The Future of Chief Executive Leadership in Aotearoa

Transforming the Leadership Landscape

Kerridge®
& Partners

Contents

He rangi tā matawhāiti,
He rangi tā matawhānui.

A person with narrow vision has a restricted horizon;
A person with wide vision has plentiful opportunities.

Foreword

We often get asked about leadership. Why? Perhaps because we spend so much of our collective energies talking to leaders, advising leaders, coaching leaders, observing leaders and studying leadership, locally and globally.

So why another look at Chief Executive leadership in Aotearoa, particularly when we led a research piece just four years ago on the same theme? Well, a lot has happened since then. The COVID-19 pandemic and much more. Intuitively we 'feel' that things are different. Outside of pandemics, challenges just seem so much more significant now – climate change is very much front and centre, and organisations are grappling with the impact of artificial intelligence on the future of work.

There is a science and an art to what we do as consultants and advisors, and similarly there is a subjectivity and an objectivity to 'leadership'. The 'subjective' side must not be discarded. The Māori concept of mana is captured in one small word that conveys so much meaning. The intelligences we have that synthesise and unite seemingly disparate views of what good leadership looks like are arguably a human beings finest qualities.

We invite the reader to work with, critique and discuss the models and ideas that have emerged from our work. We have taken an analytical approach to our information gathering and 'making sense' of the wealth of ideas we were 'gifted'. The next stage is for the reader to explore these ideas against the frame of reference of their own leadership journey.

It has been said that "if you are certain you are right about something, then you are almost certainly wrong". In that spirit, this research is not intended to be a definitive piece of work. Given the holistic nature of good leadership, and given that 'good' in one context may not be 'good' in another, it is impossible to codify 'excellence' in an absolute sense.

Yet, it is certainly possible to learn from others.

We are very grateful to the many leaders who have given generously of their time so that others can benefit from their wisdom. Of course, leadership is ultimately an expression of one's own humanity and uniqueness.

We are all on our own journeys. We truly hope that this helps you on yours.

Peter Kerridge
Founding Partner, Kerridge & Partners

Ka pū te ruha,
Ka hao te rangatahi.

The old net is cast aside, while the new net goes fishing.
A new sense of leadership.

Executive Summary

The Chief Executive's job has changed considerably over the past decade, and especially after three years of the pandemic. Technological know-how has become a prerequisite of the job. External stakeholders demand much more attention than they once did. Chief Executives must now spend considerable capital addressing the health and well-being of their employees. Attention to environmental, social, and governance (ESG) issues and the call for leaders to speak out on societal issues are all on the rise. The public nature of the job is greater than ever as Chief Executives are increasingly being scrutinised for what they say and do (or don't say/do!). Perhaps most critically, we are now in an era where volatility and uncertainty are the norm, not the exception.

Starting with the 2008 global financial crisis, business leaders have had to deal with one game-changing external disruption after another. In the wake of the COVID-19 pandemic and amidst current geopolitical turmoil and the ongoing impacts of climate change, Chief Executives of the future will need agility and courage to lead through constant volatility. These new demands on Chief Executives have significantly changed the process of leaders preparing for the Chief Executive role.

This is reflected in our observations. There are now more, and increasingly diverse, pathways to becoming a Chief Executive, rather than just the one or two conventional career tracks where candidates all tick the same boxes.

The leaders we interviewed are ready to turn to their peers and other, more experienced Chief Executives for support in different ways than they have in the past – with a much greater focus on personal, emotional, and psychological readiness. Our conclusion is that it is more complicated than ever to prepare for the Chief Executive role and in many instances, one will never 'be ready', as often leaders discover that the job requires muscles and expertise they had never developed. In parallel, the research also highlights the importance of the Chief Executive-Chair/Board relationship and how Chief Executives should engage with the Chair/Board something which cannot be learned from textbooks.

In this report, we have summarised the learnings from what has been written by global thought leaders, reinforced by nuggets of wisdom gleaned from our interviews. We have categorised these into a Chief Executive Development Framework consisting of 15 key behaviours and mindsets describing how Chief Executives lead their **Organisation, Teams, and Themselves**. While the list may have much in common from what we found in our research four years ago, the differences are significant. We believe it has highlighted behaviours and mindsets that are critical for success in today's volatile and unpredictable operating environment.

While this list is by no means exhaustive, we hope it encapsulates what is considered most important and serves as a guide for Chief Executives' leadership development.

Research Methodology

In gathering the most relevant, representative and interesting input for this research theme, we curated a group of over 50 senior leaders from across the country (Refer to Acknowledgements, page 40), representing the private, public and not-for-profit sectors. Interviewees held leadership roles including those of Board Chairs/Directors, Chief Executives, CXOs across various industries, and members of academia.

Interviewees were asked to respond to the following areas:

What do you anticipate are the emerging megatrends impacting organisations in the next 5-10 years?

What has changed over the past few years in terms of the demands on the Chief Executive?

What do you think are the most effective ways to develop future Chief Executives?

a. **What has been the most effective development experience in your leadership journey?**

b. **What would you have wished you had done more of?**

How do you see the role of the Chief Executive evolving in the context of the shifting megatrends, and how are you adapting to this shift?

Detailed interview questions can be found in the Appendix on page 39

> *"Change is the only constant in life"*

Greek Philosopher, Heraclitus, 5th century BC

Megatrends

Introduction

Change is an inherent characteristic of human societies and is by no means a new or novel phenomenon. However, in today's world marked by technological advancements and unparalleled hyperconnectivity, the pace of change is accelerating rapidly and characterised as perpetual, pervasive, and exponential[1]. In order to navigate this dynamic landscape, it is crucial that organisations and their leaders understand the potential effects of various global megatrends.

To obtain a comprehensive understanding of both global megatrends and the nuances of Aotearoa's business landscape, we conducted a detailed literature review on key megatrends. This was followed by a series of interviews with senior leaders across the country. This research revealed a clear consensus regarding the key megatrends, both currently and imminently affecting organisations. While there are minor variations in the specifics and terminologies used, there are four 'clusters' of megatrends that are consistently highlighted across the literature:

◆ Geopolitics
◆ Technology
◆ Sustainability
◆ Demographics

Despite commonly being categorised as separate 'clusters', it is important to note that these megatrends are intertwined and interdependent[2]. Geopolitical factors such as political conflicts can significantly influence demographic patterns, migration flows, and cultural shifts[3]. Similarly, as evidenced by the recent development of green technologies, technology is a key enabler for achieving sustainability goals while sustainability is a prominent driver for technological innovation.

While it is argued that megatrends unfold over long periods of time[4] and exhibit a degree of resilience and continuity[5], they are certainly not immune to being altered or disrupted by unpredictable events. This has most recently been evidenced by the COVID-19 pandemic which has had a profound and lasting impact on organisations and their operating environment. The pandemic acted as a catalyst – amplifying existing trends and giving rise to new ones. These changes are expected to have a long-lasting influence on organisations as the world continues to navigate the post-pandemic landscape. The profound impact of such 'black swan events' serves to highlight the inherent unpredictability of change.

