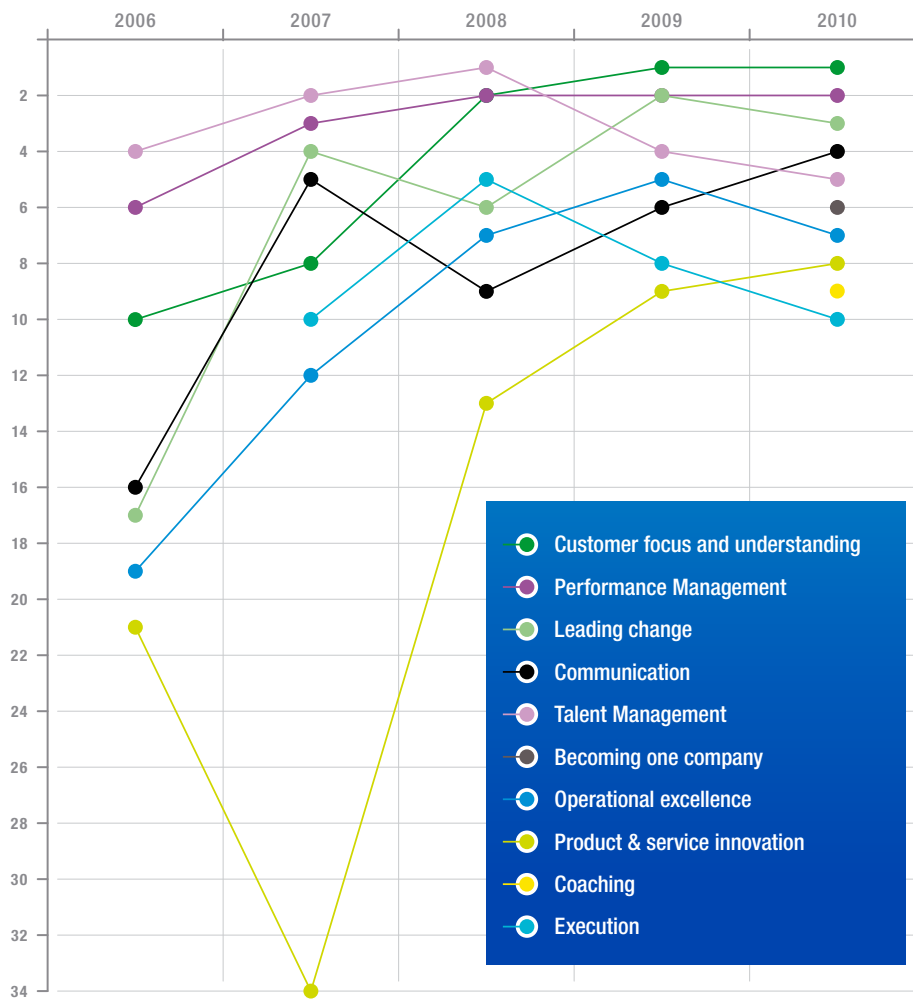
## So what should tomorrow's executive be focused on?

The forces shaping our collective future suggest tomorrow's executives will need to attract and retain talent, keep pace with

rapid technological change and prosper in a global market.

Our 2009-10 survey of executives in over 500 companies around the world looked into these challenges in more detail. It found that the leadership focus of some executives would need a makeover if they were to succeed in the face of these dominant trends.

The Top 10 issues for tomorrow's executive, in ranked order – and how they have evolved over time – are shown in figure 2:



Just look at how the executives' focus is dominated by three themes that tie back to the forces shaping our future – customers, people and change.

And when selected high performers were interviewed about their future focus, their top five long- and short-term priorities reinforced the picture:

- 1 Acquiring new customers (a top issue for 85% of respondents)
- 2 Improving customer service, increasing profitability, strengthening human capital (79%)
- 3 Strengthening customer loyalty and retention (73%)
- 4 Improving ability to listen to clients and customers (72%)

## 5 Increasing innovation for customers (71%)

This over-riding focus on leading customers, people and change means that, for tomorrow's executive, it won't just be their focus that needs a makeover; instead, for

many, their whole approach to leadership will need to be revised. Whatever their functional responsibilities, our surveyed high performers were zoning in on the sources of tomorrow's business advantage – the people they employ and the value in their relationship with customers. But how?

