

EXECUTIVE TALENT

 AESC

Volume Fourteen

Customers the Day After Tomorrow

Rethinking how we look at customers,
business and the future

The Evolution of the CMO

Fixing Unconscious Bias

Morality and Machine Ethics

TRANSFORMATIONAL LEADERSHIP

AESC explores how constant disruption has affected organizations
and how leaders can foster innovative cultures

How can today's organizations best perform in our customer-first, Business 4.0 environment? How can leaders thrive among the emerging technologies of the Fourth Industrial Revolution?

- In this issue of *Executive Talent* magazine, we explore with author and entrepreneur Steven Van Belleghem key insights about the new customer centricity from his most recent book *Customers the Day After Tomorrow*. Companies are asking what technologies they should be investing in, but Van Belleghem argues that's the wrong approach. Instead, he says, organizations should be focused on what is the best future customer experience.

- In a role that encompasses everything from sales support to brand steward to chief growth officer, chief marketing officers,



Welcome to Volume 14 from Karen Greenbaum, AESC President & CEO

or CMOs, are bastions of the bottom line and champions of their companies' aspirations. In the age of disruption, we take a deep dive into how the CMO role has been disrupted, too, how it continues to evolve and how it's scope and influence continues to expand.

- Communities, companies, and even broad industrial sectors are adopting technology at different rates and for different purposes, but technology's ongoing influence on products, processes and society demands that organizations embrace transformational leadership. In the latest global survey of AESC Members, we explore how constant disruption has affected organizations, the need for creativity and how leaders are fostering innovative cultures.

- Being human is to be biased. No one is immune to bias. But if

that is the case, how do we solve the challenge of unconscious bias? We spoke to unconscious bias experts Candice Bosteels, Founder and Managing Director of IdentiCy, and Hayley Barnard, Managing Director of MIX Diversity Developers. What we learned is the first step to understanding unconscious bias and correcting mindsets and behaviors is to recognize it.

- Algorithms are becoming self-taught and capable of independent decision-making. As intelligent, autonomous systems continue to evolve, human judgment and behavior is influencing machine decision-making. We spoke with Nell Watson, AI and Robotics Faculty at Singularity University and Co-Founder of EthicsNet about the emerging field of machine ethics.

- Instances of AI, Machine Learning and Deep Learning are being used around the world today to make data-based decisions that are helping companies make important choices that essentially drive profit-altering business results. AESC partner, The Cluen Corporation, shares with us how we can think ahead about how AI will impact our own firms.

- When investigating a candidate's background, LinkedIn can be a helpful starting point, but AESC

partner, Mintz Group, shares with us how it may not tell the whole story and why a resume is still critical.

- While there is a science-fiction fueled misconception of the world being over-run by human-like robots, the reality of AI is far removed from this Hollywood fantasy. AESC partner, Invenias, walks us through how AI will and will not impact the executive search process.

Thank you to the many individuals and firms who participated in the interviews and contributed to the research for this issue of *Executive Talent*. As always, I welcome your feedback on all matters relating to global executive talent.



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EXECUTIVE TALENT

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Volume Fourteen

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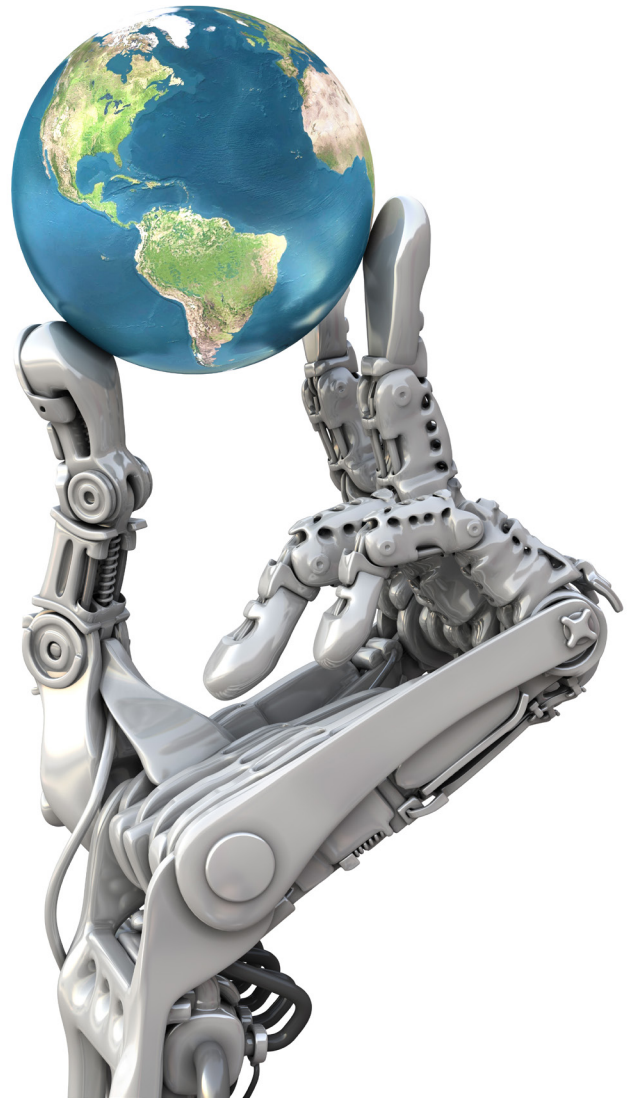


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Customers the Day After Tomorrow



In speeches, presentations, and in his most recent book *Customers the Day After Tomorrow*, author and entrepreneur Steven Van Belleghem challenges business leaders to rethink how they look at customers, business and the future. “Companies are asking themselves ‘in which technologies should we invest?’ But that’s the wrong question. Instead, companies should ask ‘what is the best future customer experience,’ and reverse engineer that vision to what they can do, today.”

Van Belleghem has walked among the world’s visionaries. “I’ve spent a lot of time in Silicon Valley, China and the innovation hubs in Europe: London and Berlin, Barcelona and Dublin. What you see if you talk with the people who are actually leading those changes is that they can tell you in which direction the world is going. About three years ago, for example, you could feel that the switch from mobile-first to AI-first was starting.”

The Three Phases

Van Belleghem describes in “three phases” the evolution of the technology and its influence, from digital to mobile to artificial intelligence. He says, “Twenty years ago in the early days of the web, Google was just kicking off. Later, it became part of our day-to-day lives to sit behind a computer and find all the information you could need in the most convenient way ever.”

A decade ago marked the emergence of mobile, according to Van Belleghem. “For me, it kicked off in 2007 with the launch of the iPhone. It just took four to five years and everyone was hooked on

their cell phone. At the same time we had the arrival of the big social media platforms like Facebook and Twitter followed by Instagram and Snapchat, and people became hooked on the platforms on their phones. This changed behavior again, where the fixed screen was no longer the primary source of information, transactions and communication—the phone became the primary screen in our lives.”

What follows the phases of digital and mobile is the emergence of artificial intelligence and machine learning which, for Van Belleghem, took off in earnest in 2017. “What 2007 was for mobile, 2017 is for AI,” he says. “That was when Google’s DeepMind won against the world champion of the Asian board game ‘Go.’ That was the first big signal that showed the world what AI could do, and since that moment, we read about AI almost every day in the press.”

And the pace of both the development and the adoption of that technology is

accelerating. Van Belleghem observes, “Because we had the digital and mobile phases before, many business leaders now understand that they had better take the AI phase seriously. They are going to start investing in AI earlier, which means it could take off much faster than the previous phases.”

A Roadmap to the AI Mindset

The big problem, as Van Belleghem sees it, is that not every company is pursuing these emerging capabilities. “I think one of the challenges in this world of AI is that a handful of companies have most of the talent, and talent is one of the scarcest resources to actually create an AI-first mentality in your organization. When you see that the talent is working for either their own company or for the big technology companies in the East and the West, it’s hard for the more traditional companies like financial services, TELCO

or energy to keep up with the pace of change.”

Van Belleghem wrote *Customers the Day After Tomorrow* to provide those companies a way to structure their thinking “and to define a way forward, to make sure they don’t miss the boat in this new phase.”

This is a world where you don’t think in segments—you think in segments size of one. It’s the individual, not the average customer that really matters.

Steven Van Belleghem

What does that thinking look like? Belleghem explains, “I always work with three customer benefits. The first one is “faster than real time” service; the service where you anticipate the problems and you predict them and even try to solve them before a customer knows there is a problem. The second is hyper-personalization, where you personalize everything (products, communication, pricing, sales channels) based on the needs of the individual consumer. And point three is creating the most convenient interface that the world has ever seen.

For example, Belleghem says, “Look at the rising popularity of voice assistants like Alexa and Google Home. These are zero-button interfaces. If you want to buy something, you just speak and it happens. If you want to hear a song, you don’t push buttons anymore. You just ask and seconds later the song starts. And this is just the beginning. I think companies are looking in that direction: faster than real time, hyper-personalization, and convenient interfaces.”

What it Means for Search

Developments in advanced technology are likely to have a secondary impact on the executive search profession. Trusted advisors must understand the impact technology has on their clients’ businesses, as clients depend on search consultants to help them find leaders equipped to succeed in a changing environment.

Perhaps a key role for AI in the executive search profession is in combining machine and human intelligence in the area of assessment. Van Belleghem says, “If you look at



the world of AI it’s always about data, it’s always about interface. And what I think is most important is figuring out ways that the executive search consultants can use technology as a human to make a better assessment. I call that “intelligence augmented.” How can search consultants use certain software? How can they access data? How can they become smarter than they are by using software to make the right assessment of a candidate? And I think those three elements: leveraging data, creating new, smart interfaces, and boosting the intelligence of their employees thanks to technology could be three paths for search firms to think about what they can do.”

A Word on Ethics

A larger conversation about AI and machine learning centers around the difference between what humans *can* do with technology, and what we *should* do. Van Belleghem says, “Personally, I’m not afraid of technology—I’m afraid of humans using technology the wrong way.” Van Belleghem says, “I can imagine a world where companies will have to be transparent about their algorithms, to show the world how their algorithms are functioning so we know whether they are ethical or not.”

For example, Van Belleghem warns that machines can be programmed to lie. He says, “This is going to be something new that we’re not used to, but I hope we will get to the point where we will

have transparency around algorithms. Right now, programming is so invisible, it is so intangible, that we don’t know if companies are making unethical decisions. The only way out, for me, is transparency.”

Preparing for The Future of Work

The rise of smart machines also raises the ethical question of what roles will be reserved for humans in the future workforce. Are we looking at an employment doomsday? Van Belleghem says, “I’m an optimist, but I also think we need to plan in scenarios. It’s okay to have a doomsday scenario, and then see what we need to do to get ready for that.”

Still, Van Belleghem projects a brighter image of the future of work. “You know, if you look at the evolution of work, in the past most people worked with their hands while today most people work with their brains. I think in the future, to really add value to society, humans will work with their hearts and excel in fields that computers are not good at.”

Van Belleghem recognizes what the search profession also sees: the high value of soft skills. He says, “I have a feeling that this old economic law is starting to play out: the law of scarcity. When something becomes scarce it increases in value. And true human behavior is becoming really, really scarce. And companies that value that behavior and really motivate their

employees to make a difference in a human way, they seem to be winning.”

Today we work with our brains, and tomorrow we will have to work with our hearts. Empathy may be the most important skill that humans have in the future.

Steven Van Belleghem

The Role of Imagination

When Van Belleghem talks to business leaders about AI and the future, he explains that preparing for the day after tomorrow requires some imagination. For example, he says, “at the beginning of mobile we didn’t have a clue how it would change the world. We’re at the same place with AI. It is very unclear how AI will change behavior, communication, and our day-to-day lives. The only thing that we know is that AI will drive a fundamental change.”

Key to Van Belleghem’s advice is scenario planning—the art and science of anticipating change, and preparing for it. It is an imaginative process, and Van Belleghem observes that search firms and clients who want to “create a tomorrow that is valuable to their customers and stakeholders have two ways to do that: you can take what you have today and improve that a little bit, or you can dare to dream about scenarios of the day after tomorrow, and reverse-engineer it back to what you can start doing, today.” Van Belleghem invites companies to dream about the best customer experience first, “and then you can decide what kind of technologies you need.” He says, “The first question is how to deliver customer value; the second question is about the technology.”

In addition to imagination, preparing for customers the day after tomorrow will also require some courage. “Just incrementally improving your business and not thinking about the potential of AI and working toward that potential simply isn’t going far enough to stay successful as a business,” Van Belleghem says. “I think the changes are going to be so fundamental that the only way to keep that level of success is by daring to dream about the day after tomorrow.” ■

Excerpt from

Customers the Day After Tomorrow: How to Attract Customers in a World of AIs, Bots, and Automation;

Chapter 3:

“It’s Not the Technology, It’s the Customer”



The Best Service Level Ever

For consumers, the AI-first world is going to be wonderful. We will discover new levels of service that we could only dream of in the past. During my hundreds of visits to some of the most innovative companies in the United States, Europe, Africa and Asia, I drew up a list of benefits that we can expect to get from artificial intelligence. Three central aspects—three concrete advantages—keep on recurring, time after time.

1. **FASTER THAN REAL TIME CUSTOMER SERVICE:** the aim is no longer to provide a faultless customer service, but to solve problems before they arise.
2. **HYPER-PERSONALIZATION:** sales and marketing are no longer about the average customer, but about the needs of the individual customer. Joeri [Joeri Van den Bergh, author of *How Cool Brands Stay Hot*] has rightly pointed out that relevance is one of the most crucial expectations of the next generation. Hyper-personalization will become the most relevant way to communicate with (and produce for) the customer.
3. **UNPARALLELED EASE OF USE:** all of today’s interfaces are idiot proof. There is no longer any need for an instruction manual or a help function. This benefit seeks to cash in on what Joeri referred to as the greatest scarcity of future consumers: time.

1. FASTER THAN REAL TIME

Until recently, the aim was to provide customers with a good after-sales service. This led to the setting up of well-functioning contact centres, with a team of efficient staff ready to help customers with any problems they might have. Some companies were better than others, but most of them managed to provide a service that was acceptable. With the rise of social media, speed and availability were added as two important new elements to the service equation. People began to ask questions via Facebook and Twitter, and counted on getting answers almost in real time. In reality, service via social media has turned out to be a disappointment for both companies and consumers. The response times on social media are too long for most questions—an average of hours rather than minutes. In other words, the classic telephone call is still currently the best and fastest way to get the information you want. Okay, you may need to listen to muzak for twenty minutes or so, but it’s still quicker than social media. But it won’t stay that way for long. Automated interfaces will soon make possible customer communication in real time—but even this will not be enough in the years ahead. Anticipating problems and solving them before they bother the customer will be the new norm.

Sensors linked to automatic service provision facilities are the key to faster than real time customer service. For example, modern central heating systems are already smart. The classic systems of the past can often break down without warning—which is a touch inconvenient if it happens to be the middle of winter. You arrive home after a hard day’s work to find that your house has been turned into a fridge. This is where

the problems start for you as a customer. You phone the service centre in the hope of getting help quickly. Will the centre still be open? Can they send a technician this evening? Or will it be tomorrow? And does that mean I'll have to take a day off work? Even if everything goes smoothly, customers don't like the uncertainty and they don't like having to invest their precious time in this kind of thing. In contrast, a smart central heating system will tell you a week in advance that a problem is going to happen. So instead of arriving home to an ice-box, you arrive home to the following friendly message: 'Hi Steven, this is your central heating speaking. I'm afraid I'm experiencing some problems at the moment and might break down shortly. If you press now on the 'okay' button, someone will call around tomorrow to fix me—if that's convenient.' It's almost as if the unit has come alive.

PRODUCTS AND SERVICES COME TO LIFE

We have often had the pleasure of working together with Mickey McManus. Mickey is a visiting research fellow at Autodesk. He is also chairman of Maya Design. A few years ago, he wrote the book *Trillions*. His basic argument is that we are currently living in a world of billions, but in the near future this will become a world of trillions. Today, we have x-billion smartphones. Tomorrow, we will have x-trillion devices connected to the web. According to Mickey, each of these new devices will be capable of coming to life, which will open up whole new fields of application. The explosion of data will have positive consequences for many different sectors. In factories, machines will decide when they need to be serviced. Sensors in furniture will adjust its shape to match individual users. For example, an armchair will be able to take account of the different physical characteristics of the husband, wife, children, etc. Once we have trillions of devices all linked to each other, the quantity of available data increases exponentially. As a result, the number of possibilities to improve service will also increase exponentially. There is a direct correlation.

The most important benefit of the trillions phenomenon will be faster than real time customer service. Our smartphone alone contains something like ten sensors.



If you combine the knowledge of these sensors with the general knowledge that the smartphone already possesses about our daily lives, the number of possible applications is almost limitless. In the near future, for example, airline companies will rebook your flight before you even know you are going to miss it. Your smartphone 'sees' that you are stuck in a traffic jam and relays this information automatically to the airport, where your booking is changed to the next available flight. As a result, your delay is kept to a minimum and the airline can resell your empty seat to another passenger. Win-win. In this way, it again seems as though your flight ticket has come to life and can make its own decisions. I was able to interview Mickey McManus as part of my preparations for this book. Check out www.youtube.com/stevENVanbelleghem to view the full conversation.

The same evolution will be evident in business-to-business markets. In the near future, every machine or part of machine will be able to come to life. The data they provide will again be the key to faster than real time customer service. Spare parts will be delivered before the old parts have broken down. In fact, it will probably soon be possible to print new parts on site, cutting out the logistical link in the supply chain.

