

While Uncertainty Remains, Executives Are Focused on **Reinvesting to Build Advantage**



Leadership —*Knowledge Insight*

CEO OUTLOOK 2023: CAUTION, OPTIMISM, AND NAVIGATING THE ROAD AHEAD

Even though nearly three-quarters of CEOs and other top executives we surveyed indicated that inflation, rising interest rates, and potential recession are top of mind, a surprising 79% expressed confidence in their own companies' prospects in 2023. And while cost cutting is clearly their priority, most companies are doing so in ways aimed at resetting their organizations for growth and enhancing resilience.

This nuanced CEO outlook holds true even in sectors where big layoffs have recently dominated the news. For instance, top technology company executives in our survey cited retaining and developing talent and boosting innovation in the year ahead as equally important—if not higher—priorities than shedding workers, particularly in North America.

Our study also found that companies that have devoted the most energy to improving resilience are outperforming their industry peers in total shareholder returns and are more prone to reinvest their cost savings in areas that could give them a strategic advantage.

Source Link: <https://www.bcg.com/publications/2023/ceo-outlook-navigating-the-road-ahead>

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PWC'S 26TH ANNUAL GLOBAL CEO SURVEY: WINNING TODAY'S RACE WHILE RUNNING TOMORROW'S

Forty percent of global CEOs think their organisation will no longer be economically viable in ten years' time, if it continues on its current course. That stark data point underscores a dual imperative facing 4,410 CEOs from 105 countries and territories who responded to PwC's 26th Annual Global CEO Survey. Most of those CEOs feel it's critically important for them to reinvent their businesses for the future. They also face daunting near-term challenges, starting with the global economy, which nearly 75% believe will see declining growth during the year ahead.

We've organised this year's survey summary into nine tough questions—which naturally fall into three groups—about what it takes to operate in our dual-imperative world:

The race for the future: The first three questions reflect the race that CEOs must run to stay ahead of longer-term threats to their companies, to society and to the planet itself.

Today's tensions: The next three questions speak to day-to-day tensions that leaders are facing as macroeconomic conditions deteriorate, uncertainty rises and inflation hits levels not seen in decades.

A balanced agenda: The final three questions epitomise the balancing act that CEOs must perform to deliver on their dual imperative.

Source Link: <https://www.pwc.com/gx/en/issues/c-suite-insights/ceo-survey-2023.html>

Preparing for the CEO role can be a challenge and a reward. These eight lessons drawn from more than 300 McKinsey Leadership Forum participants and the CEOs who advise them will benefit any top executive or aspiring CEO.

INSIDE STORY HEADLINE

It's rare to get a collection of rising CEOs together for candid conversation, and rarer still to be witness to such conversations for more than 15 years. What we've learned from the more than 300 leaders who have participated in the Leadership Forum is invaluable. It's clear that the experience of CEO candidacy helps leaders emerge with a clearer understanding of their strengths, development areas, and professional and personal goals. They are more likely to see themselves clearly as leaders inside and outside of their organizations. And from what we've seen at the Leadership Forum over recent years, they are increasingly likely to become the leaders the world needs now.

RIISING CEOS: LESSONS FROM THE MCKINSEY LEADERSHIP FORUM

What does it take to become a CEO? Every year since 2006, the McKinsey Leadership Forum has convened an elite group of C-suite executives to tackle this and other key questions facing those near the very top of their organizations. In candid dialogue with current and former CEOs, as well as McKinsey's own experts, participants discuss their aspirations, leadership philosophies, network building, career paths, and other factors facing those preparing for the role. Just over 300 leaders have attended the forum, with 88 participants becoming CEOs.

In this article, we'll look at eight key lessons that we've gleaned from this uniquely rich data set, which showcases years of dynamic interactions between diverse personalities. To preserve the confidentiality of participants, we will not name CEOs, but we will weave in their insights throughout.

The CEO's job has changed considerably since 2006. Technological know-how has become a prerequisite of the job. External stakeholders demand much more attention than they once did.

Source Link: <https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/rising-ceos-lessons-from-the-mckinsey-leadership-forum>

Go
beyond... Extend to...

What we focus on	As manager , deliver profits to shareholders, with a mindset of preservation	Profit	Impact	As visionary , generate holistic impact for all stakeholders, with a mindset of possibility
How we create value	As planner , compete for existing value through advantage, with a mindset of scarcity	Competition	Cocreation	As architect , cocreate new value through reimagining, with a mindset of abundance
How we organize	As director , command through structured hierarchies, with a mindset of authority	Command	Collaboration	As catalyst , collaborate in empowered networks, with a mindset of partnership
How we get work done	As controller , administer through detailed prediction, with a mindset of certainty	Control	Evolution	As coach , evolve through rapid learning, with a mindset of discovery
How we show up	As professional , meet expectations, with a mindset of conformity	Expectations	Wholeness	As human , be our whole best selves, with a mindset of authenticity

NEW LEADERSHIP FOR A NEW ERA OF THRIVING ORGANIZATIONS

We are living through an era of unprecedented challenges and opportunities. The climate crisis, global health challenges, and changes in social values are upending individual priorities. Globalization and geopolitics are shifting the world's tectonic plates. How we live and work is being constantly reinvented by advances in technology and the emergence of generations who were "born digital."