## Tomorrow's successful leader



Tomorrow's executive, just like today's, will need to formulate strategy, implement strategy, manage operations and manage stakeholders.

What we have discovered is that how they do this will need to be different, if they want to succeed.

The leaders' role	What tomorrow's executive must do
Formulate strategy	<b>Embrace constant change:</b> turn change to your advantage.  <b>Deepen customer insight:</b> understand and relate to your end-customer and the whole value chain
Implement strategy	<b>Drive agile execution:</b> listen, inspire and engage in a changing landscape  <b>Be a talent magnet:</b> find the people you will need and have them ready before you need them
Manage the operation	<b>Delegate responsibilities:</b> ensure your team manages tasks, people and decisions for you
Manage stakeholders	<b>Leverage the whole eco-system:</b> strengthen your ability to energise, impact and lead your people, your colleagues, peers, customer and partners

## Embrace constant change



Tomorrow's executive must accept that change is the new norm – and that it has to involve accelerated evolution. Organisational change can no longer be regarded as a one-off activity within a long-winded 12-month “change programme” that suddenly grinds to a halt, followed by a return to the old status quo.

Tomorrow's executive must embrace this new era by changing and adapting on a

personal level – and that means leaving behind some ingrained habits.

Yesterday's executive focused on controlling people, situations and tasks – such issues must now be managed to a greater extent by lower-level managers. Tomorrow's executive is helping people find confidence through change and preparing their people for a future that can no longer be fully defined.

## True customer insight



When your competitors have access to virtually the same technological solutions as you do, competitive advantage comes from your understanding of the entire value chain and what your end-customer will want tomorrow.

So, say Jakob Hansen is the finance director of a major IT solutions provider – and a very successful one. He could just as easily be the HR Director, Chief Counsel or the MD. However, he is the FD so he focuses on organising finances, securing good governance and managing all his key stakeholders. But if he is to survive in the future, like his colleagues in all functions, he must have a more direct and personal understanding of the company's immediate customers, as well as their end-

consumers. This insight will enable him to make better decisions and understand how he and his colleagues create value for his businesses customers.

Jakob's company might sell outsourced IT services to a large financial services company. But does his team have sufficiently intimate knowledge of the end-consumer's needs and aspirations to ensure both parties stay ahead of the game?

Successful organisations will be those that make the voice of the customer central to all levels of the company. How they feel about you is key to their future relationship with you. We are all aware that operations need to be organised, and products developed, in a customer-focused manner.

But do you know what your customers are planning to do next? You need to be ready to take advantage rather than just reacting to events. Rather than simply focusing on current and past problems and extrapolating trends, tomorrow's executive needs

to know what the customer will look like in the future. Preparing their organisations to create something new, rather than just improving on what is already in place, means a paradigm shift for many.

## Agility and continuity in execution

Tomorrow's executive will see that, as technology and globalisation are great levellers, so it is people that will provide the main source of competitive advantage. The critical factors will be their productivity, their entrepreneurial creativity, the way they work together and how they connect with your customers. For Jakob, our imaginary finance director, this requires careful thought. Control, audit and governance remain critical functional priorities; but how can he make sure that governance does not kill growth and that control does not stifle entrepreneurial spirit among his colleagues?

Leaders must communicate in a way that inspires their colleagues to achieve more than they would if left to their own devices. Their creativity – not just your technology – is what will secure your profits. A future-proof leader leads an agile and flexible organisation, where the same people are motivated to do more with less. If Jakob gets it wrong, he might still control a profitable business, but it risks contracting into a small, static company devoid of entrepreneurial spirit or creative inspiration.

## Be the talent magnet

How companies have handled the evolution of the mobile phone illustrates the premium role of brainpower for those that have had most success. New generation phones come ever faster, but the technol-

ogy 'horsepower' is not the main reason for their success – instead, it is the close-knit relationship some brands have with their customers and employees, and the image they have managed to create. This drives

their growth and profitability. Stylish design is one crucial element – and that stems from employees' creative leadership and brainpower. Making the technology relate to the end-consumer through intuitive functions and applications, together with the power of the brand, are driving margins more than megapixels, processor power and memory.