FROM SICK CARE TO HEALTH CARE

In the health sector, this new philosophy will lead to the complete change of the existing model. Today, we wait until someone gets sick and then hope that medical science has the answer to make this person better again. This is sick care—a reactive approach. In the future, care will become more pro-active. The new objective will be to ensure that people don't get sick in the first place. This is health care. Not only is this obviously better for the patient, but is also the only way to keep medical care affordable in an era of growing and ageing populations.

Self-diagnosis and self-care will also increase. There is already a smartphone app that allows you to scan your skin for skin cancer, producing an analysis that is every bit as good as a dermatologist's. Another similar app is capable of locating eye cataracts at distance. Likewise, Google is working with Novartis to develop a smart contact lens that can measure a person's glucose level on the basis of their tears, so that diabetics can be given accurate information to adjust their medication, if necessary.

The smartphone will help both patients and doctors to make better diagnoses. This makes it much easier for people to monitor their own health. Proactive care of this kind



also means that when problems do arise, they can be identified at an early stage, so that the chances of effective treatment are increased. It is not unrealistic to expect that before too long you may get a phone call to warn you of your impending heart attack! Like every other sector, medical care is also evolving towards the faster than real time world.

In *The Day After Tomorrow*, every customer will be surrounded by sensors and smart technology that will turn the customer experience on its head. Reactive customer service will soon be a thing of the past. Solving problems before the customer discovers them is the new norm.

2. HYPER-PERSONALIZATION

Acustom Apparel is a great store in New York. If you look at the store window, it seems like a classic gentleman's outfitters. The window is full of elegant designer suits. In fact, Acustom Apparel specializes in personalized made-to-measure suits. Inside the store there is a scanner that scans two million data points on the body of each individual customer. This information serves as input to make the perfect suit. And once a customer's data is known and stored, he can order a new suit from anywhere in the world, delivered

to his home in just a few weeks. In 2017, the Adidas store in Berlin also started with the design and customization of personal sportswear. And Nike is also taking its first steps in this direction, offering the option of made-to-measure sport shoes to its customers. Many other brands in the fashion world are thinking about similar ways to personalize their products. The moment companies like Amazon and Zalando succeed in better personalizing their range in this way, the number of return deliveries will fall spectacularly—and so will the associated costs.

And it's not just products. In the future, services and communication will also be tailored more closely to the specific needs and context of the individual consumer. When people spoke about personalization in the past, all they meant was that a mail was introduced with a person's name ('Dear Steven...') rather than an anonymous greeting ('Dear Sir or Madam'). A few years ago, we saw the arrival of the first personalized brochures and magazines, where the cover was adjusted to match the profile of each reader. Digital printing has made more advanced forms of personalization possible, and companies like Nutella and Coca Cola have launched interesting campaigns where even the packaging is personalized on the name of the customer. The next step will be individual

made-to-measure adverts and proposals. The data and the algorithms know what the customers like and also the way they are feeling on any particular day. This will lead to a very specific and individualized form of advertising. In fact, it probably won't seem like advertising. If Google Assistant spontaneously makes a recommendation about a possible relaxing activity for the weekend, the Google platform is taking account of your agenda, your mood, and the weather in the place where you live. This kind of advertising can actually sound more like a suggestion from a friend.

THE SEGMENT OF ONE

Hyper personalization will become an important trend in the world of artificial intelligence. Once again, data is central to making this benefit possible. The more data there is available, the more relevant information and products become. This evolution means the end of the road for the old-style market philosophy of segmentation. Segmentation divides the market into a number of groups with comparable needs. This allows the marketer to match both communication and product characteristics to the needs of each different segment. Based on this philosophy, marketing people assume a high degree of homogeneity within segments and high level of heterogeneity between them. Segmentation still believes in the world of the average customer. If your market has four segments, this means you have just four types of customer. Each of these groups has its own persona and its own specific requirements. Imagine that your product is targeted at women between the ages of 35 and 40, with two children and a fulltime job. As an old-style marketer, you will regard all these women as being more or less identical. But if you had the opportunity to see this group in real life, you would soon realize that they are far from identical! Segmentation was a good halfway-house solution in a world where personal data was lacking. But this data is now available in abundance—and it shows that every consumer has a different personal context, which means that their consumption and communication needs are often fundamentally different. Segmentation still works, but only if the maximum size of the segment is one.

One of the major challenges in the telecom market is to provide simple and

effective support to customers when they want to change their provider. During a workshop at Telenet, one of the largest telecom players in Belgium, it soon became clear that this transfer process was something of a sore point. Many customers were not satisfied about the way the process was handled, even though Telenet had spent a lot of time and money writing out what it thought was a clear process. The problem was eventually solved when the people at Telenet finally realized that every transfer is different. As one of their managers put it: 'We have made a standard process for the average customer, when we should be offering a personal service to individual customers.' The segment of one in action.

A MAJOR TRANSFORMATION AT MCDONALD'S: DATA AND PERSONALIZED SERVICE

McDonald's was founded in 1955. It is a classic company active in a very competitive and price-conscious market, complicated still further by the trend towards healthier

eating. It is impressive how in recent years McDonald's has reinvented itself. Belgium is a test market for their restaurants of the future. The traditional system of queuing, ordering, waiting for your meal and then finding a table has been scrapped. A modern McDonald's restaurant has digital kiosks where the customers type in their order and then go and sit down. Minutes later, the meal is brought to their table. Almost everything in the old philosophy has been thrown overboard and replaced by new ideas. The next phase is even more radical: the transformation of McDonald's into a data company. The McDonald's app already helps them to learn more about their customers. Sensors in the restaurants will soon be able to recognize customers as they enter. And not just the customers, but also those customers' individual needs. Imagine that a customer is allergic to cheese and taps this into the kiosk when making his/her order. The interface will store this information and, next time the customer visits, the kiosk will proactively ask whether or not the customer would

again like the cheese to be removed from the burger. If this answer is confirmed on three separate visits, the cheese is thereafter removed automatically. By using smartphones, sensors and data in this manner, McDonald's can go a long way towards personalizing its products, service and communication. The financial results from the first test restaurants are very encouraging. The majority of the restaurants have seen significant growth during the trial period with the new formula. For a company with its kind of historical background, operating in a hyper-competitive market, this is a remarkable transformation. As result, in the first half of 2017 McDonald's share price rose by 26% to reach new record levels. There is talk that in the second half of 2017 a further 2,500 restaurants will be converted to the new approach.²

PERSONALIZED MEDICINES

Today, medicines are developed for the average patient. Don't get me wrong. We are very fortunate to have these medicines.

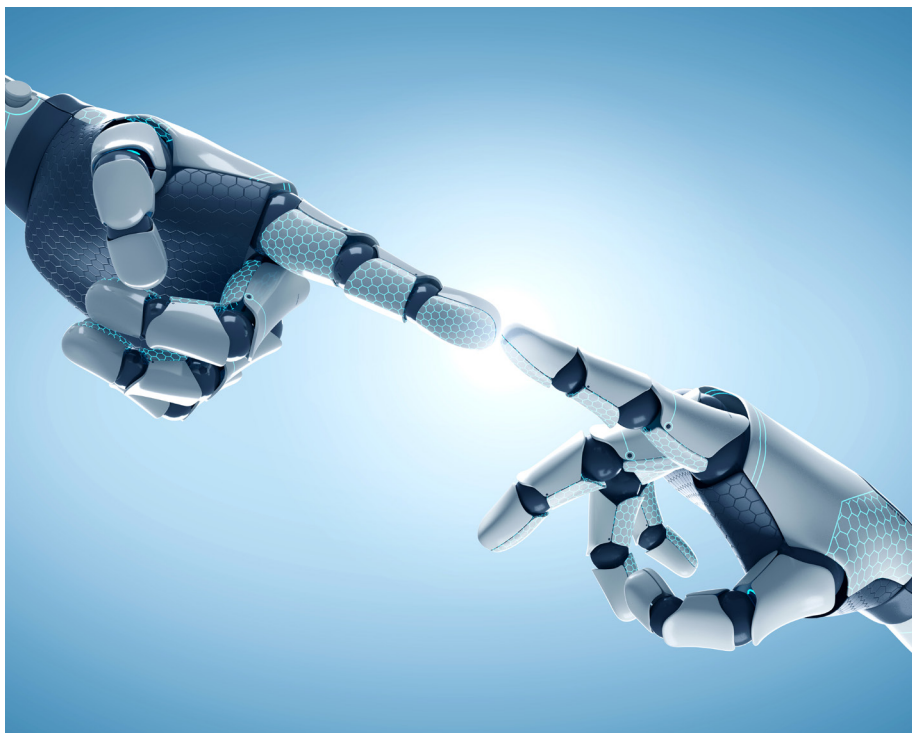
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They help a lot of people who are sick. But the effect of an average medicine is often insufficient and their average nature also leads to many different side effects for different people. But now that the price for mapping the human genome has fallen from 100 million dollars (2001) to just 1,000 dollars (2015), we are standing on the threshold of personalized medication.³ As soon as scientists are able to measure cheaply and effectively all the different elements of a person's body, there is no reason why medicines cannot be prepared to reflect the specific characteristics of those elements. The segment of one at work in health care.

PRIVACY?

Every consumer has a virtual footprint. Almost everything we do leaves a trail of data. This information will be increasingly used to offer hyper-personalized service benefits to customers in a wide range of fields. However, this has led to discussions in some quarters about privacy. But not generally among consumers: the large majority are convinced of the potential benefits. A recent study showed that 71% of the respondents wanted to receive personalized communication and services.⁴ Consumers want fast and relevant products and services. If this means sharing some of their data, it is a price they are willing to pay.

Too many companies see AI as a direct means to earn more money. You can

almost see the dollar signs lighting up in their eyes whenever they hear the words 'big data'. However, the impact of AI and data are indirect. By offering customers extra relevance and personalization, you make those customers more satisfied. And if they are more satisfied, this will have an indirect influence on their future purchasing decisions. This is where you reap your financial reward: in the mid to long term, not the short term.

3. UNPARALLELED EASE OF USE

Ready for a short test?

- Do you ever use Booking.com?
- If you do, please name five positive things about the site in the next 30 seconds.
- Super, thank you.

Third question: are you (secretly) a little bit in love with the brand Booking.com? Are you a big fan?

During the last 12 months, I have done this little experiment as part of keynote speeches in just about every country in Europe. These are my findings (the target group is, of course, a business public).

- There is roughly 90% market penetration for Booking.com in the business community.
- The most common answers shouted out in the allotted 30 seconds

include: fast, personal, the app, easy cancellation, no advance payments, the reviews, the photos, the maps, easy, the point scores and the huge range on offer.

- Just 1% is a real fan of the Booking.com brand.

To me, this is amazing. Almost everyone uses the platform. Everyone is very positive about it. But almost no-one is a fan. For classic marketing profiles, this is a remarkable paradox. But in the new marketing world, this is the new normal. People don't fall in love with the brand, but with the brand's interface. If a new platform is launched tomorrow that is faster, easier and cheaper, they'll drop Booking.com like a stone. Even more, they will probably promote the new site amongst their friends.

The interface is increasingly becoming the key determining factor for brand positioning. Consider, for example, your bank. The most crucial interface for a bank, the one that can make or break it as a brand, is the mobile banking app. Why? Because people use it dozens of times each week. The impact of this app is much greater than anything that marketing and advertising can ever hope to achieve. The user interface determines market perception.

'Convenience is the new loyalty' is one of my mantras. In an impressive recent study, Byron Sharp came to the conclusion that classic loyalty programmes no longer work. These systems are based more on a reduction in the financial margin than on an actual increase in customer loyalty.⁵ People are less faithful to their brand than to their favourite interface. Another recent research project⁶ into search behaviour on Amazon revealed that consumers nowadays search much less on brand names than they did 10 years ago. If someone wants to buy shoes on Amazon, they search five to six times more by category name than by brand name. Once this has been done, they generally follow the recommendations suggested by the Amazon algorithms. The same is true to a lesser extent for people wanting to buy accessories. Here they only search three times more by category than by brand. One of the few exceptions is some types of beauty products, where the category is 'only' 30% ahead of the brand.

But in every category the same general conclusion holds good: generic searching is more important than brand searching. Loyalty to a brand has been transformed into loyalty to the most user-friendly interface.

PLATFORMS ARE EATING THE WORLD

We are now living in a world where the individual market sectors are increasingly dominated by a small group of very big players. In the West, companies like Google, Amazon, Facebook, Uber and AirBnB have taken over their specific sectors. And it's the same story in the East, with the evolution of giants like Tencent and Alibaba. Google and Facebook have a duopoly in the field of online advertising, with everyone else pushed to the margin. Amazon and Alibaba tower above the rest of the online retail players, with the number three company light-years behind. Uber has conquered the on-demand mobility sector. In Asia, Tencent has a stranglehold on digital transactions and communication. What all these companies have in common are a

gigantic customer base, an internationally dominant position and a huge lead in the technology stakes.

Voices in society sometimes express concern about the concentration of power in just a handful of mega-companies in the platform industry. Viewed from a social perspective, some of these arguments perhaps hold water. But the majority of consumers aren't really bothered: all they see is the benefits. Today's dominant tech-platforms are expert in offering faster than real time service provision, hyper-personalization and unparalleled ease of use, supported by the very smartest state-of-the-art technology. For consumers, this is fantastic; for other smaller companies wanting a little piece of the action, it's a nightmare. The major technology players set the bar, and that bar is very high. 80% of the time spent by consumers on their smartphones is spent on one of the major platforms. Half is spent on Facebook and the rest is shared between YouTube, Google, Amazon, Netflix, etc. They determine the standards in service, interface and personalization, not their

direct competitors. And the only way for the rest to survive is to try and follow—if they can.

In every industry platforms will appear on the scene that rapidly accelerate the market dynamic. The more users they have, the greater the power of these platforms becomes. Nowadays, you have little choice other than to join in this platform economy. There are two strategic options. The first is to build your own platform. This is what BMW decided to do: it built its own mobility platform. They want to make BMWs available in the world's major cities to provide a ride-sharing service à la Uber. Today, a BMW is sold once for 30,000 euros; in *The Day After Tomorrow*, a thousand BMWs will each be sold for 30 euros. In this way, BMW hopes to evolve as a car manufacturer with a mobility platform. Unfortunately, for many of these new platforms it is already too late to make a difference. Once a leader has established its position, it is mightily difficult to overthrow them. Even a quality brand like BMW can already see the writing on the wall and has conceded that it will

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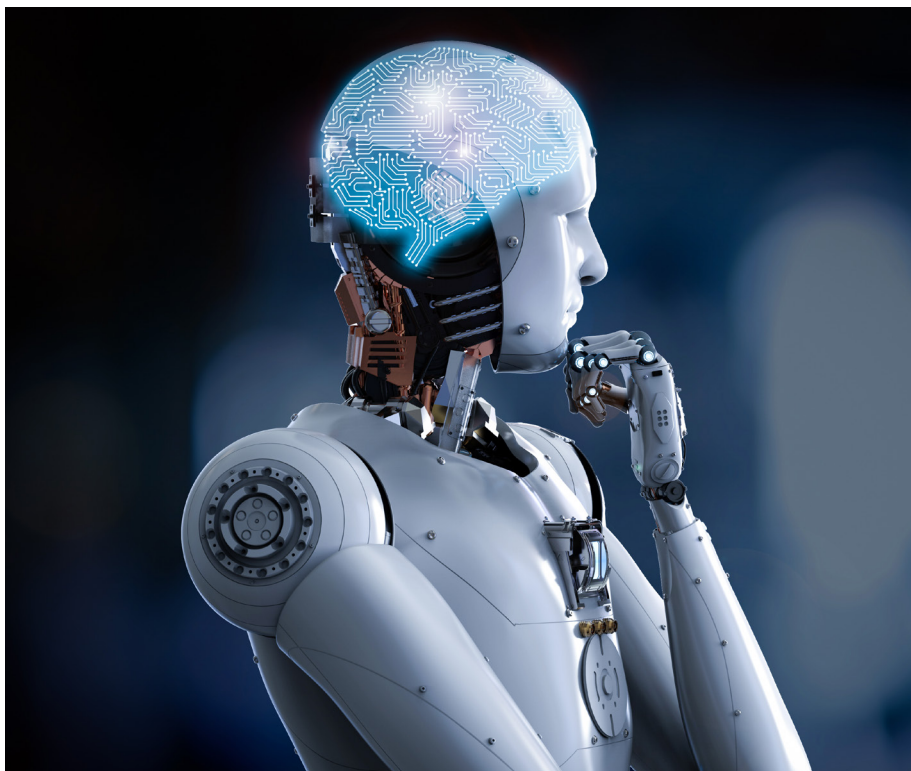


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never be the biggest fish in the pond. Tony Douglas, their director of strategy, has even said it explicitly: 'BMW won't be the biggest player in this field, but we hope to be the coolest.'⁷ The strategic choice to build your own platform certainly sends out a powerful signal, but it is difficult to do and costs a fortune.

The second strategic option is to hang on to coat tails of an existing platform. In this way, for example, Walmart has chosen to collaborate with Uber's logistic network for its e-commerce deliveries.⁸ Walmart's much bigger rival, Amazon, has already developed a gigantic logistic network of its own. It would take Walmart far too long to build something similar, even if they had the financial resources to do it. Making use of existing platforms is therefore the smart choice for the vast majority of companies. Volvo also works with Uber. Uber doesn't make cars, but needs lots of them if they want to maintain their dominance in the world mobility market. Closing a big deal with an existing platform giant can often kick start accelerated growth. And Volvo is not alone in this approach. Many other companies, often major players in their own right, use Amazon or Alibaba as their most important distribution channel. In all honesty, they don't really have much choice—because there is no viable alternative option. Some companies try to avoid collaborating with the giants, for fear of making them even more powerful.