How should leaders navigate this moment? What does leadership look like in an era where turbulence and disruption are the norm?

The answer to those questions can't be divorced from the answer to another one: What does an organization that thrives during such unstable times look like? For decades, organizations were designed and managed for an industrial environment. They were geared toward preserving stability, scale, and predictability with a focus on maximizing earnings for shareholders, and they paid little attention to the broader—often unintended—impact of their actions. Not anymore. Many organizations have recently decided that this approach is ill-suited to today's complex challenges, and especially ill-suited to the host of societal demands companies must now consider.

In its place, a new form of organization and management has been slowly emerging. We believe this new approach is at a tipping point where more and more companies will join the pioneers who are already riding this wave.¹ Organizations such as Allianz, Haier, Microsoft, and Nucor are transforming their industries with a new organizational approach that seeks to be open, fluid, and adaptable; unleashes the collective energy, passion, and capabilities of its people; reimagines strategy; and focuses on delivering greater value to all stakeholders.

Source Link: <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/new-leadership-for-a-new-era-of-thriving-organizations>

INSIDE STORY HEADLINE

Leaders must evolve beyond being managers seeking incremental improvement to become visionaries with the courage to craft a resonant purpose and boldly imagine and pursue the future.

Unleashing the full human potential in an organization is why forward-looking companies work so hard to create environments of belonging and psychological safety.

INSIDE STORY HEADLINE

The business environment just keeps getting tougher, but transformation is still an imperative. A new survey confirms that five measures can make a big difference in results.

WHY LEADERS CAN'T LET UP IN TRANSFORMATIONS

Amid ongoing strains associated with the pandemic, along with geopolitical tensions, the shift to hybrid work, supply chain disruptions, and other challenges, most companies remain remarkably resilient in terms of their ability to transform. However, leader engagement in transformation is declining, continuing a downward trend over the past several years. The good news is that it's still possible to successfully manage transformations in the current environment, provided leaders reengage and focus on the right things.

Those are the central findings of BCG's latest survey on the state of corporate transformations. The

survey—which drew responses from approximately 1,000 companies around the world—aims to provide business leaders with a data-driven overview of the current transformation landscape so they can better understand how to design and implement a successful change program. It follows similar analyses conducted in 2019, 2020, and 2021 and is the latest addition to our rich database of detailed transformation data on more than 4,000 transformation efforts.

Source Link: <https://www.bcg.com/publications/2023/five-steps-to-success-for-leaders-igniting-transformation>

WHY A SITUATIONAL APPROACH TO LEADERSHIP MATTERS

People who get the direction and support they need have higher trust in their leaders, are happier in their jobs, and are more likely to perform at high levels, remain in their organizations, and behave in ways that support the organization. That's the takeaway from this latest Blanchard research study that looks at the impact of initiating behaviors such as goal setting and showing how, plus consideration behaviors—like listening and facilitating problem solving, and how they impact employee perceptions of trust and well-being.

The study finds that effective leader behaviors are context-specific, depending on the development level of the follower on a particular goal or task.

Source Link: <https://resources.kenblanchard.com/whitepapers/why-a-situational-approach-to-leadership-matters>

PODCAST: MOVING SUPPLY CHAIN LEADERS TO THE C-SUITE

The authors of From Source to Sold discuss how supply chain leaders can take a seat at the boardroom table, becoming strategic leaders who help drive more resilient supply chains.

In this episode of McKinsey Talks Operations, we sit down with the authors of *From Source To Sold: Stories of Leadership in Supply Chain* (Grammar Factory Publishing, October 2022). Join the conversation as they take us on a journey through the intricacies of supply chain leadership and the inspiring stories of some of the most successful operations and supply chain business leaders.

Host Daphne Luchtenberg is joined by Knut Aliche, a partner in McKinsey's Operations Practice, and Radu Palamariu, managing director of Asia-Pacific and Europe for Alcott Global. Their conversation has been edited for clarity.

Source Link: <https://www.mckinsey.com/capabilities/operations/our-insights/moving-supply-chain-leaders-to-the-c-suite>

THE LEADERSHIP ODYSSEY

A paradox of business is that while leaders often employ a hands-on, directive style to rise to the top, once they arrive, they're supposed to empower and enable their teams. Suddenly, they're expected to demonstrate "people skills." And many find it challenging to adapt to that reality.