Geopolitics

Technology

Sustainability

Demographics

Geopolitics

Geopolitics has been widely used as a loose synonym for international politics as it refers to the complex interactions and dynamics between different countries and regions. The megatrend of shifting geopolitics, characterised by the ever-evolving political, economic, and regulatory landscapes, holds significant implications for organisations operating in an increasingly interconnected world. While the pandemic has emphasised the importance of international cooperation in managing global crises, it has also reinforced the importance of regionalisation as countries seek to reduce their reliance on global supply chains and increase their self-sufficiency– a shift that presents a particular challenge for our small economy in the middle of the Pacific. The rise of nationalist and protectionist policies has the potential to increase trade barriers and political instability, which in turn can contribute to inflation and a higher cost of living. Resource scarcity, particularly in water and energy, is expected to intensify competition and potentially trigger conflicts over these resources – further exacerbating economic challenges.

The conflict in Ukraine has further increased attention on the presence of geopolitical risk and its tangible impact on various sectors at a global level. Indeed, Russia's invasion of Ukraine saw a surge in prices for essential commodities such as fuel, food, and fertiliser in Aotearoa. The conflict has sparked a re-evaluation of globalisation, highlighting how the interconnectedness that binds us together also exposes us to the risks associated with interdependency. This trend becomes evident as the United States, European Union, China and Russia grow increasingly distant from each other, leading to the emergence of fault lines.

On the other hand, hyperconnectivity driven by the rapid advancements in technology and digital infrastructure has led to an unprecedented degree of interconnectedness and interdependence – transforming the way organisations operate. The seamless flow of information, goods and services across borders has created global interdependencies and this interconnectivity of global supply chains means that political conflicts, trade disputes, or sudden regulatory changes can cause delays, disruptions, or increased costs in sourcing raw materials, components, or finished products. As evidenced by the New Zealand productivity Commission the COVID-19 pandemic has highlighted the risks of supply chain disruptions[10] due to our geographic location and export-oriented economy.

Technology

It is no surprise that the rise in technology is consistently cited as a key megatrend, providing both challenges and opportunities for organisations[11]. The rapid advancement of Artificial Intelligence (AI) and automation is rapidly revolutionising industries and reshaping the future of work. This is anticipated to have a significant impact on workforce transitions and dislocation[12]. The Internet of Things (IoT), along with advancements in connectivity, is driving digital transformation across industries. This involves the proliferation of connected devices, smart infrastructure, and the integration of physical and digital systems – further enabling efficiencies[13].

The COVID-19 pandemic has had a profound impact on how companies operate, prompting a rapid acceleration in the adoption of technology and fundamentally transforming the business landscape. The United Nations Industrial Development Organisation (UNIDO) highlighted that the pandemic has accelerated and amplified existing megatrends, such as digitalisation and automation[14]. This is echoed throughout the literature. For example, McKinsey Digital examined how the pandemic affected companies' technological outlook and future business systems, and refers to the COVID-19 pandemic as the "tipping point" that changed business forever[15]. The pandemic has acted as a catalyst for digital transformation, such as the rise of remote work and virtual collaboration tools; the adoption of e-commerce and digital marketing channels; and the increasing use of automation and AI in business operations. Companies that fail to adapt to these changes will risk being left behind.

On the other hand, the same paper noted that the rapid pace of digital transformation has created new opportunities for businesses to innovate and grow, and that those that embraced these changes will be well-positioned to succeed in the years ahead. This transformation has also led to the increased prevalence of remote working and while COVID-19 restrictions have now eased, this shift has had a lasting impact. The pandemic equally highlighted the importance of cybersecurity as companies rapidly shifted to remote work and heavily relied on digital infrastructure[16]. Robust security measures increasingly need to be put in place to safeguard sensitive data and address the growing cybersecurity threats.

The exponential pace of change in technological advancements and innovation is so rapid that even as you read this report, it is highly probable that new technologies are emerging that we may not yet be able to fathom or envision. Indeed, while generative AI only became widely known in early 2023, it is fast becoming the one big disruptor of how we live and work. We asked the question of ChatGPT – "What are the implications of generative AI on the current global megatrends, and what questions should Chief Executives be asking themselves on how to address these?". Within 10 seconds, it spat out a thoughtful, if rather sterile, answer:

> *"Generative AI has significant implications for global megatrends, and Chief Executives must address these by considering key questions. They should assess how generative AI can automate tasks, transform the workforce, and identify new roles and skills. Chief Executives should also explore using generative AI to enhance customer experiences and personalise content, while maintaining transparency and trust. By addressing these questions, Chief Executives can navigate the generative AI landscape, leverage its capability, and align it with their strategy."*

While the uses and challenges of this technology are still emerging, the impact is already felt by governments, communities, and organisations across the world.

Sustainability

As the global economy becomes increasingly aware of the urgent need to address climate change, organisations are grappling with the potential impact and uncertainties that lie ahead. Climate change, accompanied by growing concerns surrounding ESG responsibilities and expectations, is posing significant challenges and creating a sense of uncertainty for many organisations[17].

Recent events like Cyclone Gabrielle and the Auckland Anniversary Floods serve as stark reminders of the escalating frequency and intensity of 'unprecedented' extreme weather events in Aotearoa, while also highlighting the significant physical risks that businesses face due to climate change. Indeed, it has been reported by New Zealand's Ministry of Foreign Affairs and Trade that the economic losses caused by Cyclone Gabrielle are expected to exceed the $2bn-$4bn of losses caused by the 2016 Kaikōura earthquake, with on-farm revenue losses alone being forecasted between $500m and $1bn[18]. Although businesses within the primary industries are obviously vulnerable to the physical effects of climate change and climate-related disasters, it is crucial to recognise that the physical risks of climate change are not exclusive to any one sector. Rather, the disruptive consequences of the global climate crisis – such as infrastructure damage, supply chain volatility and disruptions, operational disruptions, property damage, increased insurance costs, and health and safety risks – have broad implications for virtually all businesses.

Extending beyond environmental issues is the business framework of ESG. Investors, consumers, and stakeholders now place greater emphasis on organisations demonstrating authentic responsible practices and are increasingly scrutinising a company's ESG practices. Failure to meet these expectations can result in reputational damage, loss of investor confidence, reduced market access, and even legal and regulatory consequences. In an environment where customers and investors favour companies with strong ESG credentials, poor integration of sustainable and responsible practices into core strategies can leave organisations at a significant disadvantage[19].