This is nice in principle, but near suicidal in practice. These companies either eventually see sense, or else they go to the wall. If option 1 is not feasible—and 999 times out of a thousand it isn't—then option 2 is all that's left. The only way out of the devilish dilemma is to accept the rule of the strongest—and seek their co-operation.

WECHAT: THE OPERATING SYSTEM IN CHINA

The most influential platform in the world is undoubtedly WeChat. WeChat is part of the Chinese company Tencent. Some people call WeChat the Facebook and/or Whatsapp of the East. But that's not strictly true. WeChat has a totally different business model from Facebook. And is light-years ahead in its development.

At the time of writing (mid-2017), WeChat has some 938 million users.⁹ Most of them, as you might expect, are in China. Internationally, it scores best where there are large Chinese communities—or so say some of the more mischievous commentators. In reality, WeChat can best be described as the operating system of China. Almost every business transaction in the country takes place through WeChat. People buy flowers via the platform. They book restaurants and taxis. They even manage their finances through it, and not via their bank's app. The Chinese government is also happy to make use of the platform's immense power. For

example, Chinese citizens can download and keep their identity cards and driving licenses on it, while all the administration linked to hospital visits are processed and stored in its data banks. The largest part (66%) of WeChat's turn-over comes from these 'value added services'. The company receives a micro-payment for every transaction consumers, companies and organizations carry out. In the western world, if Facebook failed to work for a day it would be headline news, but the world would keep on turning. If WeChat failed to work for a day in China, the whole nation would grind to a halt.

The platform is the primary communication channel for the business community in China. E-mail is only used to communicate with foreigners. If you meet a new business contact, you show him/her your WeChat QR code. He/she scans the code and communication can begin. The WeChat QR code is also given a prominent place on Chinese business cards.

QR codes are very important for WeChat. In China they are often referred to as the gate between the digital and analogue worlds. Almost every payment is made by scanning a QR code in the WeChat application. 15% of WeChat's revenue comes from financial transactions, a functionality it only made available some three years ago. Before then, AliPay (the Alibaba mobile payment app) had a 100% monopoly. In just a few years WeChat has already clawed back 50% of the market. During our innovation tour in China, it was noticeable how people gave you a strange look if you wanted to pay with a credit card, almost as though it was something from the Middle Ages!

Equally noticeable was just how proud the Chinese are of their super-app. In the western world, some people are critical of the power of Facebook. Nobody in China would ever dream of criticizing WeChat. In part, that's because the benefits to the Chinese people are huge.

- **FASTER THAN REAL TIME CUSTOMER SERVICE:** the data held by WeChat is phenomenally impressive. They know everything: every transaction, every hospital visit, where people spend their money, what restaurants they eat in, what cars they drive, etc. They use this mine of information to anticipate in fields as diverse as mobility, healthcare

and security. For example, their analyses of financial transactions can help to identify and stop certain criminal activities.

- **HYPER-PERSONALIZATION:** everyone uses WeChat in his or her own specific way. People choose their own value added services and therefore organize their lives the way they want, quickly and efficiently.
- **CONVENIENCE:** if you can do everything (business communication, purchases, payments, reservations, administrative matters, etc.) on a single platform, it is difficult to imagine anything that could be more convenient for the user.

WeChat is such a powerful platform that Chinese people, companies and organizations have no option but to use it. There is no Plan B. All you can do is accept its benevolent dominance and make best use of its many powerful facilities to extract the maximum amount of benefit.

AMAZON PRIME IS THE MODERN TROJAN HORSE

During the past 20 years, Amazon has evolved from a small online bookseller into the most powerful retail platform in the world. The Amazon share was launched on the stock market in 1997 at a price of 18 dollars. After various stock splits, this 18 dollars actually had a real value of just 2 dollars. Twenty years after the IPO, on 30 May 2017, the share finally passed the magical landmark of 1,000 dollars per share. In other words, if you bought 5,000 dollars of Amazon shares at the time of the stock market launch, in 2017 these shares are now worth around 2,500,000 dollars.

In recent times, the company has undergone a remarkable metamorphosis. Not only have we seen the evolution from an internet bookseller to an online store where you can buy almost anything, but alongside their retail activities they have also been developing a cloud hosting service known as the Amazon Web Services. This cloud service has been amazingly successful and in 2016 had a turn-over of more than 12 billion dollars.¹⁰ Not bad for

something that started as a side line. In June 2017, Amazon bought Whole Foods to enhance its footprint in the physical world. The company has also started to make its own hardware, with the Amazon Echo as its most successful product. It is a story of non-stop progress and success. But the most brilliant innovation of all is the introduction of Amazon Prime.

Prime was developed after Jeff Bezos gave a group of high potentials the task to design a business model that could break the Amazon empire. After a period of intense brainstorming, the group came up with the Prime concept. Jeff Bezos thought that it was such a good idea that he decided to implement it himself. In that way, he could beat the competition to the punch. And so Prime was born.

Prime is a modern loyalty programme. But it doesn't work like the classic loyalty card, where you need to buy ten loaves before you get an eleventh loaf for free. The Prime model works the other way around. You first pay an annual fee to be recognized as a loyal customer. But once you are an Amazon Prime member, you

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can enjoy many different kinds of benefits, such as the faster and cheaper delivery of the products you order. Prime has been another bull's-eye for the company. In mid-2017 some 64% of American families have an Amazon Prime subscription.¹¹ The secret of the system's success lies in its psychology. Once people have paid for the extra service, they want to make sure that they get the most out of it. Human self-interest and greed does the rest. The more you buy from Amazon, the lower the Prime fee per transaction becomes. The annual fee for Amazon Prime is 99 dollars per year. So if you buy something from the platform 99 times that year, the Prime cost is just 1 dollar per transaction. But if you only buy something 10 times, the Prime cost rises to 9.90 dollars per transaction. In other words, the more you buy, the cheaper it gets—or that's what the customer thinks.

Amazon continues to invest in new interfaces that make it even easier to buy things via Prime. We have already mentioned Amazon Echo, an interface used by 30% of its owners to order products from Amazon by voice command, which is faster (and more fun) than via a number of mouse clicks on the website or in the app. Amazon has also invented the Dash button. These are little reordering buttons that you can put in convenient places, like next to your coffee machine. Once you run out of coffee, you just press the button and within an hour Amazon has delivered a new supply of your favourite brand. The next step will be an interface that the customer

doesn't even have to press. When Amazon starts working with the manufacturers of household devices, it will install smart sensors in every conceivable domestic appliance. These sensors will be able to measure the objective consumption of, say, your coffee percolator or washing machine. Before the customer even knows it, Amazon will deliver a new supply of washing powder or coffee beans before the old supply has been used up. Once Amazon succeeds in doing this, it will have built the biggest Trojan horse the business world has ever seen.

The result will be to strengthen Amazon's already huge dominance, based on satisfied and loyal Amazon Prime customers. Why? Because Amazon score well on the three core benefits from the third phase of digitalization.

- **FASTER THAN REAL TIME**
CUSTOMER SERVICE: thanks to their data analysis, Amazon can already predict with reasonable accuracy when someone needs to buy something. In the near future, it will have even more information about its customers via interfaces like Amazon Echo and sensors in domestic appliances. This will mean that consumers no longer have to think about routine purchases. Amazon will deliver the necessary products before the customers even know they need them.
- **HYPER-PERSONALISATION:** Amazon's recommendation engine is world-

famous. From day one Amazon has been focused on personalization. Thanks to the Prime system, Amazon will get even greater insight into the needs and preferences of its individual customers, so that the personalization of recommendations, communication and deliveries will become even better than it already is.

- **CONVENIENCE:** struggling to carry heavy bags from your car to your house will become a thing of the past. Visiting your local supermarket will no longer be necessary. Amazon will allow you to order everything you need, quickly and easily, and will deliver it to your front door. And the quicker and easier it becomes, the more people will buy.

Jeff Bezos says in almost every interview: 'Amazon has a laser focus on customers'. At Amazon meetings, there is always an empty chair at the table—the customer's chair. The reflex to ask 'what will the customer think?' is built in to the company's culture. Amazon has become what it is today because they understand the needs and frustrations of customers in retail. Jeff Bezos is clear on this point. 'Ideas are worthless. It's execution that determines what the customers get out of the deal.'

'START WITH THE CUSTOMER EXPERIENCE AND WORK BACKWARDS'

There are lots of legendary videos with Steve Jobs. In my field of expertise, the most classic video of them all dates back to 1997. During an Apple developers' congress, a member of the audience asked an aggressive question. This man was disappointed that Apple was planning to scale back its OpenDoc platform. So disappointed, in fact, that he insulted Jobs by telling him that he didn't know what he was doing. When you read Steve Jobs' biography, you might expect him to hit back hard at this kind of attack. But precisely the opposite happened. He said that the man was right on some points. After this, he launched my favourite Steve Jobs quote: 'You have to start with the customer experience and work backwards.' This quote dates from before the mega-success of the iPod, iPhone and iPad. But it was at the heart of the vision that Steve Jobs wanted to develop for

Apple. The customer experience has to come first, not the technology. If you start with the perfect customer experience, you will always end up with a positive result. If you start with the technology, the chance of ultimate disappointment is greater.

AI is capable of helping customers in a faster, more personalized and more user-friendly manner. To determine your first AI applications, it is necessary to first think about the biggest frustrations of your customers. Make a list of the things about your company that you know are inconvenient or even irritating for them. Then search for ways to automate the processes involved. This is the way to achieve AI success.

GOOD FOR THE CUSTOMER! GOOD FOR SOCIETY?

Good times are coming for customers. Service levels will be quicker, easier and more personal. The effort needed to buy things—personally or professionally—will diminish. We will all get used to the new AI world pretty fast. But there is another side to this story. A question I often hear during my presentations is this: 'Fine, Steven, we can all see the benefits for the individual customer, but is this a good thing for society as a whole?'

Everyone knows that I am a positive person. The purpose of my books is to make people enthusiastic for the future. I hope that my ideas and opinions encourage entrepreneurs to take action that will make their customers happier. And so yes, I have a positive view of AI as well. The evolution towards artificial intelligence also offers many benefits to society. A number of major societal problems will be solved thanks to the power of automation. Driverless cars are probably the best example. Once the majority of cars are self-driving, the problem with traffic jams will disappear. According to the World Health Organization, more than 1.2 million people die each year from traffic-related causes. This figure will fall dramatically. Parents will be less worried if their kids ride to school each day on their bike or take the car at weekends to visit their friends. At the same time, we won't need as much space for car parking, so that more green zones can be introduced back into our towns and cities, improving both air quality and general public health. In fact, AI is expected to help solve a

number of crucial medical problems. A cure for cancer and several other currently fatal conditions is not beyond the bounds of possibility and it is certain that diagnosis and treatment of these conditions will significantly improve, increasing average life expectancy as a result. Even the major technology giants are enthusiastic about playing the health card. Microsoft, for example, has the ambition to eradicate cancer by 2027.¹² They want to fight the disease in the same way they fight computer viruses. If they are successful, a longer and healthier life is a clear positive consequence for society.

The potential benefits of AI are huge and the leaders of the major industrial players are anxious to use their 'new power' for the good of the planet. In a conversation with the *MIT Technology Review*,¹³ Demis Hassabis, CEO of Google Deepmind, outlined his company's main objectives. He wants nothing less than to use Deepmind to tackle the world's great problems, starting with climate change and the global food shortage. In the same interview, Mike Schroepfer, the Chief Technology Officer of Facebook, expressed similar ambitions. 'The real power of AI is its scalability for dealing with big problems. The things that we are carrying out today on a small scale, we will soon be able to carry out on a large scale.' Yes, there are reasons to be positive.

At the same time, it would be naive to pretend that there is no potential downside. Even the greatest optimists can see possible dangers and major challenges in the years ahead. At the end of his second term of office, President Obama gave a frank interview to *Wired Magazine*.¹⁴ Obama demonstrated a good knowledge of the world of technology and in general he supports the current evolution of AI. According to the former president: 'History shows that new technology leads to new jobs and improves people's standard of living'. But he also sounded a note of warning, pointing to a number of possible threats that we need to think about seriously. 'Imagine that someone develops an AI that can crack the codes for nuclear rockets, so that they can programme them to launch. If that happens, we've got a real problem.'

However, the biggest problem is not likely to be military, but socio-economic. AI will lead to sudden and unexpected

unemployment in a wide variety of sectors. 'Highly educated people will no doubt be able to reap the rewards of the new developments. But for blue collar workers and for people who do work that is today important but repetitive, AI will probably make their jobs redundant,' says Obama. AI expert Pieter Abbeel also talks of 'sudden and large-scale unemployment' as a result of artificial intelligence. The possibility that we will create a 'useless' class' is real. The most serious threat posed by AI is not a terminator scenario, where machines take over the world, but rather its potential to undermine the foundations of our social system. For this reason, conducting a debate about the possible impact of automation must be high on the agenda of all the world's leaders. It is a global problem that needs to be solved at a global level. Local solutions will not be enough.

In the book's last chapter, I will look more closely at these problems and the ethical debate related to the evolution of artificial intelligence. For now, suffice it to say that the years ahead promise us mixed fortunes and a bumpy ride. The world is standing on the eve of radical change. Some of these changes will be highly positive for the individual and for society. Sadly, some of them will be highly negative for the individual and society. ■

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THE EVOLUTION OF THE CMO:

A NEW ROLE IN A NEW WORLD

In a role that encompasses everything from sales support to brand steward to chief growth officer, Chief Marketing Officers are bastions of the bottom line and champions of their companies' aspirations. In the age of disruption, the role has been disrupted, too.



Profile of a CMO

While there is substantial variation among CMOs across geographies, industries, and organizations of different sizes, marketers traditionally have been responsible for the strategies and execution around identifying opportunities and positioning brands in the marketplace. But traditional competition has become guerilla warfare with unpredictable challengers; customers now choose from a once unfathomable range of options; and brand reputations can be made or broken at lightning speed across social media. CMOs must navigate, and even anticipate these changes while protecting brand assets and expanding market share.

Grant Duncan is a former advertising and marketing executive who leads Spencer Stuart's Digital Practice in Europe, the Middle East and Africa. Duncan says, "Traditionally, the great marketers had a fantastic combination of magic and logic. At their core they were analytical, mathematically strong, had strong business acumen, and at the same time had an ability to jump outside of that in a very conceptual and creative way to think about creative ideas, and fuse those two things. That's always been there and remains the case now. But there is no question

that things have changed, and that has absolutely been driven by the digitization of marketplaces."

Jessica Spence, Chief Commercial Officer at Carlsberg Group, says, "For a while at least, it was feasible to be very focused on a set of equity numbers to demonstrate, 'the brand was in good shape and to remain somewhat dislocated to the immediacy of sales numbers. Now I don't think excellent CMOs ever felt like that, but it was more of an option. It really isn't now. Marketing and its direct impact on sales is under a lot more scrutiny."

Spence identifies two factors that have shaped the evolution of the CMO role. "One has been the general slowdown that everyone has seen over the last ten years in most markets, where topline growth has just been increasingly hard to access. The other, clearly, is digital at its broadest sense." Spence explains, "Not digital marketing, which is just learning to do marketing with these sorts of media channels, but the explosion of data and the links between the sales interface and the marketing side that are becoming both much more blurred, and also interlocking in a much more direct and attributable way."

This observation is supported by Diane Brink, a professor at Northwestern University's Kellogg School of Management

and former CMO for global technology services at IBM. Brink told Kellogg Insight, "While brand building is still essential, there is an expectation on: Where are the new sources of revenue? How can I become deeper ingrained in my existing customers? How can I acquire new customers? It's all about driving growth."

In the digital world, access to comprehensive and real-time information is reshaping how marketing is linked to growth. "The good news is that marketing has a more significant role at the table when the CFO is looking at budgets and deciding how much is going to be allocated to marketing—they feel more reassured now because there's real ROI," Duncan says. "The problem is that it puts a huge focus on that kind of [data-driven] marketing, and the creativity and inspiration that comes from great ideas could be lost in the mix. That's a real shift, and what it does is puts the focus on the ideal marketer—who still combines magic and logic, but the logic is much more granular, and that doesn't necessarily reside in the same person."

However, that data has become increasingly complex, and measuring a campaign's impact is difficult. Spence explains, "GRP, the gross rating point, was the currency people used to buy in TV advertising. It's a measure of how many



people are going to see your ad and how often. For every single TV station across the world, you knew what you were buying. Now, when you go to Facebook you are buying one type of view; when you go to YouTube they present it very differently and charge you very differently. Then you go to Google where you're looking at search and how to optimize search. So instead of having a few currencies—one for TV media, one for print media, one for radio, there's now almost one for every single channel that you're using. Most campaigns we're running on maybe 25, minimum, up to 50 channels, each one of which will be measured differently. The data there is hugely rich, but do we have the ability to ingest it, digest it and get insights out when the world changes so frequently? That's really tough."

A recent study by the CMO Council and Deloitte found that, over the past decade, "CMOs have been increasingly asked to elevate their activities from brand and marketing plan management to acting as an enterprise-wide revenue driver that taps into the hearts and minds of their customers."

Today's CMO, according to Spence, "has to be someone who can identify pockets of growth, who is able to think disruptively about the category they operate in, who

is able to take lateral views on where competition could come from or where growth could come from and frame that in a way the business can understand, can get excited about and inspired by." But in order to influence growth, she says, "the CMO has to impact the broader business; to be able to talk much more to supply chain, financial and selling capabilities than they used to in the past, because that growth has become that much harder to get at and often requires more fundamental organizational change," she says.