Some people form a relationship with one product in a way they simply do not with other technically similar products. If you attract and keep the right people, you will get the right customer relationship, and you might add value to what is otherwise a depreciating and rapidly outdated piece of IT.

As the economic cycle moves back to growth, executives will realise how difficult it is becoming to attract new talent. That

will bring employee branding and retention strategies to the fore. Companies who merely react to immediate vacancies and hire for yesterday's needs may find themselves in peril – and that danger will grow in the future, as the employees with most knowledge retire from working life.

It takes time for even the most talented new employee to integrate into an organisation and perform at the highest level. Profit-focused leaders need to hire today the top performers they will need in three-to-five-years' time. And they need to make sure they understand what is happening around them and change their own leadership style to succeed in the new world.

Executives need to prepare for tomorrow by having a more strategic approach to hiring, selecting and developing talent.

## Leverage the power in the company ecosystem

Tomorrow's successful organisations will need to be connected internally in a more seamless way. That means activities often regarded and managed separately – such as talent, performance and change management – now need to be managed more holistically.

Tomorrow's leaders will need to understand the relationships and dynamics between all factors relating to a company's performance. They will need to embrace the company's entire 'ecosystem', encom-

passing the entire supply chain, external and internal stakeholders, customers and employees.

Achieving this requires a greater systemic competence, as well as the ability to understand and capitalise on the whole business situation to produce the right level of tension and energy. Delegating business management and control to their empowered teams, tomorrow's executives can successfully address stakeholders throughout their whole value chain.

<http://www.s4k.com/mercuri/preparingfortomorrow.ppt>

So what should you do now? Have a look at our 60-second crash course to get started.

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*Richard Moore leads Mercuri Urval's Global Client Services team. His team ensures that Mercuri Urval has the right people, solutions and approaches in place for their global clients, wherever and whenever they need them.*

*Over the coming months, further articles in this series will be published, developing in more detail how tomorrow's successful executive will need to lead*

*Send Mercuri Urval your comments at [richard.moore@mercuriurval.com](mailto:richard.moore@mercuriurval.com)*

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## About Mercuri Urval

Over 40 years ago, Mercuri Urval was founded to help answer a simple but important question:

**How do organisations make sure they have the right people, so they can deliver the best possible business results?**

As pioneers in predicting the impact of people's capabilities and personality on business results, we have always placed high importance on the recruitment, selection and development of people. And that is still the core of our business.

Today, Mercuri Urval has grown organically to become a leading consultancy, working with more than 3,000 clients in over 50 countries every year. As we have grown, our services have expanded to include a range of Board and Executive, Talent Management and Business Transformation solutions, built to meet our clients' needs to strengthen their people's performance.

Visit [www.mercuriurval.com](http://www.mercuriurval.com) to find out more.

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## Tomorrow's leader – what you need to do now

### **A 60-second crash course**

- **Get closer to your customer** as a whole organisation – or fail. The emotional relationship with customers will define your future so you must personally seek to understand it
- **Listen, communicate, inspire:** listen and inspire in equal measure to engage others. Engage customers, stakeholders and employees more openly – especially customers – in how you are changing

**Mercuri Urval**

**What tomorrow's executive should know**

- Understand that **people** are the source of competitive advantage and make yourself an attractive home for the ones you will need for tomorrow
- Hire for **tomorrow's needs**. Talent is going to get scarcer, and more important, so never stop looking for it – and be more creative about where you find it
- Implement **strategy as a continuous journey** rather than distinct initiatives by making sure leaders see the connections within the work system they operate in
- Understand and influence the whole business **ecosystem** – this is the key to better decision-making and increased speed of implementation
- **Anticipate change**: think and act knowing change will happen – **agility** is essential to survival, so spend time thinking about tomorrow as well as acting for today

Any leader wanting to stay afloat must juggle three dominant trends: imminent demographic change, accelerated technological development and the realities of globalisation.

Yesterday's executive focused on controlling people, situations and tasks. Tomorrow's executive will help people find confidence through change and will prepare their people for a future that can no longer be fully defined.

Tomorrow's executive must be able to interact with, listen and react to the entire customer chain.