We have seen Aotearoa lead the charge through the enforcement of mandatory climate-related disclosures (CRD) for large financial market participants. Approximately 200 large public-listed entities, insurers, banks, non-bank deposit takers and investment managers were required to begin CRD reporting from early 2023. This legislation is a first step in Aotearoa's journey towards carbon neutrality by 2050 and assists businesses to understand how climate change may impact them, both in terms of risk and opportunities. CRD reporting puts the onus on businesses to make climate considerations routinely, demonstrate responsibility, and help transition to a more sustainable, low emissions economy[20]. This legislation by the New Zealand Government demonstrates leadership and provides other countries with a model for their own climate reporting requirements and standards when looking to tackle the climate crisis[21].
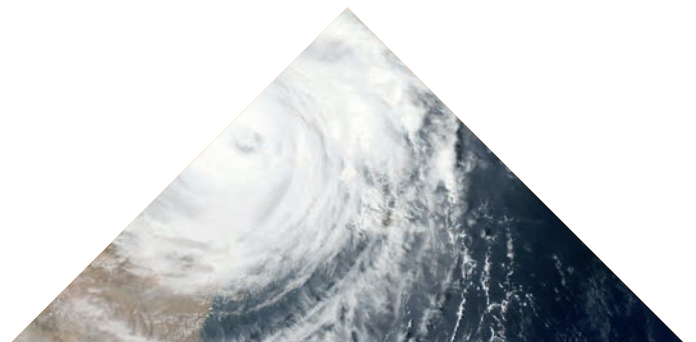
Demographics

Demographics refers to the significant and long-term changes in the composition and characteristics of populations worldwide. These changes in demographics are expected to profoundly influence organisations – for example, the ageing workforce is a prevalent theme in the global discourse surrounding the future of work. Like many OECD countries, Aotearoa has an ageing population that is attributable to declining fertility rates and an increase in average life expectancy. In 2022, StatsNZ reported there are about 842,000 people aged 65+, and it is anticipated that by 2028 the number of Kiwis aged 65+ could reach 1 million. By the 2050s, this demographic group may constitute around a quarter of the total population[22]. This shift is anticipated to lead to a lag in labour force growth and potentially a reduction in productivity[23].

As the demographic profile of the workforce shifts, organisations are seeing an increasingly intergenerational workforce[24]. These generational differences within the workforce are driving the demand for flexible working arrangements. Younger generations of workers, such as Gen Z and millennials, place a greater emphasis on work-life balance and remote work options. This leads to an ever-increasing demand for organisations and leaders to adapt to these preferences by offering flexible work arrangements, including remote work, flexible hours, and project-based assignments.

Another key demographic factor is migration, which impacts the availability of workers in the economy and augments the 'labour supply' in specific occupations and industries[25]. Aotearoa has, arguably, developed an overreliance on temporary migrant workers – an issue highlighted by the COVID-19 pandemic. Although net migration has declined significantly due to the pandemic, it has now returned to pre-pandemic levels. As a result, Aotearoa's increasingly diverse population, with minority ethnic and religious communities constituting a larger proportion of the overall population, is expected to be reflected in a more diverse workforce in the coming decades.

When discussing diversity and the topic of demographics, it is also important to consider Aotearoa's unique cultural landscape. Given the country's history and identity, biculturalism is an indelible aspect of the national discussion surrounding equity, diversity and inclusiveness. We are seeing significant growth in the number of organisations that are actively incorporating te Tiriti and tikanga principles into their strategy. There is heightened demand to hear the voices of Māori as leaders seek to include Māori perspectives, values, and practices in decision-making processes, workplace policies, and strategies.

> *"Global challenges are so much more immediate than we imagine"*

Distinguished Professor Emeritus, Paul Spoonley, Research Director, Massey University

Photo by Nasa

Geopolitics

In the wake of the COVID-19 pandemic, the impact of geopolitics on business has become more pronounced, as the crisis exposed vulnerabilities[26] and accelerated geopolitical shifts[27]. Businesses must navigate evolving geopolitical dynamics, adapt strategies to shifting norms, and foster public-private collaborations to effectively address global challenges. Through our interviews, it became evident that there is a high level of awareness and concern held by senior leaders across Aotearoa regarding the current geopolitical climate and its profound implications for the business landscape. These conversations echoed the findings of our research, emphasising that while geopolitics is not a new megatrend, the current global context has amplified its pertinence for organisations in Aotearoa.

> *"Geopolitical tension is not new; it's the convergence of several factors that have heightened the complexity of how businesses need to operate."*
>
> **Carrie Hurihanganui (CEO, Auckland International Airport).**

Many interviewees held the view that, as a small and geographically isolated economy that is heavily export-oriented, Aotearoa is particularly susceptible to disruptions that may arise from geopolitical rivalries and political tensions. In today's hyperconnected business landscape where global interdependencies abound, geopolitical factors have become a megatrend that demands the attention of all Chief Executives.

> *"Geopolitics isn't something that only import- or export-oriented companies need to think about. Everything is connected these days. We see that influence from around the world."*
>
> **Neil Cowie (CEO, Animates)**

Taking decisive action amidst ambiguity is undoubtedly a critical skill for leaders in today's complex business landscape. Effective leaders understand that inaction can be more detrimental than imperfect action, and they are willing to take calculated risks and adapt their strategies as new information emerges, allowing them to navigate ambiguity with confidence. In this inherently unpredictable and volatile operating environment, many leaders highlighted the dangers of decision paralysis and emphasised the importance of acting decisively.

> *"Leaders need to develop an ability to shift quickly. Freezing is the worst thing you can do in a fast-changing environment."*
>
> **Andrea Scown (CEO, Mitre 10 New Zealand)**

Incorporating robust risk management strategies enables businesses to enhance their resilience and mitigate potential risks associated with shifting geopolitics. Examples of such strategies include scenario planning, diversification of operations and supply chains, and stakeholder engagement. Effective risk management strategies allow organisations to navigate uncertainties and seize opportunities in an ever-changing global landscape, ensuring their continued success in the face of geopolitical complexities.

> *"Instability forces you into a position of risk mitigation and diversification. To effectively balance risk as a business, you must make sure that all your eggs are not in one basket."*
>
> **Rachel Taulelei (Entrepreneur, Co-founder Oho and Professional Director)**

Alongside hyperconnectivity, Aotearoa's current position within our multipolar world adds an intriguing dimension to this phenomenon. The duality of Aotearoa's cultural imperatives lying with the West and economic imperatives lying with the East presents unique challenges and considerations for Chief Executives.

> *"Historically, the country has maintained strong ties with Western nations, aligning itself culturally and politically with Europe and the United States. However, with the shifting global power dynamics, the country's economic imperatives have naturally gravitated towards Asia."*
>
> **Malcolm Johns (CEO, Genesis Energy)**

With that in mind, there appears to be value in Chief Executives adopting a perspective that balances a focus on creating an environment where organisations can succeed domestically while also forming mutually beneficial partnerships on the global stage. This serves to not only amplify Aotearoa's influence and impact but also enhance its reputation as a credible and valued global partner. In doing so, leaders also gain exposure to international best practices. Indeed, many leaders believe that forging alliances and active participation in the international arena is critical for Aotearoa's success. By embracing offshore markets and gaining global perspectives, Aotearoa can overcome some of its limitations as a small and isolated island nation.

> *"The exposure to offshore markets and getting global perspectives to bring back home is critical. It's not a lack of capability but we are a small island nation and we need to work hard and see the outside world more."*
>
> **Lindsay Cowley (CEO, IntelliHUB Group NZ)**

This sharing of information allows for mutual learning, innovation, and the adoption of successful strategies that have been implemented elsewhere. Through effectively engaging with global partners, Chief Executives may also gain exposure to a more diverse range of perspectives and experiences. This diversity fosters innovation, creativity, and problem-solving by offering multiple viewpoints and approaches to complex challenges.