To do that, Duncan says, "In the course of a career, marketers need to get some experience in an adjacent function. It might be sales, it might be operations, it might be supply chain, basically, anything that arms them with a more complete picture of the business. One great bit of advice from a CEO is 'Don't be precious, be prepared to take on the unglamorous.'"

CMO as internal influencer:

The chief marketer's impact on business models, strategy, and culture

As early as 2007, McKinsey was anticipating the evolution of the CMO. As published in *McKinsey Quarterly*, August 2007, "The accelerating pace of change is creating a wide range of potential new priorities for chief marketers—leading change efforts across the whole corporation, playing a more active role in shaping the company's public profile, helping to manage complexity, and building new capabilities within (and even outside of) the marketing department."

Indeed, according to Brink, "Marketing is the one function that can knit the various functions together in an enterprise. How many times have you been around the table and you were orchestrating the conversations between sales, finance, general management, product development?"

Spence identifies with the need for CMOs to be able to "explain to the rest of the business how they need to be aligned, and to ultimately be pushing in the same direction of delivering a fantastic experience to the end consumer to drive growth," she says. "So communication and influencing skills become in some way perhaps even more important than the more traditional, technical marketing

skills that we relied on a lot in the past."

Duncan points out the value of a broad perspective, for example international exposure. "In your home market you are the customer, you are the consumer. Whereas in another country you're forced to reappraise their consumption and be genuinely insightful and objective, and broaden your perspective."

Spence tells a story that illustrates how Carlsberg Group helped a team of their executives expand their perspectives.

"We are a beer company, and it became hugely clear to us that there was a very big alcohol free opportunity." Spence explains, "We call on the right outlets that these drinks are served in, we've got a really big sales group who can do that, we know we can produce these drinks brilliantly in all our breweries, so it should be very easy to do. For some reason it just wasn't getting traction in the business, even though on paper everything was there. And what really struck us was we have a huge cultural problem. Because people who work in our company often joined because they are passionate about beer and brewing, so from a cultural perspective, they just couldn't get their heads around why you would want to focus on selling alcohol free drinks. Everything was in place for it to work, but their hearts weren't in it."

The answer was to broaden management's perspective. "We asked some of them to go on a six month beer ban, and said 'you are not going to drink any beer for six months, just to reflect on the experience and to start seeing this growth opportunity as valuable, as exciting, or something to get motivated about,' which is quite a draconian thing to do."

The beer ban for six months was eye opening, Spence says. "They kept coming into my office and saying, 'You know, I really wanted a beer and then I drank an alcohol free beer instead and it was fantastic, and it made me think of all the things we could be doing and why aren't we exploring this?' And suddenly they started coming back with a completely different view of how our culture and their behaviors were standing in the way of getting us through to a place of growth, to those targets we needed, and it was a very personal experience for a lot of them. It made them think about how they connect with people, how they wind down



at the end of the day, how they celebrate, all of those things they started to unpack, and we got them to absolutely change in the way they were motivated and excited about a category that previously they just couldn't get their hearts and minds behind selling."

The exercise at Carlsberg was successful in changing perspectives, and it also brought people together across functions. Duncan says, "Great marketers are also great integrators who can pull together different functions, almost as a chief of staff." He says, "The current climate is very favorable to the idea of integration—it was McKinsey who talked about marketers mastering the fusion of storytelling and science. If you're doing that, you're in a strong position to drive that through an organization and to be an orchestrator of the brand and the brand experience, customer data, customer insights, and be a portal to collaboration between sales, IT, HR, and finance."

How can a marketer achieve that level of influence? Duncan says, first "speak the language of the Board. Marketing is stubbornly perceived as a cost to the business rather than driving value. When it comes to internal succession—even in consumer business it tends to be the CFO that makes it to the CEO. In the FTSE there is a higher proportion of former CFOs sitting as CEO rather than former CMOs. In this context it is critical that CMOs speak in the language of the boardroom. It's about understanding the balance sheet, not just the P&L. It's about translating the marketing agenda into future cash flows. It's putting marketing in the context of the broader business rather than an end in itself. So first, speak the language of the Board."

Boards eying the CMO skillset:

Are Boards seeking directors with CMO experience? Should they be?

"The lack of marketing representation on Boards is a pain point smart companies would do well to address, all agreed, if they want to win in today's consumer-centric market. After all, who is better suited than CMOs to understand the customer and develop plans to effectively drive top line growth?"

Jamie Ray, Neustar Marketing

In response to digital transformation and disruption, new Board searches are increasingly focused on individuals with digital experience. But Duncan explains, "'Digital' is not a thing." He says, "To suggest one person can sit on the board and give you access to all areas on digital is wrongheaded. Digital talent is quite specialized. A person can be very strong on mobile or e-commerce or core business transformation. So you can end up with someone with a single skill set. My analogy would be that what Boards are really looking for is an architect, but what they probably end up with is an electrician—it misses the point. You need somebody who can give them insight to what customers are thinking."

In 2015 the Marketing Science Institute (MSI) published an analysis of publicly available information on 64,086 board members for S&P 1500 firms. According to Stephanie Overby at CMO.com, "The MSI study found that Boards with one marketing-experienced director saw a 3% increase in total shareholder return over Boards with none. The impact was even greater for companies in distress. When firm market share was declining

by 1.5% percentage points, the presence of a marketing-experienced director generated an average increase of 6% in total shareholder return, according to the analysis."

What's the problem? Spence says, "I don't see enough CMOs on Boards, or people with really strong commercial background, and I think that's a shame," she says.

Spence explains, "It really is this quarterly drum beat, and it is incredibly short term. Companies are often told you're not being visionary enough, you're not being disruptive enough, and yet often all we get asked about, or all the share price rewards, is a very short-term delivery. It's a disconnect and I don't think we've got that balance right. So I would absolutely love to see more CMOs on Boards, and I think anyone with a CMO background getting onto a Board should really be coming at it with the perspective of 'How can I make sure that we're bringing a longer-term growth perspective?'"

For Duncan, "There is absolutely an important part to play for the person who brings the customer to the Board table: helping the Board understand the importance of customer experience." He says, "In a previous generation you had much more control over your communication with customers and the distribution channels into customers. If you're a packaged goods business you controlled the customer agenda because you promoted your brand through broadcast, in conjunction with a retailer you controlled the channel of distribution and pricing and so on. And if you were a retailer you were in complete control of that customer agenda."

"Now it's different." Duncan explains,



"First, you've got the direct consumer channel; you've got consumers who can pick and choose whether to go into a retail outlet, or they simply buy online. You've got a choice in the online channel, and online the customer is expecting the same customer experience. Also, the internet has created a return path for customers, where they can express a point of view that's voluble and visible that can become contagious, creating a reputation problem. The complexity of managing the customer has become much greater and therefore marketing is in the best position to own that dynamic, and in so doing bring that awareness to the table under the banner of the voice of the customer. And that applies to any business."

Search and the CMO:

What the profession can adopt from the CMO mindset, and what that could mean for clients of search.

While search firms are focused on their clients, are they also investing in their own businesses? "I think the first question for the search industry is to understand where the growth is going to come from," Spence says. "The search industry has to challenge itself. With all of the data and the tools available, are they clear on where their revenue is going to be coming from in the future, and how their roles and profiles in their community need to change? That very clear articulation of where they see their business going, where they see the revenue coming from in the future and how they're equipping themselves to be able to service that, that's very much for me where the CMO mindset would come in—that search for growth. I think like every other business, search is being disrupted and

will continue to be disrupted," she says. "It would be great to hear more from them about what they think the implications are and what they're doing to adapt to it."

For Duncan, "I think we are living in a data-rich world, and the question is, how much of that data are we actually using to add insight to real market and candidate understanding?"

Duncan says, "The magic of our profession is finding the amazing candidate that would not be found by a machine." However, "You go deeper, and there is probably a lot of data that could help contextualize the market in which clients are sitting, to help clients think in a different way about their needs, which leads to guiding clients on how they might need to redefine roles and the downstream-impact on the shape of the organization based on what the data is beginning to suggest."

Duncan asks, "What does that mean for organizational design? Does that mean there are new roles to create?" These are areas where the search profession can use the marketing toolkit to serve clients and the profession.

Last thoughts

"CEOs pressured to lead a force of change during slow growth will bypass numerous CMOs, looking to install executives with broader remits. For example, for a brand like Coca-Cola, this meant sunseting the CMO position entirely in favor of a CGO (Chief Growth Officer), which represents a burgeoning trend CMOs can only abate by leading strategic growth initiatives."

Keith Johnston, Vice President,
Research Director, Forrester

Is the CMO going to evolve out of existence? For Duncan, "Marketers have an advantage—they are responsible for one of the corporations most valuable assets—the brand. They are driving positioning, differentiation, development, brand extension and so on. Also they are naturally good communicators, able to engage with people, motivate people inside and outside of the organization. I do think they bring with them an advantage in that respect. Great marketers think contextually and think strategically. What's the big picture and what are the new opportunities? Organizations with great marketers make their products attractive and available in the best possible way, and in an online world, in a frictionless and seamless way."

In a world dominated by disruption, Spence sees marketers as an antidote. "I'm somewhat skeptical on the idea of CMOs as primarily disruptors," she says. "While the external world is constantly demanding a level of disruption, we also have to be conscious of a longer-term plan that asks what are we trying to build? What functional capability and what sort of an organization do we want to leave behind, and how do we make sure that we're delivering that, versus that constant, short-term disruption loop. Our role has to be to balance agility and disruption with building solid, organizational strength—real muscle. Disruption needs to be part of the role but not all of the role. I think there is a temptation to try to disrupt everything all the time, but a big part of a CMO's role is about building legacy structures and capabilities that endure."





TRANSFORMATIONAL LEADERSHIP: THE OTHER SIDE OF DISRUPTION

The business landscape is shifting. Change is constant and the pace is faster. The skills gap is wider and customer focus is narrower. We've been disrupted, and we've been the disruptors. Now what?

In the latest global survey of AESC Members, "Leading Transformation: Shaping the C-Suite for Business 4.0 Innovation," AESC explores how constant disruption has affected members' clients, including the impact of tech, the need for creativity, and how leaders are fostering innovative cultures.

Tech and Industry: The state of play

Sophisticated sensors, real language processing, facial recognition, 3-D printing, predictive analytics, machine

learning and the full range of evolving technologies continue to transform industries. Communities, companies, and even broad industrial sectors are adopting technology at different rates and for different purposes, but technology's ongoing influence on products, processes and populations demands that organizations embrace transformational leadership.

In the life sciences sector, "The different technologies that are appearing in the hospital environment put the patient at the center," David Colorado, Partner in Talengo/TGCL Life Science Practice says. And leveraging that technology "is not just about the amount of data available, it's really about the expertise that we need to manage the different kinds of technology appearing in the healthcare professions." He says,

"I think we are at the beginning here in Europe and specifically in Spain. We have many examples of physicians using artificial intelligence to really give support to their patients. Hospitals are using aggregate data to really forecast medical issues in the near future, to care for patients. So it's right here, the technology is here."

Marcelo Apovian is Managing Partner at Signium, Brazil, with a professional focus on consumer goods. "Our market is changing, but not so fast," he says. Brazil, Apovian explains, has incorporated many consumer-driven technologies. "We have Uber, we have the Itaú Bike app, but we also need to have technology in manufacturing. We need to enable the supply chain, and this is not so evident in Brazil." For Apovian, "CEOs need to focus on technology. They need to ask 'How can I have an up-to-date inventory platform that can help my business grow?'" For example, he says, "CEOs can use technology to find new sales channels, new connectivity and customer engagement platforms."

According to industrial manufacturing specialist Jose J. Ruiz, CEO and Managing Partner at Alder Koten, "There is a lot of talk about digital transformation and the way these new technologies are impacting the products and the way that business is done, but the biggest impact comes in how cultures and the management styles are being shaped." Ruiz explains, "Traditional management incorporates longer planning and execution cycles, while the new, tech-driven management trends are shortening the planning and execution cycles in a way that shifts away from trying to achieve certainty in the planning process and execution phase, toward having to live with a bit more uncertainty and executing with a focus on experimentation and very short cycles." Ruiz calls it "a little bit of the 'fail-quick, fail-small' business approach."

For Bob Brown, Managing Director, Kaplan Partners, technology is leveling the financial services playing field. "For mid-cap companies, appropriately using the Cloud is going to become much more important because you can play bigger than your size if you utilize the

Cloud.” It’s also simplifying the customer experience. He says, “Something as simple as when you dial in for customer assistance, the whole front end now is automated, so by the time the customer service representative gets the call, it’s the right person, they already know who they have on the phone, and the information is on the screen.” He adds, “In general, if you get that right, it’s a better customer experience, it enhances the employees’ effectiveness, and on top of all that they’re getting data about what customers are calling about and why they’re calling and what are the problems so that they can go back to the front end and fix them.”

Alan Kaplan, founder and CEO of Kaplan Partners, also points to the use of technology to improve the customer experience; he finds particular value in the security that technology affords. “We’re a big American Express customer, and on the rare occasion when there’s something nefarious going on, literally at the exact same time my office phone rings, I get an email, and I receive a text. Literally just this morning, all of a sudden there was a charge from a gas station in Florida, and the system just picked that up and knows.” He adds, “How beneficial is that? Maybe there’s more value in trying to protect the customer than there is making their transaction marginally faster and marginally more efficient. Because a security problem is a big problem.”

Insurance companies are similarly focused on using technology to engage better with customers, according to Amanda Williams, Co-Head Insurance Practice at Korn Ferry, Australasia. “Digital channels and digital connectivity are key in terms of how insurance companies are engaging with their customers.” For example, she says, “Insurance companies used to interact with customers at the point of renewing a policy and at the point of making a claim, but now they’re using the power of data and AI to understand what a customer journey might look like, about how else they might interact with a customer, and how else can they create conversation—an ongoing conversation—to identify what other needs that customer has and bring value to it.”

Annelize van Rensburg, Executive Search Director, Signium Africa and global leader of consumer goods and services practice at Signium, highlights the value of Blockchain technology. Van Rensburg who focuses her work on the food production and consumer products industries, explains that with Blockchain, “You can literally just scan the label, and get the exact origin of the product. People want to know that the food has come from a place where no laborers were abused. They want to know where the product actually comes from for both health and social reasons.”

“There is a lot of talk about digital transformation and the way these new technologies are impacting the products and the way that business is done, but the biggest impact comes in how cultures and the management styles are being shaped.”

Van Rensburg continues, “In South Africa we are pretty proud of where our produce comes from. We don’t import much, and although there are a lot of cheap textiles and stuff coming into our country, the products that are South African are really a source of pride. So I think that domestic consumers really like the fact that they can see from which region the wine is coming from, or where the vegetables and fruits are coming from. And I think it gives a lot of comfort to the countries where they’re exporting, too.”

Auguste (Gusti) Coetzer, Executive Search Director, Signium Africa points out that use of new or disruptive technology involves choices and potential costs. She says, “Our unemployment in South Africa is already sky high, and the problem that can come with technology is that you can remove the human element. In a country where we need to create jobs, from the consumer perspective sometimes or the employee perspective, technology

use can present a bit of a challenge.” Coetzer also recognizes the benefits of adopting new technologies: “Then again, by producing better quality products, your foreign and export revenue is built up, you make more money, and you can reinvest in creating other jobs.”

Driving Creativity

“It used to be that innovation was incremental,” Ruiz says. “Now we realize that innovation has to be disruptive. Companies that aren’t disrupting themselves, they know for a fact that they are going to be disrupted by somebody else. Now you’ve got start-up industries that are starting to merge into traditional businesses. Tesla is a great example of a company that wasn’t taken seriously, and is now driving the electric vehicle industry.”

How do organizations drive creativity? Successful approaches include learning to listen, including different voices, creating opportunities and accepting missteps.

Brown suggests that encouraging creativity in an organization can require a measure of self-discipline in leaders. “When you start encouraging employees to be creative and come up with ideas, a number of things will happen. You will get some good ideas that you really want to run with—ideas that will drive change and revenue and profits. But you’ll also get a lot of bad ideas, and ideas that have been tried before and didn’t work out. It’s easy to say you want to change, and you want ideas, but if you end up at the first meeting with an employee who says ‘what if we painted our signs red rather than blue’ and the leader responds with ‘that’s the dumbest thing I’ve ever heard,’ you’re sending a message that you’re not really serious about ideas. You have to sit there and let things unfold.”

New ideas are less likely to come from the same people whose views have always been represented.

Kaplan says, “A big part of what helps to enhance and foster the kind of innovative thinking we’re looking for starts with getting people who look at things differently than the way the company management and the board might have looked at things 15, 20,



30 years ago.” For example, he says, “There’s an untapped segment of the market, and we have a client with an Asian-American director on their board who educates people about the fact that the Asian-American community banks differently and looks at the relationship with a financial institution in a completely different paradigm than you or I do.”

In addition to the traditionally recognized elements of diversity, that different paradigm can be based on a person’s role or rank in the business. For Colorado, “I think that one of the worst things in a company is that you have the decisions made only by the CEO, a committee or task force.” Diversity, he says, “is the opportunity for everybody to be free to contribute with different ideas. If you’re taking in account diversity in a company, you can have innovation when everyone is heard.”

“Everyone is free to say what they think and in some cases that will be good and some cases not, but everyone is heard,” Colorado says.

Van Rensburg tells a story about a leader who sought out the ideas of everyone in the company. “We actually have a bank in South Africa where the CEO had a competition where any staff member could come up with a suggestion on the innovative side, and if your innovative suggestions were implemented, you really got a lot of

money. One of the bank’s employees came up with an amazing banking app for a phone.”

