



DMi article

“The challenge for many CEOs is now to repatriate activity or redesign supply chains...”



Meet the New Boss

Pre the Coronavirus crisis back in Feb 2020 The Economist published an excellent article entitled ‘Meet the New Boss’. It raised some great insight and made some insightful observations. The Economist article quoted that “the 500 people that run America’s largest listed companies hold sway over 26 million staff and receive a median compensation of \$13million with some deals worth \$246million by 2023”. However, when the CEO of IBM Ginni Rometty stood down after 8 years in charge their share percentage had trailed the stock market by 202%!

Management and leadership theory has attracted huge focus and commentary for decades, however recent studies have revealed that corporate leadership explains nearly 15% of corporate variance in profitability.



Dave Manning

A prime mover in getting a division of Rolls Royce to Class “A” in the 1980’s, Dave has huge experience as an inspirational educator to many companies across continents in how to bring change through implementing Integrated Business Leadership. He spent 18 years with Oliver Wight, 5 years with The Delos Partnership and now runs his own company, DM Integration Limited.

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It is still the case that 80% of CEOs are promoted from within the company and over 50% are Engineers or hold MBAs. This must limit the more general and practical experience of these CEOs?

Back in the 1920s Alfred Sloan controlled General Motors through capital allocation and promoted a management style which showed little respect for people and what we now refer to as emotional intelligence. No greater illustration of this failed attitude exists than General Electric where 'neutron' Jack Welch between 1981 to 2001 with a ruthless management and controlling approach ultimately lead to a complete collapse in General Electric's performance.

However today there is a change in leadership understanding and 32% of the top 500 big American companies invest more in intangible assets than physical assets, and 61% of the market values of those companies is in intangibles such as research and development, customer networks, brands, data and human capital.

CEOs authority is no longer based on control but is driven by collaboration, high powered teams, trust, technology and distributed leadership which I refer to as 'Secure Based Leadership'.

The trend over the past decades has been to 'go global' but during the past decade the profitability

of multinational investment has not been as attractive as previous decades and have in many cases resulted in returns on investment of an unimpressive 7%. The challenge for many CEOs is now to repatriate activity or redesign supply chains, most of which have only just started to embrace this challenge. In my opinion post Coronavirus this challenge will be even more important than pre Covid-19.

The biggest change however will be overall mission of organisations. The focus of the past has been to operate organisations for the best interest of the owners (shareholders). However, there is an increasing recognition that focus must now be upon a much greater 'stakeholder' group which includes:
- customers, suppliers, employees, the environment and shareholders through emotional intelligence.

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