> *"My advice to other Chief Executives would be to engage in conversations beyond your organisation. If you encounter a challenge, chances are someone else has faced it before. I believe that businesses in New Zealand can best thrive by adapting international ideas to our unique landscape."*
>
> **Graham Mitchell (CEO, Crown Infrastructure Partners)**

While acknowledging the importance of global engagement and partnerships, it is equally crucial for Aotearoa to balance those actions and maintain a focus on 'NZ Inc'.

> *"By investing internally and focusing on being the 'good global citizen' that NZ claims to be, we may be able to provide internal stability amidst external uncertainty."*
>
> **Minnie Baragwanath (CEO, Global Centre of Possibility)**

While Chief Executives can adopt strategies to mitigate the impact of the current and future geopolitical climate, the dynamics of this landscape are complex and ever-changing. Consequently, leaders cannot possess complete control or have an accurate foresight into the future.

> *"I think the sustainable success of New Zealand businesses within a global context is becoming more pressing for Chief Executives. Why will this company matter in 20 years' time? Global geopolitical and economic factors are playing an increasing role in most New Zealand businesses; it is very challenging for New Zealand Chief Executives to lead businesses that flourish in an environment of global headwinds when you are in a smaller, subscale economy."*
>
> **Sheridan Broadbent (Professional Director)**

Above all, to thrive in this challenging environment, it is evident that Chief Executives must develop the ability to navigate through uncertainty.

"To navigate an uncertain future, it is vital to focus on practical considerations. Delve into the specific impact on your business, assess your risk appetite, and ask the question 'so what?' to understand the implications. By planning for practical actions, you can effectively navigate the uncertainties ahead."
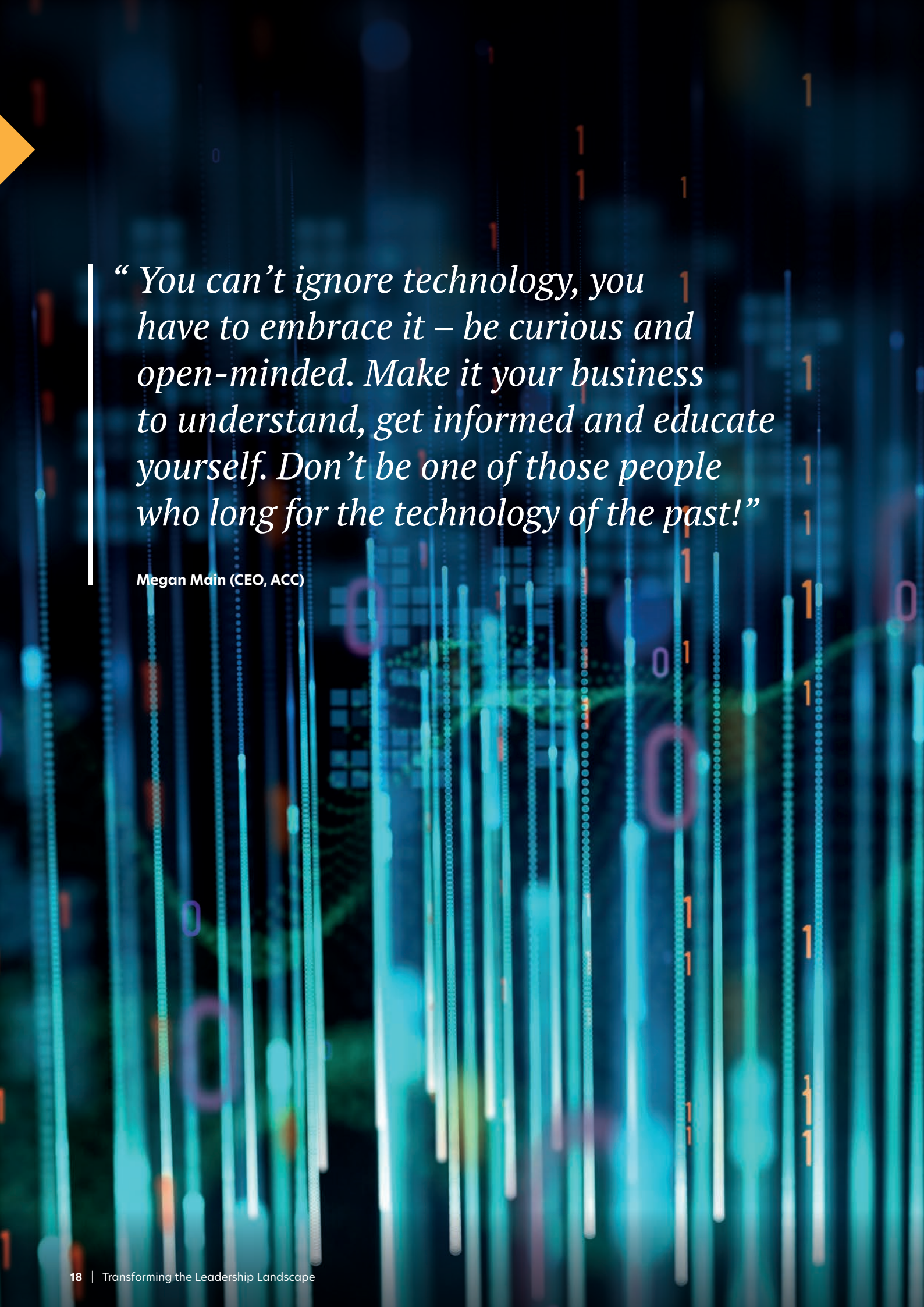
Catherine Drayton (Chair, NZ Super Fund)

"Drawing on indigenous models of leadership, wayfinding exemplifies leadership in uncertainty. It encompasses having a mindset where one acknowledges the unknown destination but actively engages with others to navigate and make sense of the journey. Embracing a collective perspective and upholding core values form the essence of this approach."

Dr Rhiannon Lloyd (Senior Lecturer, Management and International Business, The University of Auckland)

By embracing this philosophy, leaders can successfully steer their organisations through uncertain times, leveraging collective wisdom and upholding their fundamental principles along the way.

" *You can't ignore technology, you have to embrace it – be curious and open-minded. Make it your business to understand, get informed and educate yourself. Don't be one of those people who long for the technology of the past!"*

Megan Main (CEO, ACC)

Technology

Even before COVID-19 shut borders and office doors, the transformation of business processes through technology had been a prevailing trend over the past few decades. The pandemic accelerated the adoption of technology and ushered in an unprecedented era of change, creating both opportunities and obstacles for businesses and their leaders. This is reiterated by McKinsey who commented that the pandemic has profoundly changed the business landscape and that companies that fail to adapt to changes risk being left behind[28]. In this context, effective leadership is essential to navigating these dynamics and Chief Executives assume a pivotal position in guiding their organisations through these transformative times.