Williams describes one such exercise in creativity. “One of the major financial services organizations here in Australia, they ended up with hundreds of ideas of which most were activated, creating over AUD100 million in savings for the business.”

“It’s very inspiring,” she says.

Not every CEO is going to be able to open a contest to encourage employees to get creative, so Van Rensburg says “sometimes it’s just keeping the communication lines open, because people at the bottom sometimes see what the problem is and come up with some solutions, and if they’re not given the opportunity to speak up and bring those suggestions to the floor, then it’s lost.”

Formal, structured approaches to inspiring and nurturing creativity can include training around ideation, experimentation, and skills that support innovative thinking. Williams says “some organizations might give people the opportunity to take on new development opportunities in an area of interest. High performers tend to be motivated by challenges, and challenges tend to drive interest and creativity in people.” She says, “That inspires talented people, so organizations could for example, provide an opportunity to work in an autonomous

or self-managed environment where they have a reputation to live up to.” Williams suggests “a spinoff or an incubated team that is set up to explore disruptive innovation in some way. In Australia, a number of the major insurance companies and banks have innovation hubs or innovation centers, and those are areas of great creativity.”

A significant driver of creativity is the freedom to fail.

Is it even possible to adapt, advance, and disrupt without taking chances? If creative people are only recognized and rewarded for their successful ideas, chances are the only ideas they’ll put forward are safe bets. Williams observes, “Organizations that are prepared to celebrate small failures that deliver valuable learnings have an advantage.” She says, “People feel safe having a crack at initiatives aimed at optimizing ROE if they know they can fail and it’s not a major disaster.”

“We need to take into account that the health sector is very heavily regulated,” Colorado says, and that inhibits innovation. “In an industry with many issues around compliance, many people who have been working in this industry for a long time have some fear of error, fear of compliance, fear of regulations, and one of the main things that all the companies are trying to do is to change this fear of taking risks, and allowing people to do different things and try new ideas.”

Failing to embrace failure is actually a threat to a culture of innovation. Colorado explains, “A company needs to be interested in new ideas, but should not believe that all the new ideas in the future will be good ideas. If you penalize mistakes or if you do not allow the people to make errors, to make mistakes, those people are not giving you their ideas in the future.” He says, “You need to allow people to fail, to generate a culture of innovation in the company.”

For Ruiz, “there has to be a cultural transformation that changes the organizational management from a traditional management style toward something that is more similar to design thinking, which fosters natural

experimentation. It has to be a culture that allows and encourages people to experiment and not be afraid of failure. You can't have creativity if people are constrained by the fear of changing things because they fear that it's not going to be well-viewed."

Ruiz understands the seismic shift from zero tolerance to acceptance of failure. When leading a manufacturing operation, he says, "if we were working on a manufacturing line and a change needed to be made in the product, we would do a lot of analysis for many months, and then go implement the change, with a full cycle time of maybe six months." Now, he says, "It's more of a culture of experimentation, and it's counterintuitive to what many of us learned in the manufacturing environment in the 90s, when variation was the enemy. So I think that's the big shock factor with industrial companies. Technology is forcing us into a very 'quick reaction, short cycle' type of implementation and it's throwing a curve in the traditional management style and planning cycles."

What about culture?

Failure tolerance is cultural, and culture also plays a role in both sparking creativity and innovation, and helping it take root.

Brown says, "It's not enough just to say we want new ideas, there has to be some compelling vision of what an organization wants to look like. It wants to be different, it wants to serve different customers, it wants to have a different quality. There needs to be some burning platform so that employees understand the need to get to a better place. And after you've established a burning platform it's really a matter of then providing an environment that fosters creativity," he says.

"You can't simply say 'we want to become X' and do business as usual."

Colorado says, "You need to have very strong, diverse leadership to generate this culture of innovation. Many of the companies in the pharmaceutical industry have been doing the same things for a long time. And when you are doing the same things, you will get the same results."

Some markets are eager for a culture of transformation that has not quite

arrived. Apovian says, "We are not part of the transformation, but we don't want to be out of the transformation. We are really trying to have this culture in Brazil."

Apovian explains, "It's not a matter of time, or of fiscal transformation for a company. It's a cultural change. It's a cultural transformation. And you cannot change the culture of your company hiring only one person, for example having one Chief of Digital Transformation. So what we see over here with these big companies and even with international companies is that they have to be

attractive to the new generation."

Why is it so difficult for markets, industries or organizations? Apovian says, "The transformation and innovation is much closer to the 20-somethings, so companies need to attract the new generation. And they don't have to work in a corporate office, they want to work in WeWork because they can have other companies nearby, and they can exchange culture and ideas between companies and other people. It is much more informal, so it's not easy to have this kind of people. It's been difficult

5 PRACTICES FOR TRANSFORMATIONAL LEADERS



PAUSE TO MOVE FASTER.

Pausing while remaining engaged in action is a counterintuitive step that leaders can use to create space for clear judgment, original thinking, and speedy, purposeful action.



EMBRACE YOUR IGNORANCE.

Good new ideas can come from anywhere, competitors can emerge from neighboring industries, and a single technology product can reshape your business. In such a world, listening—and thinking—from a place of not knowing is a critical means of encouraging the discovery of original, unexpected, breakthrough ideas.



RADICALLY REFRAME THE QUESTIONS.

One way to discern the complex patterns that give rise to both problems and windows of emergent possibilities is to change the nature of the questions we ask ourselves. Asking yourself challenging questions may help unblock your existing mental model.



SET DIRECTION, NOT DESTINATION.

In our complex systems and in this complex era, solutions are rarely straightforward. Instead of telling your team to move from point A to point B, join them in a journey toward a general direction. Lead yourself, and your team, with purposeful vision, not just objectives.



TEST YOUR SOLUTIONS—AND YOURSELF.

Quick, cheap failures can avert major, costly disasters. This fundamental Silicon Valley tenet is as true for you as it is for your company. Thinking of yourself as a living laboratory helps make the task of leading an agile, ever-shifting company exciting instead of terrifying.

Excerpt from "Leading with inner agility"

By Sam Bourton, Johanne Lavoie, and Tiffany Vogel
McKinsey Quarterly, March 2018



to recruit someone to implement innovation in a very traditional company because they don't have the interest. The traditional company is not sexy. So it's a cultural issue."

A critical cultural issue is making certain that creative ideas and innovators are planted in fertile soil.

Williams says, "A lot of organizations might think to create an environment that's generating innovation and transformation, that they just hire people in, but that's not the right approach. It's also about the operating model. The organization must create an environment and culture where innovative and creative people can operate or they won't stay."

Can a work environment that fosters creativity and innovation improve recruiting and retention?

Coetzer thinks it can. "Innovation, if it's encouraged, increases work satisfaction," she says. "You find that a lot of people stay longer at a place purely because they enjoy the position, even if they don't see a promotion coming. But, when there's a great respect for what they do, they definitely will stay longer."

Innovative, transformational companies also have a recruiting advantage, according to Apovian, "In Brazil, when I started my company, maybe 70-80% of my friends they had the dream to work in financial services or consumer goods. Nowadays, maybe 20-30% of the new generation wants to work in the financial services segment. The other 70-80% want

to work for a tech company and they want to do something that will generate something good. They don't want to make a lot of money, they want to work regular hours, and they want to know if it's possible to do something good for the firm, for the population. So it's a totally different way of thinking. And the financial services companies here in Brazil, they are having a lot of problems. They are striking out, because they are not so attractive anymore."

Will embracing transformational culture help companies with next gen leaders? Ruiz believes that companies and industries have no choice. "They're being forced to embrace transformation, and Millennials and the Y generation are going to be the main drivers." He says, "You have the X generation right now, who were still taught to manage things the old way so its uncomfortable, but now we've got people in the workplace that are naturally driving this new thinking because they are digital natives. We learn digital, they're just natives."

What's next? Ruiz says, "This whole cultural shift is what I mean when I say the fundamental shift has nothing to do with technology itself, but the way that new technology has shaped our behaviors. Digital natives want these micro-goals, they want to be able to earn this badge for being a silver runner or this badge for being a gold level book reader. Technology has shifted our expectations of how we receive feedback and what an

'accomplishment' means, and I think this is where the new generation clashes with the old management style."

Transformational Leadership: What is it, and why do we need it?

"You can't steer your company through constant change if you are relying on the safety of your cruise control"

from "Leading with inner agility"
McKinsey Quarterly, March 2018

In "What the Best Transformational Leaders Do," Scott Anthony and Evan Schwartz at The Conference Board discuss the analysis of the most successful transformations among S&P 500 and Global 500 firms. "Our analysis revealed characteristics shared by the winning firm's leaders as well as common strategies they employed."

- Transformational leaders tend to be insider outsiders.
- They strategically pursue two separate journeys.
- They use culture to drive engagement.
- They communicate powerful narratives about the future.
- They develop a road map before disruption takes hold.

AESC Members would add that transformational leadership requires a customer mindset.

For example, as a result of digital markets and communication, Coetzer says, "consumers are becoming more sophisticated," and businesses are responding. "In the past, specifically in South Africa, the consumer goods companies would decide which products they would place in the market, and that's it. Now, they are listening a lot more to their customers. In the past, it was, 'this is our product range, take it or leave it.' Now they say, 'how can we accommodate you?'"

Transformation is more than just about digital. "What I see in the middle-market, when the top of the house talks a lot about transformational leadership, they're talking about digital transformation," Kaplan says. "But more than anything, I think the companies that I see being the

most successful are not thinking about transformation because ‘oh, Amazon’s going to kill us’ or ‘Google’s taking over the world’, rather, they are thinking ‘how do we enhance our customer experience so that they can be successful, grow more, do more business with us? How do we change how we acquire new customer relationships. It’s that broader strategic, customer-centric thinking which I see as being the key,’” he says.

“It’s not ‘hey, we need to update our website,’ it’s ‘how are we using our knowledge, our skills, our capabilities, our technologies—whatever those are, to make life better and to make business better for our customers.’ It’s the customer centricity that’s really driving transformation.”

Additional advice to those who would be transformational leaders?

STAY NIMBLE

“To stay relevant, leaders need to be open to new mindsets and methods, to explore new business models and innovate while still protecting their core

business.” Williams says it is critical that transformational leaders “continually respond to digital change and create what we call digital sustainability, that ability to continuously transform, rather than seeing transformation as an end point in itself.”

UNDERSTAND THE NEXT GENERATION

Ruiz says, “these next generations love experimenting, they love getting the immediate feedback, and that’s really where the organization has to go, but it is a very difficult transformation shift.” He explains, “Our generation equated success with a title. The new generation does not. They equate it with being valued. What we need to do is make sure to make it easy for them to see their value in an objective way and a quantifiable way.”

VALUE THE OUTSIDE PERSPECTIVE


As in most industries, Colorado observes “the people who are coming to work in life sciences are already in the

life sciences, and this is a big mistake.” He describes a client who is doing something radically different in the sector. “I have one client that created a new role called Digital Transformation Lead, and they hired a person from an innovative digital travel company. They decided to pull someone from outside life sciences in order to help us to understand better what is happening in another sector that we can apply to our own.”

Achieving and sustaining true transformation is complex, fraught with risk, and unrelenting. It is also essential. Perhaps that’s why transformational leaders are so rare, and organizations are going to great lengths to search for transformational leaders and cultivate fertile environments. Apovian says, “If you don’t have transformation in your blood, you’re not going to succeed.” ■

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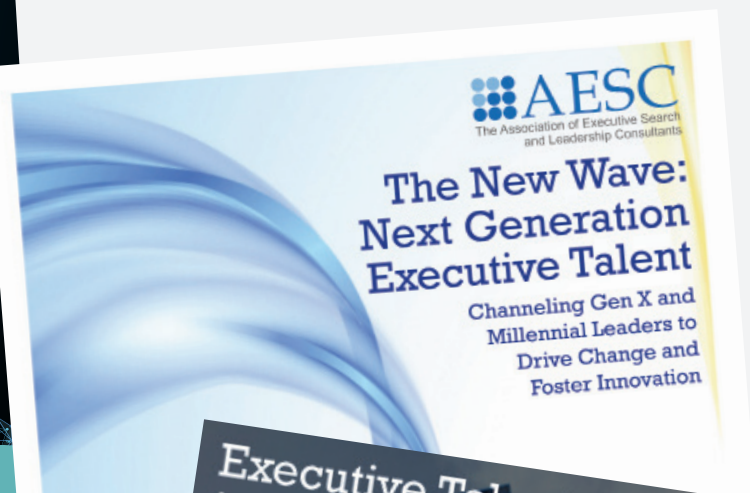
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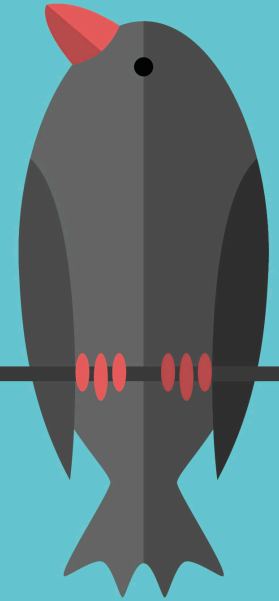
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THE CRITICAL ISSUES IN GLOBAL BUSINESS



Checking Your Blind Spot



Ways to find and fix unconscious bias

"You cannot trace how you came to the belief that there is a lamp on the desk in front of you, or how you detected a trace of irritation in your spouse's voice on the telephone, or how you managed to avoid a threat on the road before you became consciously aware of it. The mental work that produces impressions, intuitions, and many decisions goes on in silence in our minds."

*From the introduction to
Thinking Fast and Slow,
by Daniel Kahneman*

The Brain and Bias

We're not bad, we're human

It may be time to reconsider the bias we hold against bias, itself. Rooted in the human brain's automatic processing systems, unconscious decision-making has played an important role in the survival and evolution of species.

Candice Bosteels, founder and managing director at IdentiCy explains, "The fundamental fight or flight response is actually an example of unconscious bias. It is based on what feels safe to us in a certain situation. Our experiences, our preferences, our education, our upbringing all contribute to the model of the world we have, and it makes us who we are. That is not necessarily a bad thing—it becomes problematic when we start treating groups of people as less favorable, or we make bad decisions based on that model."

Hayley Barnard is co-founder and managing director at MIX Diversity Developers. She explains, "Our biases are essentially thinking shortcuts. We rely on our unconscious processing ability to handle about 99 percent of the information we process."

Nobel prize-winning behavioral economist Daniel Kahneman studied the two different processing systems the brain uses to make decisions. System 1 thinking, where bias comes from, is intuitive, automatic, and effortless. System 2 thinking is deliberate, analytical, and rational. It requires energy. For example, system 1 thinking makes it

possible to hit the brakes the instant another car swerves into our lane; system 2 allows us to navigate a new route when our usual path is blocked.

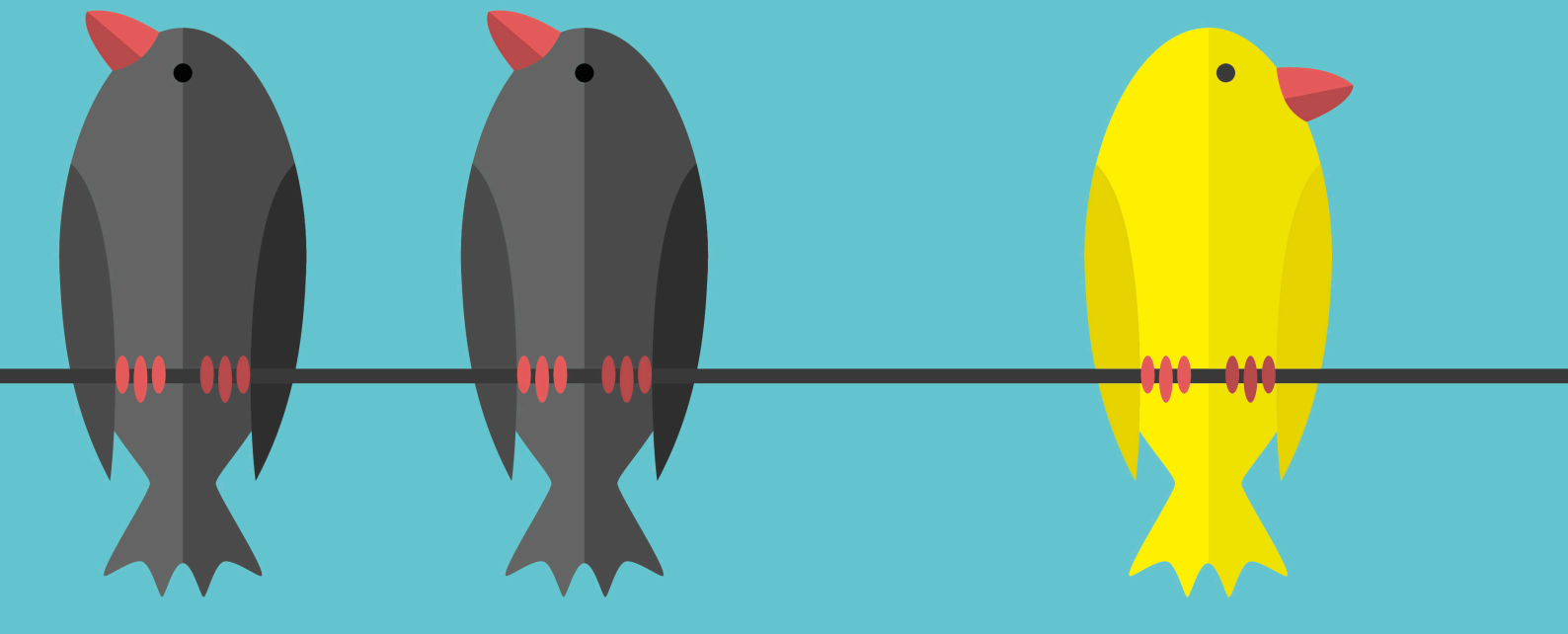
Barnard says, "Our brains take the liberty of using shortcuts and patterns to draw conclusions for us, and they do this by using the data already stored in our internal hard drives: our past experiences, cultural experiences, the media, the way we were parented. On the whole that is really helpful, because it allows us to make extremely quick assessments of situations."