To understand how leaders can successfully make this shift, the authors studied 75 CEO successions, involving 235 candidates. They discovered that the transformation is not a single event but unfolds over time and takes many twists and turns. It's a long journey with three stages: the departure, during which leaders recognize the need to change and leave behind their old ways of working; the voyage, during which they encounter obstacles and trials that teach them important lessons; and the return, when they arrive at a new understanding of what kind of leader they need to be.

Source Link: <https://hbr.org/2023/05/the-leadership-odyssey>



In part one of our findings from Deloitte's 2023 Global Technology Leadership Study, we look at how technology leadership roles have evolved, and the competencies tech executives can build in order to thrive in today's environment.

UNDERSTANDING THE FIVE COMPETENCIES OF TRANSFORMATIONAL TECHNOLOGY LEADERSHIP

Today's technology leaders understand their role has changed. It's not enough to be an expert or specialist or independent operator. Instead, technology leadership is now a team sport—and that places an emphasis on the abilities of leaders to collaborate, communicate, coordinate, and cocreate.

Tech leaders should lead a synchronized team with multiple talents and competencies, all working toward the transformation of the enterprise. Deloitte's 2023 Global Technology Leadership Study shows how savvy tech leaders are not only rising to this challenge but also charting new career paths for themselves and the people on their teams.

"The way that technology has been engaged by the business, [and] the way we collaborate, has all changed significantly over the last few years, not just in terms of how we deliver solutions, but how we generate ideas based off business needs and feedback from customers," says Sathish Muthukrishnan, chief information, data, and digital officer at Ally Financial. "The CIO role and technology is no longer a cost center. I think of the function as a value generator and a revenue generator. Everything we do is critically connected to the business."

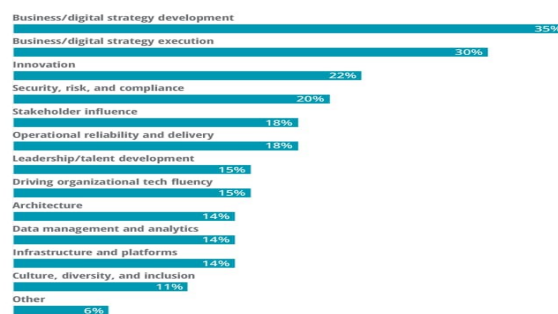
Chris Kozlowski, CTO at TVN, part of Warner Bros Discovery, is also witnessing this evolution first-hand.

"The technology function is changing its role from seamless operations to seamless leadership," he says. "A few years ago, technology was successful when it was not visible to the business. Now the success is when the technology function 'invisibly' coleads the business."

In this article—the first in a series of four—we explore this shift in more detail and highlight five distinct competencies tech executives can build to become transformational tech leaders.

Source Link: <https://www2.deloitte.com/us/en/insights/topics/leadership/five-competencies-tech-leaders.html>

FIGURE 1
Tech leaders' focus areas indicate a multimodal role with a dual mandate of accelerating growth while ensuring operational excellence
Question: Please rank the top five areas where you currently spend the majority of your time, effort, and energy.



Note: Respondents' top response has been shown; N=1,179.
Source: Deloitte 2023 Global Technology Leadership Study.

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MEASURING THE IMPACT AND ROI OF LEADERSHIP TRAINING

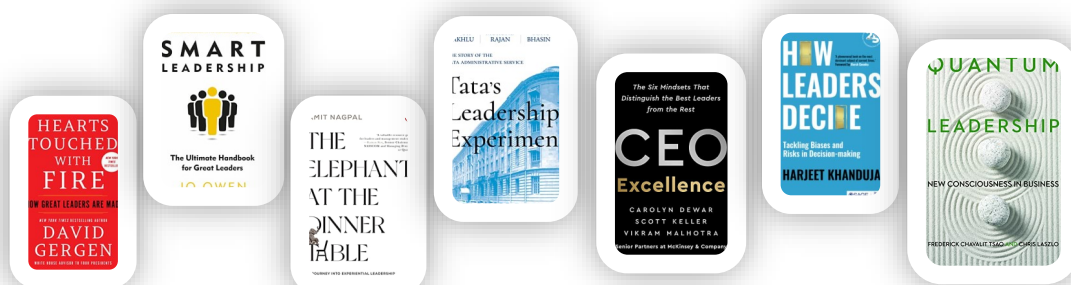
One of the biggest challenges leadership, learning, and talent development professionals face when they propose new training and development programs is convincing senior executives of the positive fiscal impact of the proposed initiative.

Without a way to present the anticipated financial improvement, it is easy to dismiss a new proposal as being too disruptive, too expensive, or too time consuming.

In this ebook you will learn how to calculate an estimated return on your next

training initiative in three areas: employee retention, customer satisfaction, and employee productivity. By using Blanchard's ROI methodology, you'll find that leadership development programs typically produce a return on investment of at least 8-to-1 once leaders adopt new skills.

Source Link: <https://resources.kenblanchard.com/research-insights/measuring-the-impact-and-roi-of-leadership-training>



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