> *"Digital technology, AI, and cybersecurity are causing massive disruptions in businesses. I cannot think of any Chief Executive who isn't actively engaged in this space or considering how they can enhance their capabilities in these areas."*

Glenys Talivai (CEO, Public Trust)

To embrace the change driven by evolving technology, Chief Executives must possess a clear vision and strategic foresight. They will need to understand the potential impact of disruptive technologies on their industry and develop a forward-looking vision that aligns with the organisation's long-term goals.

> *"The rapid advancement of technology highlights the need for a broader perspective on strategic agility. With technology progressing at an astonishing pace, organisations are striving to align themselves in this dynamic landscape, and it has become crucial for Chief Executives to embrace intuitive decision-making and seize opportunities for advancement."*

Steve Jurkovich (CEO, Kiwibank)

In the face of a rapidly changing and evolving landscape, it may be tempting for Chief Executives to focus on short-term strategic initiatives. However, interviewees highlighted the importance of maintaining a long-term strategic focus and resisting the urge to get caught up in the constant whirlwind of rapid changes and short-term trends.

> *"Don't get sucked into the cycle of rapid shifts. You must think about long-term implications."*

David Downs (CEO, New Zealand Story)

By staying informed about emerging technologies, market trends, and customer demands, Chief Executives can anticipate changes and proactively position their companies to leverage disruptive technology to their advantage. Many Chief Executives highlight the importance of curiosity, engaging with experts, conducting thorough research, and reading industry publications, technology-focused blogs, research reports, and relevant news articles. By leveraging external expertise, Chief Executives can access cutting-edge technologies, gain insights from industry leaders, and create mutually beneficial partnerships that drive innovation and accelerate growth.

> *"Dive in the deep end. Have regular conversations around challenges. Be constantly curious and keep learning."*

Chris Quin (CEO, Foodstuffs North Island)

While it is important for leaders to understand the technological landscape, interviewees were vocal about the importance of having expert voices at the table and moving beyond the expectation that the Chief Executive knows everything. Chief Executives need to invest in the right talent to ensure that the organisation has the necessary resources to effectively adopt and integrate technologies. Disruptive technologies are often complex and require specialised knowledge and expertise for successful implementation.

> *"Not only do Chief Executives need to be really comfortable navigating technology, they need to ensure there is technological capability across the organisation."*

Maxine Elliott (CEO, Worldline Global)

"While I didn't grow up as a digital native, it's important for all leaders to make sure you understand not only how technology works but how customers are engaging with it. It's also vital to make sure you've got someone on your team who understands the nuances of technology and is staying up-to-date on the latest advancements."

Antonia Watson (CEO, ANZ Bank New Zealand)

Looking further down the chain, Chief Executives also highlighted the value of creating an environment that encourages experimentation and embraces risk-taking.

"Try things and fail fast."

Vanessa Sorenson (Managing Director, Microsoft New Zealand)

While this outlook may prove to be more unnatural for more risk-averse sectors and industries, identifying areas where technology can enhance efficiency, streamline processes, and deliver improved products or services is critical. Chief Executives should champion the implementation of innovative solutions such as AI, machine learning, and automation, while also ensuring that the necessary infrastructure and resources are in place to support their successful integration. That said, it is crucial to acknowledge that amidst the abundance of opportunities, this era of technology also brings forth a new wave of risks, with cybersecurity being a key concern for organisations.

"Cybersecurity is the new health and safety. It's an evolving space where its importance will be highlighted more and more going forward."

Nigel Bingham (Managing Partner, Pencarrow Private Equity)

"The angst and cost of managing cybersecurity risk has increased exponentially in the last three years. Since 2019, this would be the biggest worry for the officers of many organisations."

Simon Moutter (Professional Director)

Chief Executives must place cybersecurity at the forefront of their business strategy and treat it as a high-level priority. In doing so, they should look to collaborate closely with their IT and security teams to craft a comprehensive cybersecurity strategy that aligns with the organisation's objectives and risk tolerance. Leaders should ensure sufficient allocation of resources to invest in cybersecurity technologies, tools, and infrastructure.

"The most effective approach to handling cyber risks is to adopt the mindset that a breach will occur (not if), regardless of implemented countermeasures. Being prepared to face that and placing emphasis on the recovery process is critical."

Lindis Jones (CEO, Z Energy)

In addition to navigating the opportunities and risks of this rapidly evolving technological landscape, leaders must consider the impact of this on their workforce. The fear of job displacement due to technology is a common concern and there is a perception that many traditional job roles may become obsolete. This is fuelled by news highlighting instances where automation and AI have replaced human workers in various industries. While it is important to acknowledge and address these concerns, it is also essential to recognise that technological advancements have historically led to the creation of new jobs and industries. As technology evolves, it often brings about a shift in the types of jobs available rather than complete job elimination. This highlights the need for organisations to embrace technology while leveraging the inherent strengths of their human workforce.

"We're going to have to work hard to figure out where our business falls in the continuum between technology taking over jobs vs providing new opportunities. The last thing technology will take away is judgement and experience."

Andrew Poole (CEO, MinterEllisonRuddWatts)

The role of the Chief Executive is critical in effectively managing the impact of technology on the workforce. To proactively address the concerns and fears surrounding job displacement, Chief Executives must articulate a clear vision for how technology will be integrated into the organisation while emphasising the continued value of human skills and expertise.

"Climate change is the biggest risk that we face as a globe"

Evan Maehl, Managing Director, Waste Management New Zealand

Photo by Nasa

Sustainability

Sustainability remains a critical and urgent matter. For organisations, ESG considerations add an additional layer of risk, particularly in an operating environment that is seeing the rise of the socially conscious consumer[29]. The interviews revealed a clear consensus among senior leaders regarding the significance of climate and ESG concerns as crucial challenges for organisations across Aotearoa.

"If climate isn't high on your list of priorities, then you're not awake. This is not just a concern for the primary industries as we have seen entire industries wiped out in the last few months due to the floods."

Rachel Taulelei (Entrepreneur, Co-founder Oho and Professional Director)

This unanimity underscores the urgency and gravity of climate and ESG concerns. It signifies a growing recognition among leaders of the imperative to tackle environmental impact, fulfil social responsibilities, and enhance governance practices by integrating them into their overall strategy and vision.

"What I'd like to see is we eventually stop referring to ESG, but rather it is viewed as an integral component deeply ingrained within the strategic DNA, just like any other risk or opportunity. Climate change is real and we need to adapt our businesses to be able to thrive regardless."

Sheridan Broadbent (Professional Director)

"Every business has to be a sustainable business in the future. We have to be aligned with the markets. Sustainability is becoming a hygiene factor, not a differentiator."

Paul Brock (Professional Director)

In reflecting on their own sustainability journeys and experiences of embedding ESG principles into their organisation's strategic vision, the recurring theme that emerged among Chief Executives is the value of progress over perfection.

"You have to be able to move forward knowing that you'll never make the perfect decision."