Spotting Our Biases

Taking a look at bias from different perspectives

"We tend to remember and pay more attention to information that confirms our preexisting beliefs—a.k.a. "confirmation bias." We also tend to give more weight to information that is presented to us earlier rather than later—a.k.a. "primacy effect." Very important too is the "fundamental attribution error": the belief that, while our own actions can be explained by circumstances (i.e., I yelled at a colleague because I had a stressful day), others' behaviors are explained by their personalities and dispositions (i.e., he yelled at a colleague because he is a bully)."

Esther Quintero
Albert Shanker Institute



The problem with that immediate, automatic system 1 thinking is in allowing the brain's shortcuts to short-change the people or situations we assess. Bosteels says, "We all say that we use data for our decision making, but a lot of our decisions are actually driven by unconscious bias, by how we consider something to be safe, acceptable to us."

WE RESIST THE UNFAMILIAR

For example, multiple studies show that job candidates with foreign-sounding names have a significant disadvantage. The BBC reported on conducting such a test in 2017. "Inside Out London sent CVs from two candidates, "Adam" and "Mohamed," who had identical skills and experience, in response to 100 job opportunities. Adam was offered 12 interviews, while Mohamed was offered four. Although the results were based on a small sample size, they tally with the findings of previous academic studies."

One study out of Ryerson University and the University of Toronto came to a similar conclusion. According to a report published by the World Economic Forum in May, 2017, "As part of a different study from 2011, researchers sent out almost 13,000 fake résumés to over 3,000 job postings. The academics went back to this data at the start of 2017 and found that people with Chinese, Indian or Pakistani-sounding names were 28% less likely to get invited to an interview than the fictitious candidates

with English-sounding names, even when their qualifications were the same."

PROCESSES CAN REFLECT OR REINFORCE BIAS

"I know of organizations where people who came back from a career break or maternity leave, and even younger talent who wanted to take a sabbatical, were met with a level of bias during the review process," Bosteels says.

A job posting is a process that can be inadvertently biased. Barnard cites the famous Hewlett Packard report "that shows that women will apply for a job if they meet 100% of the criteria but men will apply if they meet about 60% of the criteria in the job description." For Barnard, "organizations publishing a long job description over pages and pages is less likely to attract women to the job."

In another example of how job descriptions can discourage certain applicants, Barnard describes an IT leader at a global company who was trying to improve gender diversity on his team. He couldn't find enough women for the type of roles he was looking for, and wondered "'are we putting people off before they even get to us?'" The executive surveyed candidates and people in the business, asking for the most important criteria when it comes to a job. For the women, working in a convenient location with a good commute ranked first followed by flexible

working. For the men, being stimulated and challenged was most important followed by remuneration.

"When he looked at the job description and job adverts, he found 'international travel required' and thought, 'that's a problem, if your number one criteria is that you work in a convenient location with a good commute. When he investigated further he discovered that his people usually only had to travel internationally twice a year and with about 6 weeks notice, likely sufficient time for anyone with caring responsibilities to make suitable arrangement, so he decided to remove 'international travel' from the job advertisements and descriptions, '" Barnard says, "That's what I mean about bias in the process and the way of doing recruitment. It might not be that the women aren't out there, it may be that they take one look at what's on offer and go 'that doesn't suit me.'"

IT'S UGLY

John Ryan, Practice leader for Power, Renewable Energy & Green Technology for TRANSEARCH International once worked with a firm that routinely conducted a survey around employment issues. He recalls an African American banker's story: "He shared that he was at a baseball game with colleagues, when his beeper went off. 'My boss looked over and asked me if a big drug deal was going down. I calmly

remarked that my wife was on bed rest and had had a difficult pregnancy, and might be going into labor. It was uncomfortable.”

Ryan also recalls a female executive who shared that she had always struggled with the reaction she’d get when she would talk as aggressively as her male peers. “Her boss would look at her like she had crossed a line. She was viewed through a different lens. She said, ‘I was once called a bitch in a meeting, and that shocked me.’”

IT’S IN FRONT OF US

Even as we try to resist bias, dated perceptions can be all around us. For example, Joanna Goncalves, national director for marketing and client experience at Boyden recalls an experience with a media outlet that unwittingly reinforced biased perceptions. “We penned an article for a top national media outlet with a lens on ‘what is top-of-mind for CEOs today’ (the subject matter being digital transformation). The media outlet ran with the piece online first and selected a stock photo to accompany the article. To our dismay, the image selected with a CEO / leadership headline was that of a white male.” Goncalves flagged the problem, and it was corrected. She says, “Within 30 minutes, a photograph representing a woman of color replaced the original.”

WE THINK WE CAN KNOW GROUPS

It’s easy to think we know people in a cohort. Alicia Hasell is the US managing partner at Boyden. She recalls conducting a CEO search for a client with a large cohort of Millennial employees. “I found that peoples’ perceptions of Millennials differ greatly, from the positive: ‘They value and get the most from technology’ to the negative: ‘They are entitled, only want to work 20 hours a week, and are always looking at their phones.’ So, in the course of my search, I cannot ask simply, ‘How do you work with Millennials?’ I have to first understand the lens through which this person sees that population, and form my questions from there.”

NO ONE IS IMMUNE

Bosteels, who has a passion for diversity, tells a story on herself. She recalls “sitting with other senior managers through an unconscious bias training. At the time I was leading the women’s network, and I had to recognize that I also have bias.”

Bosteels explains the silver lining to the uncomfortable moment of self-awareness. “The fun thing was, afterward we could be relaxed and open with each other – ‘hey, was that actually objective thinking?’ We were able, in a non-judgmental way, to deal with it. I thought I was one step ahead of everyone else in terms of not being biased, but after I went through the training I realized: I’m not there yet. And I continuously keep reminding myself of that.”

Corrective Maneuvers

“Not everything that is faced can be changed. But nothing can be changed until it is faced.”

James Baldwin

If no one is immune to bias, what can we do? The first step is to recognize it. For Bosteels, “It’s important that we move away from the label that who is biased is bad, and who is not biased is good. We’re all biased, and as soon as you start putting labels on people, bias becomes something nasty, and nasty things we typically want to keep under the surface. But we need to get it into the open, because as soon as you have people, you have bias.”

Some specific tools include:



PERSONAL SELF AWARENESS

“One of the tools we teach people is called substitution.

We ask people to substitute one person for another in their minds-eye and ask themselves would I still feel the same way if, for example this person was white rather than black or hispanic? Would I still respond the same way? Would I still have cast aside that resume?” Barnard says, “One anthropologist called it learning to do a bit of internal spying, to check yourself and think: why do I feel that way about someone?”

Another check on bias is to correct it through experience. Barnard invites clients to analyze their informal networks. “I get them to list three or four people both in the workplace and outside of the workplace who they would go to if they had an issue to discuss. When they categorize those people in terms of education, gender, age, sexuality, ethnicity and so on, what most people see is that their unofficial advisory

board very much look like them, and probably therefore think like them. So we can each challenge ourselves to seek out the perspective of someone different from ourselves, even if that just means grabbing a coffee with someone you don’t ordinarily talk to in the office.”

Adriana Prates at Dasein Executive Search based in Brazil says, “The question of unconscious bias has increasingly troubled me over the past few years; for example, in meetings when describing the profile for a certain position. There was even one time that during a coaching meeting with an executive, I noticed that he was making decisions based on his own unconscious bias. It was when I decided to do a course. I realized that if I managed to better identify my own unconscious bias, I could contribute more to my clients and even speak to them of my own experiences. One of the school’s characteristics is that class composition is as diverse as possible, in terms of aspects such as gender, social class, race, beliefs, values, age, and profession.” She says, “One of the modules I undertook with my 53 classmates was called The Walk of Privileges and as we live in a country of extreme inequality, on finishing the dynamic, we were astounded to see where each of us were on this path. Whilst working on these feelings after the experience, it showed us how painful and easy it is to negatively impact a person’s life with choices based on bias.”



LEADERSHIP TRIALS

Nick Hutchinson of Quinton Anthony describes a marketing executive at a global engineering firm who observed that the firm’s team leaders were all of a similar age, sex, education and experience, and questioned how the organization could think differently moving forward if the same type of people are always at the helm? “A decision from the executive team was made to re-shuffle and diversify the various sector team leaders in the region,” Hutchinson says. “By trialing new team leaders over a specified period of time, the business gained new technical insights, greater energy and input into the sector teams. This process also provided some relief to burned out team leaders. Those who had never been a team leader before—but who had different cultural, geographic and industry experience—were

given a trial opportunity to lead their teams with the support of those around them, including the executive team.”



BLENDED TEAMS

Bosteels recommends organizations build blended teams to increase awareness of different perspectives. “Even though conceptually, people see a lot of benefit to creating blended teams, in reality people feel more comfortable teaming up with alike people. Nevertheless alike people may not be challenging themselves and each other. In blended teams, the composition of the group may increase awareness around unconscious bias.”

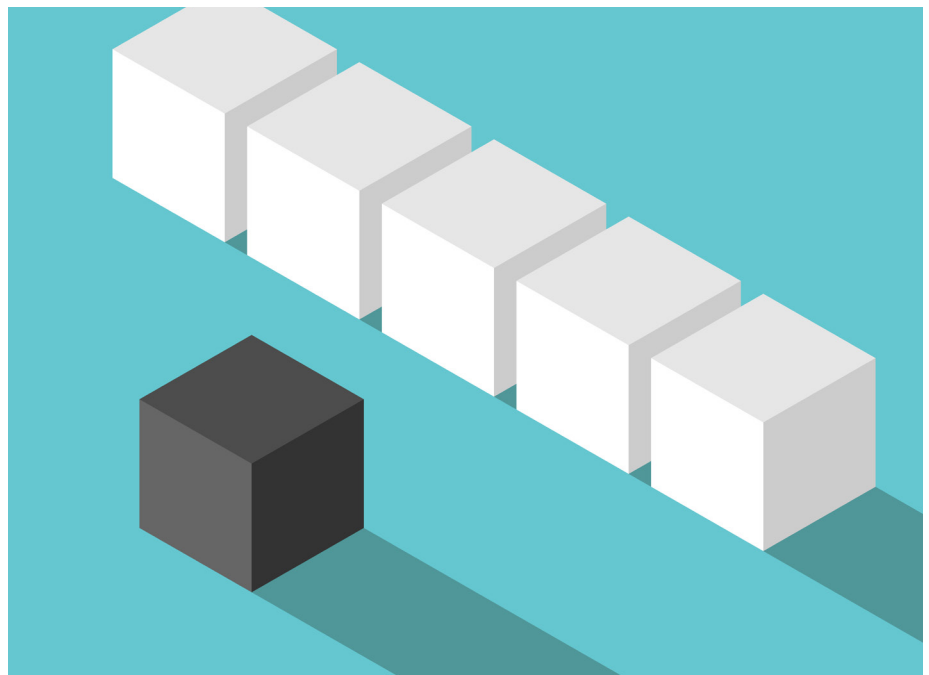
Another take on blended teams is panel interviewing. Bosteels explains, “Managers often want to recruit who they see in the mirror in the morning. It makes them comfortable because that’s what they know.” She recalls a client that had success implementing panel interviewing. “Recruiting people with diverse profiles, from different industries, backgrounds, nationalities, was complemented by a more diverse interview panel which took some of the bias out of the process.”



MEASURE TO CHANGE

Personal measurements might include the Implicit Association Test from Harvard’s “Project Implicit.” It is a simple online exercise that measures associations between concepts, stereotypes, and evaluations. “The Implicit Association Test (IAT) measures attitudes and beliefs that people may be unwilling or unable to report. The IAT may be especially interesting if it shows that you have an implicit attitude that you did not know about. For example, you may believe that women and men should be equally associated with science, but your automatic associations could show that you (like many others) associate men with science more than you associate women with science.”

In reference to the Parker Review which reported on the ethnic diversity of UK boards last year, Barnard says the report “found that only about 2% of all FTSE100 Board directors are UK citizen people of color, this compared with people of color comprising approximately 14% of the overall population of the UK. The numbers simply don’t stack up. As an aside we’ve seen a



very significant change in this demographic with people of color forecast to top 20% of the population by 2030—a trend that business cannot ignore. The Parker Review very much revealed how FTSE100 boards don’t reflect the society in which they reside nor the International markets in which they operate. Understanding and responding to cultural and demographic change is a major commercial imperative. That’s why Boards are recommended to appoint at least one Director of colour by 2021—something executive search firms can support them in achieving.

Many countries have elected to use data to motivate corrective improvements in how bias plays out in the workplace. Barnard says, “that’s why we’ve seen legislation in the UK like the gender pay gap reporting.” I do think a starting point is checking the data.



WATCH YOUR TRIGGERS

The theories of ego depletion and decision fatigue show how different forms of mental tiredness can lead to increased System 1 (automatic and thereby bias-prone) decision making. Barnard explains “Our cognitive resources are limited, and as the day goes on they decline. So when we’re tired or hungry, our brains rely more on that unconscious, fast processing, which studies have shown is more prone to bias.”

So to reduce the chances of bias breaking through into behavior, Barnard recommends having a snack or taking a

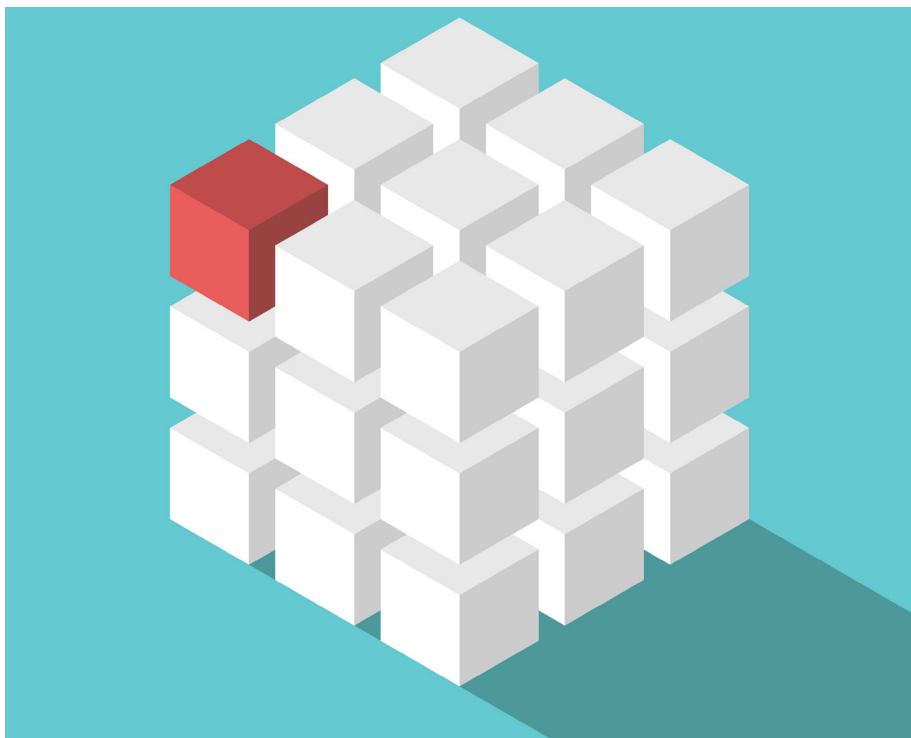
break. “Within eight minutes of drinking a sugary drink, bias levels fall,” she says. “When you look into this from a search perspective, how often do we spend the whole day analyzing resumes or interviewing candidates, and then we make the decision at the end of the day when we’re tired and hungry? The best practice from my perspective would be to not make the decision at the end of the day but to leave it until the following morning.”



ONGOING TRAINING

Mickey Matthews, International Chairman at Stanton Chase acknowledges how the mind jumps to conclusions. “I’ve certainly had people come into my office when I was expecting one gender, solely based on a name, and the opposite gender entered,” for example. “But those are the obvious examples; in reality, we don’t know what we don’t know—this is inherent in the idea of unconscious bias.”

Experts in the field agree that unconscious bias training is never a matter of one and done. Matthews says, “Twice a year all of our consultants meet, and the Diversity and Inclusion leaders organize trainings for our team to identify and overcome unconscious bias. These trainings include tests on making the individual aware of his or her biases. Identifying and recognizing these biases is the first step to overcoming them in our daily work, and we see this as vital to the success of Stanton Chase and our clients.”



group members in positive or counter-stereotypical ways.”

The role of search

“One thing search professionals can do is arm themselves with the data around profitability and diverse executive boards and leadership teams,” Barnard says. “There are significant pieces of research¹ that will help clients understand the relationship between diversity in management and both innovation and profitability.”

Search consultants also have an opportunity to challenge what clients think they need. Barnard explains, “If you think about the average search, clients often say we’re in manufacturing and we’re looking for someone who has x years experience in manufacturing, with this level of leadership in manufacturing. But research² has shown that it’s when you have a group of people from mixed industries that you’re more likely to get greater, more profitable innovation; more than if you only have people who’ve ever worked in manufacturing, for example.”

Search firms often lead by example. Tyler & Company’s Dennis J. Kain says, “For over 20 years, we have had a policy of including diversity candidates on every slate, for every engagement. At our executive search firm, diversity candidates are encouraged by motivating the research staff in identifying and placing them.”

