

Notes from Global Leadership Conference held at London Business School on June 29th, 2009.
Some take aways:

- Most relatively pessimistic on quick recovery
- Highlighted the opportunity to drive for innovation, differentiation and take share/grow
- Also to re-set the company – new talent, structures, business models
- Opportunities in the East vs. West
- Jeff Immelt and Willie Walsh impressive in terms of openness and directness.

Introduction (Lord Davies Ex Chairman/CEO Standard Chartered now UK Gov't Minister for Trade, Investment, Business)

Emphasized always making sure there are contrarian views in your management team and that you have contrarian views yourself (which have served StanChart well over the past years).

Managing in a Crisis (Jeff Immelt, CEO GE) –

1) Manage the cycle –

- Focus on cash and speed of execution/decision making
- Take advantage of opportunities which exist to grow, take share...
- Keep executing on the LT strategy
- Keep communicating (internal/external)

2) Ensure you have a view of the future – in GE's case...

- Fin services industry is changing (more regulation, more capital req, changing landscape)
- "Govt is next door and is not leaving"
- US consumer is spending less and saving (US consumer has spent 6% more than they have earned over past 25 years)
- Globalisation is changing (re-order – East, resource rich)
- Other big themes for GE – resources, aging population

3) Use as opportunity for renewal (to "re-set the company") – in GE's case...

- Drive for innovation/technology (more products at more price points)
- Own clean technology and healthcare
- Be "good at making things" – competitive supply chains, op efficiency
- Embrace private/public partnerships – ie. renewables
- Be a good citizen – focus on long term investments – education, SMEs, finance
- Restructure and re-focus/change talent

Business leaders of the 21st century –

- Have basics of performance, accountability but now need more of rapid adaptability, ability to connect with people, embrace uncertainty

Is the global economy broken? (Panel with Martin Wolf (FT), CEO Diageo, Global MD McKinsey & Co., Jeff Immelt (CEO GE), Economic Profs from LBS and Singapore)

McKinsey MD

- Think we are at an early stage of recession – concerned about fin system
- Recession could go on for 2 yrs then social strains
- Move to more government
- Shareholder value needs a rethink – focus more on duration – incentives need to change

Singapore Prof

- Issues focused on the West
- In the East things have never been better
- West losing power but want to keep influence
- Western incompetence in managing economy – West now part of the problem
- Opportunity – billions of Asians want to participate, freer trade in Asia

LBS Economists

- Int trade flows down but should see this flow go up unless protectionism (which is big threat)
- Massive capital retrenchment – and move into t-bills
- Instability in capital models – build on US/China relationship – will this hold?
- See US\$ under attack

Jeff Immelt

- Inflation threat overstated but will be there in med term
- China has an “extremely competent” government
- India too much corruption in infrastructure, esp at state level

Trust in CEOs in US – at 17%

Trust in average employee – 45%

Leadership in Challenging Times (Panel with Rob Goffee (LBS), the Chairman of Deloitte, CEO BA, CEO Alcatel-Lucent (Ex CEO BT))

Pitfalls to avoid –

- Don't claim to know future but have a view
- Understand the politics but remain above it
- Use current downturn to drive change (re-set)
- Identify with your employees – be honest with them (they are smarter than you think)
- Remain steadfast around core values
- As a leader, be yourself but recognize weaknesses – in a crisis you will revert to form

A crisis is too good to waste –

- Focus on trust and credibility
- A crisis will not sort itself out – own up and act

Cost versus protecting the customer experience -

- Need balance
- Can't be defensive in difficult times
- If sacrifice the customer experience (and brand) in cost cutting then on slippery slope...

Opportunities in a Downturn (Panel with Don Sull, CEO Bharti Telecom, CEO Unilever, CEO BskyB)

A great time to refocus talent (get from outside of inside), change the portfolio, change the org, get new customers and be more aggressive.

Survey of audience “what would you do in this crisis?” – 32% would drive for market share, 34% focus on talent, 20% stay the course, 10% cut costs, 4% other (but this is different from what audience's companies are actually doing...)

How do you see the economy?

- BskyB – slow
- Unilever – not sure he sees green shoots – perhaps L shaped
- Bharti – growth gone from 9 to 6% annual. Will get back to 9-10.

How consumer behavior has changed –and what are opportunities?

- Note that 50% of S&P 500 born in recessions
- More cocooning (eat at home, entertainment at home)
- Channel shift (in US to discount, etc)
- Women spending less on themselves, so have more for family
- Technology more important
- Trust more important

What is the most important thing to do now?

- Keep the “challenger” mentality – even if you are market leader
- Position yourself for the trends – expose and move to them
- Benchmark vs external – where you want to win, where you want parity – very important to “watch the small guys”
- Balance risk with opportunities – focus on innovation and differentiation
- Use this as a platform for change if you need to: Unilever doing this – create more bias for action, increase level of accountability, get closer to customers. Unilever went from 100s of metrics to 3 – volume growth, op margin, working capital.
- Pace change and communicate transparently – create collective culture and drive fwd

Conclusions (Editor-in-Chief, The Economist)

4 crisis – Financial, Economic, Political, Ideological

- Does not see many glimmers of hope in economy until 2010
- We are going to a “different place”
- A fight for liberal capitalism – but losing the argument
- Risks of political unrest in China and conflict between US and China and between Eastern and Western Europe (younger Western Europeans will not want to bear cost of Eastern Europe)
- On positive side, prices are cheap (assets) and easing is having an effect

There was one other session on banking which I did not find particularly helpful and thus have not included above – most were ducking any serious questions though the UK Gov’t obviously keen to get their money back as soon as possible. (CEO RBS, Deutsche Bank Board Member, Chief Exec UK Fin. Investment, CEO LSE)

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