Vittoria Shortt (CEO, ASB Bank)

"The Chief Executive must lead these conversations with courage, acknowledging that we are not perfect, but rather on a collective journey. While we won't have a solution for everything by tomorrow, we are approaching the challenges seriously."

Neil Cowie (CEO, Animates)

The integration of sustainability principles into business strategies is clearly no longer a mere option but a strategic necessity for long-term success. With consumers increasingly prioritising sustainability and social responsibility, companies that demonstrate a genuine commitment to these values gain a competitive edge. This approach not only provides businesses with material returns but it enables them to mitigate environmental impact and contribute to a more sustainable future.

"If you want to become a successful big business, you've got to do good business, i.e. be transparent, act on ESG, climate change and making your products and services accessible and inclusive, and not just optimise for the bottom line"

Pavan Vyas (CEO, Flick Electric)

"Your purpose has to be bigger than your organisation. It has to speak to the fact that you are impacting your customers, your company, your country and your world."

Malcolm Johns (CEO, Genesis Energy)

It is a fact that employees, especially Gen Z and millennials, are progressively seeking employers that demonstrate a genuine commitment to ethical practices and social responsibility. A Chief Executive who prioritises sustainability and ESG principles in the company's strategy positions the organisation as an attractive employer and is more likely to attract and retain staff who are passionate about making a positive impact and contributing to a sustainable future.

"People want to work for purpose driven and purpose-based companies."

Allan Pollard (CEO, West Auckland Trust Services)

"Younger generations care deeply about the values of the organisation and leaders need to acknowledge that."

Antonia Watson (CEO, ANZ Bank New Zealand)

While interviewees acknowledge the urgency and gravity of climate and ESG concerns, they also shared stories of innovation and finding opportunities within this challenging landscape. There was a genuine commitment among Chief Executives to contribute to the resolution of this crisis and a deep understanding of the responsibility in tackling this issue.

"We have been talking about environment outcomes and sustainability for a while, but we are now seeing organisations truly demonstrate beyond just words and evidence their commitment to effect change. I can see the shift into tangible actions and accountability."

Lindsay Cowley (CEO, IntelliHUB Group NZ)

Despite the indisputable challenges, leaders consistently touched on the opportunities that stem from innovation in addressing ESG and climate concerns. The utilisation of technology to drive this innovation serves to highlight the interconnected nature of global megatrends.

"Climate change and technology are inextricably linked. Technology is a key enabler of mitigation and adaptation. It also provides the data and insights that companies need to act, and that stakeholders and shareholders now expect to have access to in order to determine a company's environmental impact."

Jolie Hodson (CEO, Spark New Zealand)

Perhaps most importantly, these discussions emphasised the importance of resilience and positivity in leadership.

"It can feel overwhelming with the constant changes and risks surrounding us. However, it is crucial to cultivate resilience and actively seek out the positive aspects amidst the uncertainties and risks we encounter."

Maxine Elliott (CEO, Worldline Global)

"I think the playbook is around self-resilience, your own mental health and wellbeing. When I did my business degree, it was about anticipating the future. You can't possibly do that now, you have to turn in to yourself and learn how to deal with ambiguity."

Toni Truslove (Global CEO, KEA Networks)

These qualities are not only crucial for guiding organisations through the obstacles presented by the sustainability and ESG megatrend, but they are also invaluable in navigating through various other challenges that impact organisations. Whether it is technological disruptions, geopolitical uncertainties, or shifting demographics, leaders who possess resilience and positivity have the ability to guide their teams through these obstacles effectively.
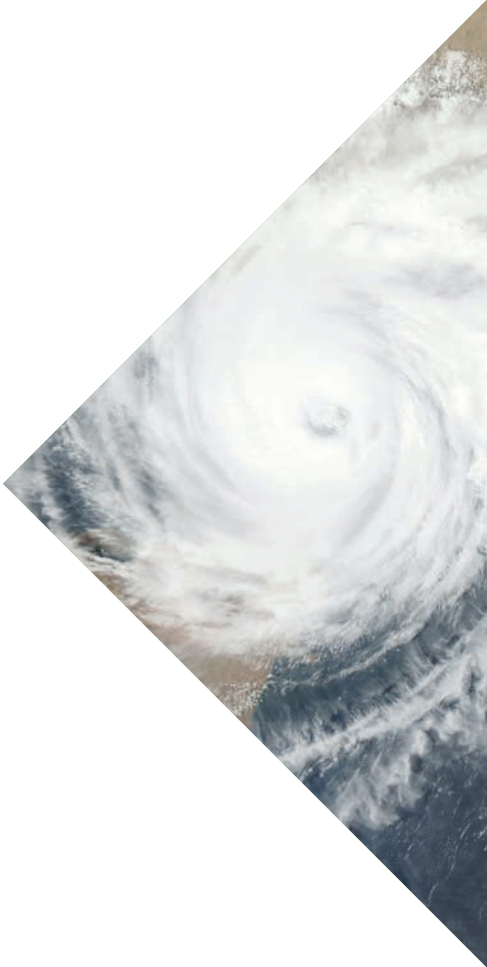
" The shift in demographics, especially regarding the diverse generations in the workforce, offer a tremendous opportunity for organisations to harness a wealth of experience. Chief Executives need to be adept at bringing people together and focusing on what connects them, rather than what divides them."

Minnie Baragwanath, CEO, Global Centre of Possibility

Demographics

Among the four key megatrends identified in our research, the topic of demographics received comparatively less explicit attention from the interviewees. This aligns with the viewpoint of academics, who believe that Chief Executives generally place less emphasis of demographic changes in comparison to other megatrends. This is a potential area where leaders could benefit from further exploration and knowledge development.

"New Zealand's CEOs demonstrate a good level of business awareness, but there is a notable gap in their understanding of the broader demographic context, changing social and cultural environment and how this could impact their organisations."

Professor Brad Jackson (University of Waikato, School of Management and Marketing)

Chief Executives today face the challenge of navigating significant demographic shifts that are reshaping markets and workforces. The increasingly diverse workforce presents a range of opportunities and challenges for leaders - with the change of the workforce composition comes the change associated with their needs and motivations. One prominent topic of discussion revolves around the increasing prevalence of remote and hybrid ways of working. This shift is widely recognised as being triggered by the pandemic, enabled by advancement in technology.

"The post-pandemic work environment has evolved to become both more flexible and complex. In the past few years when working remotely was the norm, it was clear that strong connections needed to be established and maintained. But now, with a mix of remote and in-person work, there is added pressure on managers to foster connections and maintain collaboration in a more complex setting. This dynamic environment and its associated challenges require a more sophisticated approach."

Greg Lowe (Former Group CEO, Beca)

The increasingly hybrid way of working presents novel challenges for current Chief Executives. This huge shift in workplace dynamics means that Chief Executives have to make critical decisions around what their workforce needs vs what they want - particularly when considering how their organisational culture will continue to thrive despite hybrid working arrangements.

"In this new world of hybrid working, it's not well thought through how new people join organisations and become culturally embedded. It will be hard to build a genuine organisational culture when your people don't have relatedness. In some organisations, employees seem to have the full decision rights about working from home and this could be very material to long term value if it results in declining productivity or a weak performance culture, through lack of attendance at the workplace."