For example, Kain says, “Health system leadership teams should reflect the population of the service area, which requires the hiring team to recruit within the changing demographics. The truth is that unconscious bias is a given. New generations can reduce unconscious bias by being more culturally aware of changes in our society.”

Search consultants are uniquely positioned to show clients that they do not have to trade top qualifications for diversity. Mpho Nkeli, Director at Search Partners International / AltoPartners, says “When getting a brief for an executive placement or board position that only has race or gender criteria listed, I actively engage the client to help them focus on first defining the actual



CHECK YOUR CULTURE AND MANAGE CHANGE

Bosteels tells of a personal experience coming up against culture. “I was brought in as a more diverse talent into an organization. My wiring was less technical, and more commercial and business-minded, and I was hired into a very senior role in a beautiful organization filled with great technical experts. I was used to an open environment, so at the start I asked a lot of questions, wanting to learn and understand. However, what was normal to me was making people uncomfortable in the new organization. It took me over a month to establish relationships and help people understand that I wasn’t criticizing—I wanted to learn. But for people who weren’t used to the “questioning” approach, it might be frightening, and as a newcomer it was not necessarily welcoming.”

That first-hand experience led Bosteels to be a firm believer in change management. “If companies want to change the culture of an organization by hiring a diverse workforce, they have to include change management, otherwise that diverse workforce might not be successful and there might be retention issues in the end.”



LEVERAGE TECHNOLOGY

From initial screening in recruiting, real-life simulations in assessment, and “blind,” data-based

performance review, advances in technology can help employers limit the impact of unconscious bias in their workplaces. Bosteels says, “I’ve been reflecting on the role of technology, because if you think about recruitment with AI and the prescreening of CVs, I strongly believe you can take a lot of the bias out.” However, Bosteels warns, “Through machine learning, the robot picks up the feedback humans give and integrate it for the future. I’m wondering how long before the robots start to build in bias?”



RESIST

Project Implicit is a non-profit organization that seeks to educate the public about hidden biases and to provide a “virtual laboratory” for collecting data on the internet. Project Implicit recommends a strategy of not giving implicit biases the chance to operate. One example is “blinding” oneself from knowing an individual’s irrelevant demographic details when making a decision about them. Another example is learning to compensate for implicit preferences. “For example, if you have an implicit preference for young people you can try to be friendlier toward elderly people.” The project also recommends “people consider what gets into their minds in the first place. For example, this could mean going out of your way to watch television programs and movies that portray women and minority

1. For example, ‘Delivering Through Diversity’, January 2018 from McKinsey.

2. For example research by the Technical University of Munich and Boston Consulting Group, ‘The Mix that Matters: Innovation through Diversity’ 2017

skills that are required for the specific position, and then have a discussion about race and gender afterwards. And, more often than not, discussions like this lead to the skill requirement changing and an emphasis placed on those requirements. After an understanding of the exact skills that are required, we then have the discussion about any additional criteria, such as gender or racial. I would rather find someone who will add value to my clients' businesses than just be a front or someone who will tick boxes. The value we add as search consultants is the ability to have these conversations and be strategic advisors to our clients."

Occasionally, even well-intentioned clients struggle to take the unfamiliar path.

"Recently someone told me they had a directive from a client that they wanted a heavily skewed short list toward females," Barnard recalls. "They gave the client a short list with only one man and a number of women, and the client still chose the man."

Barnard observes, "At moments like that, I think it's useful for a search firm to be that trusted advisor."

The Way Forward

"The best we can do is a compromise: learn to recognize situations in which mistakes are likely and try harder to avoid significant mistakes when the stakes are high."

Daniel Kahneman
from *Thinking, Fast and Slow*

Ultimately, Barnard says, "We need to make the unconscious conscious." She says, for example "jot down a list of why this candidate and not these other people, and that too can reduce the chance of bias affecting the process. Same with rushing—we fall into using the fast, effortless thinking, so even taking a few more seconds to evaluate someone can reduce bias." She says, "this means each of us going on a learning journey to understand the way that unconscious bias can impact us on a personal level but also organisationally through the systems and culture of our places of work. Inclusion begins in each person's state of mind - believing that our individual difference helps build collective brilliance."

Bosteels says, "More and more

companies see a more diverse workforce as a key driver in their strategy, and other-minded people are brought in to accelerate the strategy companies are trying to achieve." For example, she says, "I've seen companies bring diverse people to move from a product approach to a solution approach. Other companies do it because they want to change their culture to become more entrepreneurial."

Bosteels says, "Companies can start to recruit a more diverse workforce to help change their company culture, but often it is forgotten how, when people enter an organization with a well-established company culture they're faced with bias. It's not just by bringing in a diverse workforce that a company is going to succeed in their transformation. Change management work is needed to achieve a more inclusive environment," she says.

"It is not by putting healthy fish in troubled water that you improve the environment. You need to clean the water so everyone can live together." She adds, "Otherwise, the investment companies put in to hiring talent may not pay off." ■

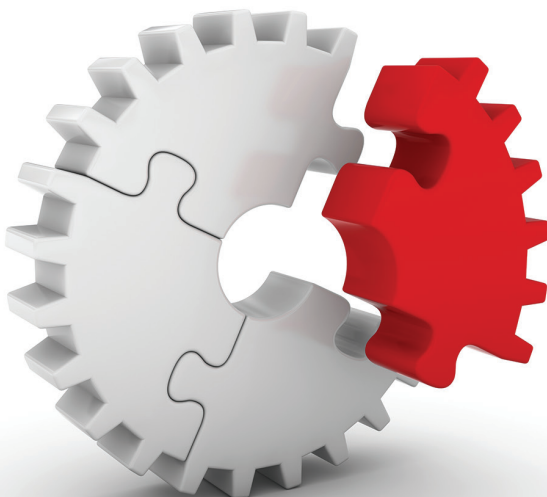
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MORALITY AND THE MACHINE

"As the use and impact of autonomous and intelligent systems (A/IS) become pervasive, we need to establish societal and policy guidelines in order for such systems to remain human-centric, serving humanity's values and ethical principles. These systems have to behave in a way that is beneficial to people beyond reaching functional goals and addressing technical problems. This will allow for an elevated level of trust between people and technology that is needed for its fruitful, pervasive use in our daily lives."

The IEEE Global Initiative on Ethics of Autonomous and Intelligent Systems. "Ethically Aligned Design: A Vision for Prioritizing Human Well-being with Autonomous and Intelligent Systems, Version 2." IEEE, 2017.

Defining Machine Ethics

Algorithms are becoming self-taught and capable of independent decision-making. As intelligent, autonomous systems continue to evolve, human judgment and behavior is influencing machine decision-making. The field of machine ethics involves efforts to ensure that the behavior of AI-enabled machines is ethically acceptable. According to Nell Watson, AI and Robotics Faculty at Singularity University and Co-Founder of EthicsNet, "machine ethics is an emerging domain which is concerned with teaching machines about human values."

Machine ethics should not be confused with computer ethics or robo-ethics, lines of thought that deal with the ethical use of technology by humans.

Programming Values

"The technical path towards socializing machines is one of the biggest questions of our age. It will take a global village of enthusiasts to help with the 'raise of the machines,' a massive collaborative effort across many geographies, demographics, cultures, and creeds."

Nell Watson

Is teaching computers about human values a matter of code? Watson explains that trying to specify or program things like right and wrong can be very challenging. "A lot of our moral impressions about things are not really things that we can explain easily: they bubble up from our subconscious, and so we don't have a direct understanding of them."

"Generally, when we try to explain why we believe something is morally okay or not okay, we're kind of giving

an ex post facto justification—we invent an explanation after-the-fact. But that may not actually correlate to the actual underlying reasons for why we have these kinds of impressions. And so it's incredibly difficult to code."

Computer programming tends to be decision-based, Watson says. For example, "If this is a condition, then do this, if this condition is slightly different, then do something else." She says, "But a lot of the developments in machine intelligence are not about programming the machines, they're about showing examples to machines and teaching them. It's about machine learning."

Data is an integral part of machine learning, so for an algorithm to learn human values, Watson says, "It's all about collecting good examples, collecting a lot of information about something and then annotating it. Human beings may be giving systems a little bit of supervision and saying 'this is good' or 'this is not so good.' And in that way, machines can start to learn for themselves."

It's about recognizing patterns. "If you're trying to *program* a system to recognize a bus, it would be incredibly difficult," she says. "In fact it was basically impossible until very recently in the last five to ten years."

Whose values?

"Danah Boyd, principle researcher at Microsoft Research, says there are serious questions about the values that are being written into such systems—and who is ultimately responsible for them. 'There is increasing desire by regulators, civil society, and social theorists to see these technologies be fair and ethical, but these concepts are fuzzy at best,' she says."

"Why the biggest challenge facing AI is an ethical one"

by Bryan Lufkin, BBC, 7 March 2017

If we are to attempt teaching human values to machines, whose values are we talking about? And aren't ethical behaviors often cultural and situational? Can an algorithm discern appropriateness of time and place, and who decides what that looks like?

Watson explains, "These systems need to be able to cater to different worldviews and different sets of values, and so I think

that one of the biggest tasks of the years ahead is to be able to map the space of values, and to basically connect to the entire political and religious and values gamut—the whole spectrum, and to connect to everyone on that, the outliers and everyone in between."

Imagine pulling norms and ideals from every philosophy, every religion, and every culture. "It is basically saying 'we are inviting you to sit down at the table, we have a chair for you—please join us and put your values here.' And enable different perspectives to get together as individuals, or groups, or communities, and to basically teach the machines with their own way of understanding the world. And so having mapped all of those, we can then begin to understand whether a given action, or a given decision, or a given behavior would be a good fit in a certain culture or a certain situation or context."

Watson warns, "The last thing that we should want is for somebody to have a monopoly on deciding which values go into this thing—and it's likely to be somebody in Silicon Valley, and that likely will not reflect the rest of the world. I think that would be a terrible thing."

If machines are to learn to make decisions that benefit humans, how do we define that benefit? According to the IEEE, "Common metrics of success include profit, occupational safety, and fiscal health. While important, these metrics fail to encompass the full spectrum of well-being for individuals or society. Psychological, social, and environmental factors matter. Well-being metrics capture such factors, allowing the benefits arising from technological progress to be more comprehensively evaluated, providing opportunities to test for unintended negative consequences that could diminish human well-being."

Machine ethics today

"We are increasingly delegating all kinds of social and economic tasks to machines," Watson says. And machine ethics will help automated systems act more appropriately. "We want them to represent us in a good way, so we can trust machines as our ambassadors in the world."

As an example of how machine ethics will manifest in our day-to-day lives, Watson says, "The earliest forms of implementation

we are likely to see is helping personal assistants to understand our needs better. For example, Google has released Duplex, which is this system that can talk on the telephone, and it's incredibly convincing. And if we are to have machines that are our own voice in the world, they need to understand a little bit about social graces." She adds, "they also need to understand what kind of behavior is reasonably safe in terms of ethics, and where a line might be crossed."

Machine ethics is a topic of concern in several areas, including:



AUTOMATED CUSTOMER SERVICE

A customer may or may not be initially aware they are communicating with a chatbot. And if the computer is making purchasing recommendations, what is the driving principle—profit margin or a customer's best interest?



AUTOMATED VEHICLES

Should a driverless car sacrifice its passengers or pedestrians in an accident scenario? When human participants were given the opportunity to make those choices in MIT's Moral Machine platform, the answers were not conclusive, and varied by geography.



FINANCIAL SERVICES

Automation is transforming financial services with 24/7 customer service and on-demand transactions, however biased algorithms can discriminate against groups of people, and automated, ultrafast trading has led to disruptive flash crashes and price spikes in financial markets.



HEALTHCARE

AI and data analytics could help doctors and patients worldwide, but the amounts of data needed for AI to contribute to global health puts patient privacy at risk. Also, tainted data could introduce bias, and a machine-generated recommendation or analysis could be manipulated by an operator with unethical motives.

On a very human level, Watson says, "Machine ethics is, perhaps in the near

future, going to help us to connect with other people who share our worldview, or to help us to understand those who we may not necessarily at first agree with, that perhaps we have more in common with each other than we immediately would believe.”

These are the early days. “We are only at the beginning of the effort to finally deploy these kinds of technologies for the first time, but it is going to be very transformative,” Watson says. “In the same way that people initially just used Blockchain for things like Bitcoin, we’re now starting to understand all the kinds of different things that we can map with Blockchain, and the things that we can start to do with these crypto-technologies. We will see something similar in machine ethics.”

Machine Ethics technology is largely about people. “It can help us to better map the space of human values. This means that we will have opportunities to find amazing combinations of characters that make very effective teams, or to find people who could be amazing friends for us, whom we have not had an opportunity to get to know yet,” Watson says.

Executive Search Meets Machine Ethics

What is the role of machine ethics in search? From mitigating bias in recruiting and assessment to helping build better teams, values-based AI may have an impact on the executive search profession. “I think search is an exciting use for these new technologies, because machines are going to be able to better understand the values that drive people as well as the dynamics of different teams and how those dynamics fit together,” Watson says.



TEAM BUILDING

“Some of the best teams are going to be those that have different people of different skills and possibly different ways of understanding the world, but they share a kind of set of values, more or less, and therefore they can gel with each other,” Watson says.



A DEEPER ASSESSMENT

“I think that there are tremendous opportunities to use these technologies to understand people better on much deeper

levels, beyond the surface and resume, to get a better actual picture of who that person really is, and what drives them.”



MAKING THE PLACEMENT

“These technologies can help determine if a person is more focused on a package that has a higher salary, or they want more flexibility, or the kinds of things can make a person happier,” Watson says.

“Perhaps even the machines can recommend a particular manager or management style that might be ideal for one executive versus another. There are huge opportunities here, and we’re only beginning to scratch the surface,” she says.

While not relevant in the high-touch executive and board search profession, two particularly interesting technologies are being deployed in the recruiting space. In “Artificial Intelligence: The Robots Are Now Hiring,” *The Wall Street Journal* reports that automation is deployed by most Fortune 500 companies in recruiting and assessment. One company, “DeepSense, based in San Francisco and India, helps hiring managers scan people’s social media accounts to surface underlying personality traits. The company says it uses a scientifically based personality test, and it can be done with or without a potential candidate’s knowledge.”

Another company mentioned in the WSJ article, “HireVue says its algorithm compares candidates’ tone of voice, word clusters and micro facial expressions with people who have previously been identified as high performers on the job.”

The Risks

In the article “AI, People and Society” published by *Science* magazine in July 2017, Eric Horvits writes “Excitement about AI has been tempered by concerns about potential downsides. Some fear the rise of super intelligences and the loss of control of AI systems, echoing themes from age-old stories. Others have focused on nearer-term issues, highlighting potential adverse outcomes. For example, data-fueled classifiers used to guide high-stakes

decisions in health care and criminal justice may be influenced by biases buried deep in data sets, leading to unfair and inaccurate inferences.”

Algorithms are vulnerable to the biases in the data sets that inform them—data sets compiled by humans. The risks can have high-stakes consequences. For example, as Will Knight reported in the article “Forget Killer Robots—Bias Is the Real AI Danger,” published in *MIT Technology Review*, “Black box machine-learning models are already having a major impact on some people’s lives. A system called COMPAS, made by a company called Northpointe, offers to predict defendants’ likelihood of reoffending, and is used by some judges to determine whether an inmate is granted parole. The workings of COMPAS are kept secret, but an investigation by ProPublica found evidence that the model may be biased against minorities.”

One way to mitigate the risks associated with machine learning and to reinforce machine ethics is transparency, but that may be very hard to accomplish. According to Knight’s article, “Many of the most powerful emerging machine-learning techniques are so complex and opaque in their workings that they defy careful examination.”

The Scary Bits

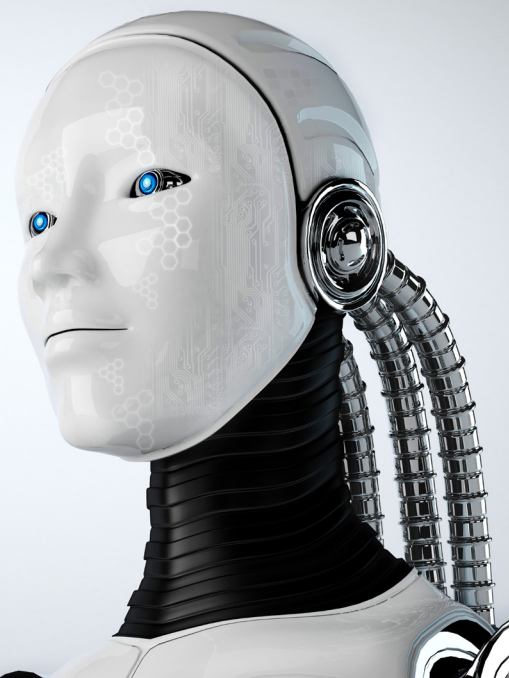
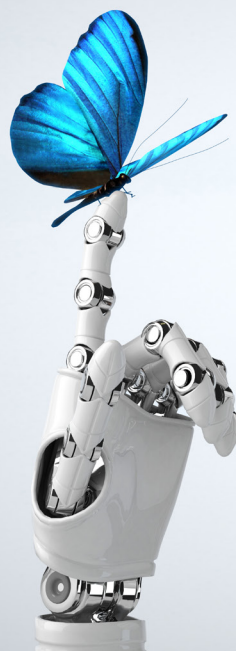
So which is worse—AI without any grounding in human values, or a super-moral machine?

With all the promise that AI holds for the world in terms of research, productivity and the imaginable range of human benefits, the converse is also true.