Simon Moutter (Professional Director)

It is becoming increasingly crucial for leaders to prioritise talent acquisition and retention strategies that align with the evolving dynamics of the workforce. This includes the development of initiatives such as flexible work arrangements, inclusive benefits packages, and career development opportunities.

"The pre-pandemic ship of working exclusively in the office has sailed and as the Chief Executive, you must provide context and clarity about what this means for your organisation. At Manawa, we have been deliberate and purposeful in developing robust WFH policies but, equally, we are aware of the importance of face-to-face contact."

David Prentice (Former CEO, Manawa Energy)

As identified in our research, a key consideration for leaders in the context of shifting demographics is the ageing population. While the workforce is projected to age, employers have generally failed to recognise the value of older workers and tend to view them as a liability rather than an asset. Surveys consistently reveal that just a quarter of employers consider the ageing workforce as essential employees[30], and a significant portion of employers either take no action or have no intention to actively address the needs of older workers[31].

> *"A key opportunity for businesses is the ageing of the population and what these older New Zealanders can offer. It is crucial for society to recognise the immense contributions they can make but unfortunately, it seems that not enough thought has been given to how this group can be a valuable – and valued - asset, rather than a burden."*
>
> **Distinguished Professor Emeritus Paul Spoonley (Research Director, Massey University)**

As Chief Executives navigate an increasingly multi-generational workforce, it becomes crucial to comprehend and address the diverse expectations, work preferences, and communication styles that appeal to each generation. They should look to foster an environment that promotes collaboration, knowledge sharing, and mutual respect across generational boundaries. By recognising the strengths of different generations and creating opportunities for cross-generational mentorship and learning, leaders can harness the collective potential of their workforce.

> *"Taking the time to understand the love language of the people that you are leading is really important to how you connect to them emotionally. The Emotional Quotient of Chief Executives is much more important than their IQ these days, because the IQ is just so accessible, either through other people, subject matter experts, or online."*
>
> **Malcolm Johns (CEO, Genesis Energy)**

Embracing and leveraging diversity within the workforce can lead to numerous benefits. It can foster innovation, creativity, and different perspectives, which are crucial for effective problem-solving and decision-making in today's complex business landscape. Moreover, in Aotearoa, where factors such as migration are resulting in a progressively more diverse population, the significance of this is even more pronounced.

> *"Chief Executives must genuinely encourage diversity within their team and their thinking, avoiding tokenistic approaches. The talent landscape within the organisation should accurately reflect the diversity of the country."*
>
> **Jason McCracken (CEO, Medical Assurance Society)**

> *"Diversity and Inclusion often get dismissed as "buzzwords" that are casually thrown around. However, in addition to creating opportunities for those historically excluded from business, building teams from diverse backgrounds is critical in gaining a comprehensive understanding of modern challenges. Everyone has blind spots, and diverse teams help us uncover and address them effectively."*
>
> **Mahara Inglis (CEO, MitoQ)**

By embracing and celebrating the broader diversity within Aotearoa while upholding the principles of biculturalism, the discourse on equity and inclusiveness is enriched further. This approach recognises the importance of biculturalism as a foundational aspect of the nation's identity while also appreciating the various cultural backgrounds and experiences of the diverse population.

"We need to embrace the fact that we are a multicultural nation and it is the CE's responsibility to create an inclusive culture and environment that encourages all employees to bring their whole self to work. While everyone appreciates we are all at different stages of our te ao Māori journeys, it is important for the CE to clearly articulate the value of diversity and to seek expert advice on best practices."

Donna Cooper (Professional Director and CEO)

Effectively leading a diverse workforce and fostering a deeper appreciation for the unique contributions and perspectives that different communities bring requires a thoughtful and inclusive approach. As such, Chief Executives must encourage a more inclusive understanding of diversity that goes beyond a mere 'tick box exercise'. This includes implementing well-considered diversity and inclusion initiatives, providing equal opportunities for career advancement, and fostering a culture of openness and acceptance to develop a culture where all employees feel valued, respected, and included. Throughout our series of conversations, leaders consistently emphasised the significance of effectively cultivating this environment, highlighting that it is now more important than ever before.

"In the past, the focus was primarily on profit and loss. Today, with the increased emphasis on the quadruple bottom line (cultural, economic, environmental and social), the emphasis on purpose and culture has become more critical than ever."

Carrie Hurihanganui (CEO, Auckland International Airport)

" Leverage on your Chief Executive and director networks to learn how other CEs work with their Boards. Invest the time to build a good working relationship with the Chair, get to know each director well outside of board meetings to build trust and mutual understanding."

Donna Cooper (Professional Director and CEO)

Working with the Chair/Board – Important Considerations for a First-time Executive

Becoming a first-time Chief Executive is a significant career milestone. For a leader, this presents an opportunity to lead at the very top echelon of an organisation, to create a compelling vision, drive the strategy to achieve financial and non-financial outcomes, and shape the culture of the organisation. At the same time, the role comes with numerous challenges and pitfalls. In a recent study, McKinsey found that lack of experience is a common pitfall faced by new Chief Executives, which includes challenges in team management, strategic decision-making, and crisis handling[32].

Through our 18 years of experience and placing of over 150 Chief Executives across Aotearoa, we would add that one of the critical success factors for Chief Executives is a good working relationship with the Board, and in particular, with the Chair. The relationship between the Chief Executive and the Board is crucial, interdependent, and evolving, and unfortunately, we have seen first-time Chief Executives get derailed when they do not invest the time to develop the relationship with the Chair and individual Board members.

"Poorly managed, the relationship between the Chief Executive and the Board can devolve into a loss of trust and paralyzing ineffectiveness."[33]
CEO Excellence, Dewar, Keller and Malhotra, McKinsey 2023

It is essential for Chief Executives to actively seek the Board's input and leverage their collective expertise. Valuing the diverse perspectives and experiences of Board members can lead to better decision-making and strategic guidance. Actively engaging with the Chair through one-on-one meetings and seeking the Chair's insights on critical matters not only fosters a collaborative environment but also demonstrates the Chief Executive's willingness to listen and learn. Furthermore, Chief Executives should invest the time to understand each Board member's background, expertise, and areas of interest. A personalised

approach will help tailor their communication to the directors and better leverage their expertise. Chief Executives can also greatly benefit from developing a well-structured plan for their initial period in the role. This helps to set clear goals and expectations for both the Chief Executive and the Board, foster transparency, and gain the Board's support and confidence in their ability to lead the organisation.

Through the initial first few months in role, the Chief Executive should regularly update the Board on progress made, highlight achievements, address challenges, and seek guidance where necessary. This ongoing communication helps build trust and provides the Board with visibility into the Chief Executive's strategic approach and decision-making.

In summary, it is important for first-time Chief Executives to have the mindset that they have earned their right to lead, and their appointment is testimony to the Board's confidence that they can do the job. On the other hand, it is just as important to realise that they are not 'a finished product' and constantly seek feedback and strive to improve as a leader. We have seen first-time Chief Executives try too hard to please the Chair/Board or come across as over-confident and not take on board critique and feedback.

Ehara taku toa i te toa takitahi, engari he toa takitini

My success if not mine alone, it is the success of the collective. No one gets there alone.

He aha te kai a te rangatira?
He kōrero, he kōrero, he kōrero

What is the food of leaders?
It is communication.
Good communication, internally and externally,
is essential for leadership.

Chief Executive Development Framework

What does it take to become a Chief Executive?

We have summarised the learnings from global thought leaders and the nuggets of wisdom gleaned from our interviews to develop a Chief Executive Development Framework consisting of *15 key behaviours and mindsets*. While this list is by no means exhaustive, we hope it encapsulates what is considered most important to prepare for Chief Executive roles.

Leading Organisations

- **Develop a clear vision** of where the organisation is headed and how it will get there – a compelling vision that inspires and motivates employees.

- **Develop strategic foresight** to anticipate future trends and plan for potential scenarios. This involves analysing trends and drivers of change, identifying potential future scenarios, and developing strategies to address them.

- **Embrace digital transformation** by investing in technology, developing digital skills, and adopting new business models.

- **Build strategic partnerships** with other stakeholders to address complex challenges, including governments, iwi, communities, NGOs and other organisations to leverage resources and expertise.

- **Focus on long-term sustainability,** prioritise sustainable business practices and consider the long-term impact of decisions.

Leading Teams

◆ **Build strong relationships** with employees. Take the time to listen to their concerns and ideas, create alignment, and provide them with the necessary support and resources to succeed.

◆ **Embrace diversity and inclusion** as a core value and work to create a workplace culture that values and respects people of all backgrounds.

◆ **Encourage cross-functional collaboration** in order to lead in a complex and dynamic environment which requires a diverse range of skills and perspectives. Implementing a number of shared Key Performance Indicators can reinforce common objectives and build alignment and cohesion amongst the executive team.

◆ **Foster a culture of innovation** to adopt new ways of operating and embrace innovation. Encourage employees to experiment, take calculated risks, and explore new ideas and opportunities.

◆ **Prioritise employee safety and well-being** to ensure that your employees feel safe and supported at all times.

Leading Self

◆ **Develop a growth mindset** to stay abreast of the latest trends and developments. Make it a priority to continuously learn, thrive on challenges and see failure as a springboard for growth and development.

◆ **Be agile and adaptable**, be prepared for the unexpected. Emphasise these qualities within your organisation and be willing to pivot quickly when necessary. Be prepared to deal with crises and have contingency plans in place.

◆ **Lead by example** and role model the behaviours and values you want to see in your employees. Demonstrate a commitment to the organisation's mission and values.

◆ **Cultivate ongoing feedback and support resources** to develop your leadership skills. Cultivate feedback sources within the team that will give you honest and timely feedback. Consider working with an executive coach and/ or mentor, as well as building a peer learning and networking group of Chief Executives.

◆ **Make time for personal wellness** as your physical, mental, and emotional health significantly influences decision-making, leadership effectiveness, and employee morale. It also sets an example for employees, encouraging them to prioritise their wellbeing as well.

Chief Executive Development Activities

As a Chief Executive, developing your leadership abilities should be a priority. These are ten leadership development activities that can help you enhance your skills:

- **Executive coaching:** Executive coaching is a one-on-one relationship between a Chief Executive and a coach, designed to help the leader enhance their leadership skills and achieve their professional goals.

- **Mentoring:** Find a mentor(s) who can offer guidance and advice on a broad range of personal and professional issues.

- **Leadership workshops:** Attending leadership workshops and conferences can help you learn new skills, network with other leaders and stay up-to-date on the latest trends and best practices.

- **Peer coaching:** Peer coaching involves partnering with another Chief Executive or leader to provide feedback and support to each other.

- **Reading and Listening:** Reading widely – books, articles, and blogs and listening to podcasts etc on leadership, business, and management can help you gain new insights and perspectives.

- **Leadership retreats:** Attending a leadership retreat (with your team/on your own with leaders from other organisations) can provide you with the time and space to reflect on your leadership style and behaviours.

- **Public speaking:** Developing your public speaking skills can help you communicate more effectively with your team and stakeholders.

- **Emotional intelligence training:** Emotional intelligence training can help you understand and manage your own emotions, as well as those of your team members.

- **Cross-functional exposure:** Cross-functional exposure can help you understand the perspectives and challenges of different parts of your organisation.

- **Self-reflection:** Taking the time for self-reflection can help you identify your strengths and weaknesses as a leader and develop a plan for improvement.

Overall, developing your leadership skills is an ongoing process that requires dedication and effort. By incorporating some of these activities into your routine, you can enhance your skills and become a more effective Chief Executive.

Appendix

Interview Questions

General
Questions
- What do you anticipate are the emerging megatrends impacting organisations in the next 5-10 years?
- How do you balance the need for stability with the need for agility in a rapidly changing environment?

Technology
Questions
- What are the key technologies that you believe will have the greatest impact on your organisation and how are you preparing to stay ahead of the technological curve to maintain a competitive edge in your industry?
- How do you anticipate the evolving technology landscape impacting the role of a Chief Executive in the future? What competencies will be required and important in future?
- How have you developed your own knowledge and skills in this regard? How do you expect these competencies to change in the future? How do you keep up-to-date/stay ahead of the game?

Geopolitics
Questions
- How do you see the constantly evolving geopolitical climate impact the ways you lead the organisation, both in the short-term and long-term? How do you anticipate the global economic shifts affecting NZ markets? Is this something top of mind for you?
- What skills are becoming more critical for Chief Executives in managing the impact of the changing geopolitical landscape?
- What contingency plans do you have in place to respond to geopolitical crises or unexpected events that could affect your organisation?

Sustainability
Questions
- Do you see climate change as a risk or an opportunity for your organisation, and why?
- How do you as a leader navigate the uncertainties and risks associated with climate change and ESG, and how do you balance these risks with the potential opportunities?
- What are the key challenges your organisation face in navigating the complex and rapidly evolving ESG landscape? What are your plans to respond to this changing landscape?
- How do you see the role of the Chief Executive evolving in this regard?

Demographics
Questions
- How do you anticipate these demographic shifts will impact your organisation's operations and customer base, and what strategies are you developing to adapt to these changes? How do you evaluate the potential risks and opportunities associated with changing demographics, and how do you incorporate these considerations into your decision-making process?
- What emerging opportunities or challenges do you see for your organisation as a result of demographic changes?
- How do you see the role of the Chief Executive evolving in the context of the shifting demographics megatrend, and how is your organisation adapting to this shift?

Chief Executive Development
Questions
- What do you think are the most effective ways to develop future Chief Executives?
  - What has been the most effective development experience in your leadership journey?
  - What would you have wished you had done more of?
- How can organisations create a pipeline of potential Chief Executive successors? What do you see as the biggest gaps between Chief Executives and their next-in-line in NZ organisations?
- What is your organisation doing to develop potential Chief Executive successors?

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