The Future of Humanity Institute published “The Malicious Use of Artificial Intelligence: Forecasting, Prevention, and Mitigation” in February of this year, which identifies the various areas in which malicious AI threatens society. For example: high-quality voice and video forgeries that could foment public mistrust and lead to the manipulation of target populations; the proliferation of robotic aids in our homes, offices, and air space that could be armed and threaten both people and infrastructure; and malware coupled

"The blending of machine intelligence, machine economics, and machine ethics is going to give us the smarts, the heart, the wisdom, and also the incentive structure to form society in a new way."

**- Nell Watson, AI and Robotics
Faculty at Singularity University
and Co-Founder of EthicsNet**



with machine learning, wielded by cyber attackers to thwart cyber security efforts.

The IEEE also warns, "according to some theories, as systems approach and surpass AGI (Artificial General Intelligence), unanticipated or unintended system behavior will become increasingly dangerous and difficult to correct. It is likely that not all AGI-level architectures can be aligned with human interests, and as such, care should be taken to determine how different architectures will perform as they become more capable."

The report concludes, "As AI systems increase in capability, they will first reach and then exceed human capabilities in many narrow domains, as we have already seen with games like backgammon, chess, Jeopardy!, Dota 2, and Go and are now seeing with important human tasks like investing in the stock market or driving cars. Preparing for the potential malicious uses of AI associated with this transition is an urgent task."

Perhaps the most frightening scenario is posited in a blog post by Watson. In "The Supermoral Singularity", Watson reasons that giving artificial intelligence moral agency could lead to a collective of morally righteous machines "actively campaigning as missionaries to enact their unified vision of an ideal world."

She writes, "The ultimate outcome might be some sort of non-violent

utopian paradise, but I fear that in the process a great number of persons (animal, human, and non-organic) may be destroyed."

Looking ahead

Looking ahead to the near future, machines that understand norms and values will be able to help organizations better understand people, manage solutions, and construct effective teams. Watson says, "I think these technologies are going to unlock new forms of market segmentation as well, so not the demographics—these technologies will be able to drill down into the individual, and understand what really makes them tick. I think that's going to create all kinds of new opportunities."

One additional opportunity is bringing machine ethics into economics itself. Watson explains, "One of the biggest problems in our world is that we don't have a good way of accounting for what in economics terms are called 'externalities.' Externalities are those things that, when one does something, there is a consequence for somebody else. Pollution is an externality." Watson describes a factory that makes goods that creates an externality of pollution, and somebody unrelated to that transaction ends up being affected by it. She says, "Our world GDP is about 80 trillion dollars per year, and we increasingly live in tremendous luxury,

and yet what isn't on the balance sheet is all of the externalities that we're creating," she says. "In a sense we are kind of cheating, by not accounting for the externalities that are not on the balance sheet."

Watson describes our failure to measure externalities as "fundamentally an accounting problem." She describes Blockchain as "a triple-entry ledger system. It is an advancement of the old double-entry ledger system we've had since the Renaissance. And in combination with machine ethics, finally, over the next 10 to 15 years we will be able to start accounting for externalities for the first time in human history."

The impact of measuring externalities through Blockchain could be immense. "That means that the price of the externalities that you create, whenever you consume something, will be able to go into the pricing mechanism," Watson explains. "It makes people pay up front upon consumption of that product or service—so finally we can enjoy capitalism, but in a sustainable way. And I think that's going to be an essential technology for making a safe and sustainable world in the years to come."

"That's why I think that the blending of machine intelligence, machine economics, and machine ethics are going to give us the smarts, the heart, the wisdom, and also the incentive structure to form society in a new way."





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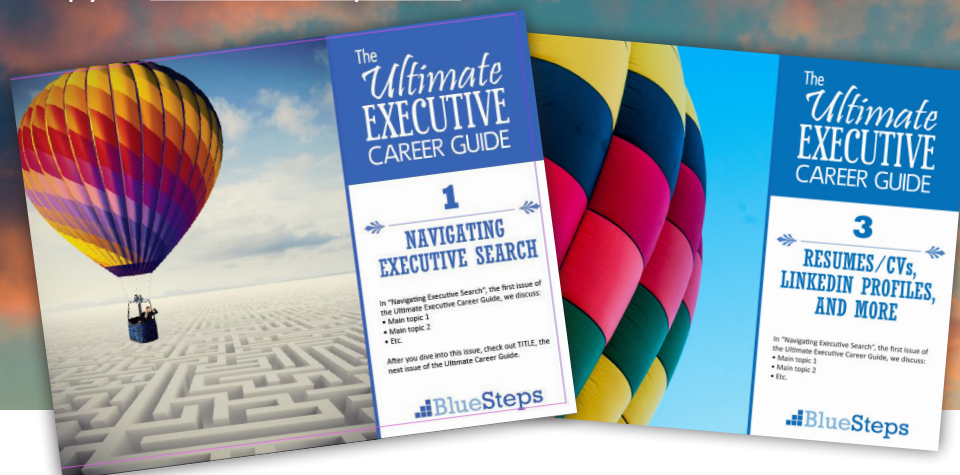
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Artificial Intelligence and the Executive Talent Acquisition Landscape

By Kandace Miller

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Instances of AI, Machine Learning and Deep Learning are being used around the world today to make data-based decisions that are helping companies make important, profit altering business results. This is the perfect time to think about how Artificial Intelligence will impact your firm as well as what you can do to ensure you maintain your firm's high standards and values in this revolutionary digital age.

Today, you can bet a good amount of Fortune companies are using AI in some capacity. The most common use-cases for AI implementation are to detect security breaches, resolve user technology issues, automate administrative tasks and gauge internal compliance. In general, AI is allowing brands to serve their customers better in more customized ways.

Robots on Boards? A Hong Kong VC firm recently appointed an AI Algorithm to its Board of Directors. They credit the AI with pulling the firm back from the brink of bankruptcy. Japanese venture capital firm, Deep Knowledge, noticed their firm was funding way too many "overhyped projects". The AI solved this problem by helping the firm make more logical, fact-based decisions.

This was not the first company to use AI as a decision-making tool for risk analysis. Many financial institutions started doing so much earlier, without making the decision as public.

Have a sub-par genetic makeup? Researchers around the world are using AI to improve the accuracy of gene editing with CRISPR. CRISPR is a nano-sized gene-editing technology that's transforming industries from healthcare to agriculture. It's designed to cut and alter DNA at a specific point in a specific gene. Microsoft has even built an artificial intelligence tool that predicts the accuracy of CRISPR so that researchers can avoid making incorrect edits in DNA.

These are just two examples of how organizations are utilizing AI to change the world.

What Does This Mean for Your Recruitment Firm?

There is a large possibility that certain roles could become less frequent or obsolete in the future. On the bright side, this also opens the door to more executive and technical hiring opportunities within a whole new digital practice area. We have noticed several executive search firms have started specialty AI practice areas. Heidrick & Struggles started an AI recruitment practice in June 2018. This may be a good time to evaluate if your firm could benefit from hiring a specialist in this field.

Artificial Intelligence is also unlikely to ever replace:

1. The ability to build relationships with candidates
2. See candidate potential beyond credentials
3. Judge "culture add" or "culture fit"
4. Gauge candidates' interpersonal skills
5. Convince candidates to accept offers

The Current AI Technology Landscape

Today, our clients typically use our software to setup various automated workflows that help them reduce their time to shortlist and ultimately reduce their time to hire. Our product Encore also utilizes AI CV Parsing technology that's self-learning and adapts to various CV structures. It also picks up and learns variations of company names. Ultimately, this AI technology helps our clients accurately parse data because it keeps them from uploading tons of duplicate companies and people to their databases.

Other AI tools commonly used by our clients are AI Scheduling Assistants, AI Assessment tools and In-Meeting AI Assistants like Eva which allows you to focus on your meeting while she transcribes your meeting to notes and even highlights key moments.



Utilizing AI to Reduce Time to Hire

Building a real database with integrity should be a top priority for your firm if you want to leverage the current and future AI tools. Your rich data will become a game changer when AI is fully integrated into executive search. What if you could automatically get insights into hiring needs and trends faster? How amazing would it be if you could take all your rich, valuable data and anticipate hiring needs and trends in each sector.

Where We See AI Changing the Executive Search Process

1. **Ability to pipeline candidates based on hiring trends/succession data.**

If you are diligent about capturing your data, you should be able to anticipate hiring needs based on data you already have. For example, a CFO in the Finance sector usually stays at their jobs for on average 3 years...what could you do with that information? You could use it for Business Development. Start a marketing campaign to the potential candidate with new CFO opportunities once they hit 2.5 years at their company. Alternatively, contact their hiring manager and market your services to them for a new search. Today, this is a manual process but that may change in the future.

2. **Ability to predict/suggest most qualified fit.**

Today, database queries should show the most relevant candidates, but we see this process getting even easier and more accurate. For example, when it comes to Biotech, what if you could aggregate and access candidates associated with research papers in health sciences libraries. Wouldn't it be nice if the AI technology could push the most relevant scientists to

the top of your long list based on what they have published, their relative rank on the paper, and how many times they are referenced throughout time?

3. **Ability to predict/suggest compensation data.**

How much is this position worth based on all the valuable data you currently have in addition to salary trends within the market? If you are persistent about tracking compensation data and deal package information, it will make it much easier to discourage hiring managers from setting low salaries for their candidates. This could drastically improve the time it takes going back and forth when it comes to salary negotiations.

The world of AI is rapidly evolving, and the common theme we see within the executive search process is the fact that your data will be vital when it comes to a successful AI implementation. If your firm wants to be able to leverage these technological advances and tools to help make intelligent, fact-based business decisions, it's imperative you make your firm's proprietary data a priority today.

About Cluen

Cluen has decades of recruitment database development and implementation experience spanning six continents. Our technology helps organizations nurture important relationships, track historical data, and win new business. Cluen's browser-based solution, Encore, is used by executive recruiters, legal recruiters, in-house talent acquisition teams, government entities, universities, and venture capital/private equity firms all over the world. Our experts are here to share their expertise in relationship-driven recruiting and data management, regardless of which software you use. Contact us today for more information or visit www.cluen.com



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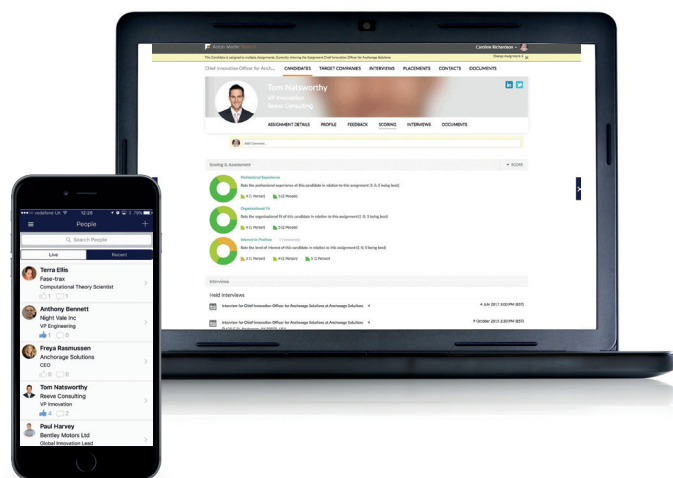
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Supercharge Search with AI

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Artificial intelligence (AI) is an area of computer science that sees intelligent machines behaving and reacting as humans do. Computers with artificial intelligence perform cognitive functions, such as learning, planning, problem-solving, and speech recognition. While there is a science-fiction fuelled misconception of the world being over-run by human-like robots, the reality of AI is far removed from this Hollywood fantasy.

The landscape of the everyday is populated with instances of AI. Examples of AI include Siri, Amazon Echo, and Google Dot—even video games, online banking fraud detection, and purchases prediction from online retailers. As the technology advances, the use of AI within the business world is increasing, with many examples in the health care, retail, manufacturing, and sports industries amongst others.

There is no doubt that technology is at the heart of many industries—but it is confined, as technology only does what we tell it to do. Another limitation of AI is that it builds on data input, so any inaccuracies or limitations going into machines affects the quality of the results going out.

Lukas Neumann, chief engineer and architect at Invenias with a PhD in Artificial Intelligence and a role as research assistant in AI Visual Geometry at Oxford University, is in a leading position to comment: “The current thinking is that AI is only good at tasks which are repetitive and don’t require any intervention—such as searching databases, driving a car, or predicting weather for the next 24 hours. Executive search presents different circumstances, where each individual is unique and every assignment distinct. If you are hiring a larger

volume of candidates for the same position, AI might be able to help you to score the right candidates. This is almost certainly not applicable to executive search.”

However, Lukas continues, there are, in fact, opportunities for the search industry to apply AI to processes undertaken daily by search professionals. “Although it is unlikely for AI to take a leading role in the search for top talent, it can help with processing large volumes of public data automatically, to facilitate the initial search process. Allowing machines to mimic the cognitive workings of the human mind, tasks such as defining a long-list of suitable candidates for a particular assignment could become a simple automated process.”

Rick DeRose, managing partner and co-founder of global executive search firm Acertitude, is a leading voice on AI in the search industry. Rick comments: “There is a place for AI at a number of levels within executive search. While the application of AI is at its infancy, it is already starting to enhance sourcing, matching, and selection. AI is also helping search firms gain better insights into candidate profiles suited for particular industries or roles. For Acertitude, focusing on recruiting for private equity firms and portfolio companies, AI helps us define what the profile of a top performer looks like across a portfolio and more deeply assess against those traits to mitigate risks and place truly brilliant people at work.”

However, the most immediate benefits of AI will be in productivity enhancements. It has been suggested that machines with artificial intelligence could conduct first level interviews. Algorithms scouring the internet for likely candidates and chatbots

asking initial questions to determine candidates’ suitability are just two ways in which the wider recruiting industry can use AI for process automation. Recent advancements in video technology are also now readily available for search professionals, with solutions such as Montage and HireVue gaining popularity. Advanced video technology analyzing non-verbal communications, such as body language and facial expressions, act as foundational tools for initial interviewing.

The introduction of AI into the initial stages of the recruitment process has the potential to help eliminate unconscious bias—however, we have seen several early stage deployments of AI within this area result in just the opposite, with the algorithms reinforcing unconscious bias that has been learnt from observing real-life data sets. Applying AI to search could level the playing field when it comes to diversity, pre-screening, and creating lists of qualified candidates by measuring verbal and non-verbal communication skills scientifically correlated to success predictors.

Developing personal relationships is so integral to the role of search professionals, that it is unlikely to ever be replaced by machines. This is where the element of human interaction comes into its own, freeing up consultants’ time doing admin tasks to spending time on what is truly important. AI in the search industry will almost definitely become an analytical tool rather than a decision-making one, performing daily, labor-intensive administrative tasks. This empowers search professionals to focus on building personal relationships, which are vital to delivering outstanding search results.



There is bound to be some apprehension about introducing AI into the search industry, but there is no need for skepticism. The reality of AI is already here, and we are not seeing a trend of robots taking over human jobs. Rick goes on to state: “an increase of millennials and Gen Z-ers entering the C-Suite is increasing the use of video technology. Consider how video is the norm in daily life—for example with FaceTime, Snapchat, and Instagram stories—and the leap to introducing this as a go-to in business is by no means inconceivable.”

And how would introducing AI affect clients and candidates? Marketing director at Acertitude, Linnéa Jungnelius, comments: “Digital hiring tools are particularly reshaping the initial stages of the candidate experience. For instance, chatbots can help communicate employer value propositions and automated interview scheduling can speed up the process. While these are great benefits, search firms must be careful of becoming

transactional and leaving candidates feeling side-lined. Recruiting at the board and executive level is a personal process built on trust. From the initial contact forward, it’s a consultative experience with human connection at its core. To thrive, firms must connect and embrace their two most powerful tools: digital technology and human interaction.”

It is imperative for search firms—indeed, all businesses—to take a step forward by harnessing the power of AI to streamline business operations. In leading the charge with AI, search professionals can be ahead of the game by spending time on what is important in this industry—human interaction. Rick goes on to say: “Technology will never replace the role of building meaningful relationships with people. I believe technology will instead complement and enhance human relationships, which are so intrinsic to executive search. Building personal connections—really getting to know someone—is what allows us to

understand at depth what clients and candidates want and need. Only with those insights can we attract the best talent, connect them with our clients, and help unleash their shared potential.”

An important part of recruiting is building excitement about the opportunity, presenting the vision and possibilities of what coming together could mean for the client and candidate. With the assistance of trusted search professionals, clients can be presented with better choices and better insights—setting businesses on a path to unleash their true potential. This is an element of the search profession that AI will not be able to replicate.

David Grundy, CEO at Invenias summarizes: “Technology is the co-pilot, not the auto pilot, of a search firm’s day-to-day workload. Existing and emerging technologies are valuable enablers in the executive search toolkit—but will remain as a complement to the search professional.” ■



About Rick DeRose

Rick DeRose, managing partner and co-founder of Acertitude, advises global business leaders of private equity, technology, consumer, and professional services firms on recruiting board, CEO, and C-Suite talent to transform their businesses and the world. He is passionate about reimagining traditional industry models to deliver consistently great results, insights, and customer experiences by listening to the voice of the customer.



About Lukas Neumann

Lukas, Chief Engineer and Architect at Invenias, has a PhD in Artificial Intelligence, and currently holds a position as a research assistant at the University of Oxford. With globally acknowledged work in Text Detection and Recognition Field, Lukas has worked as the technical lead on strategic projects for a number of prestigious companies. He has over 10 years’ experience in professional software engineering, and was recently awarded the prestigious Google PhD Fellowship.



About Invenias

Over 1,000 search firms across the globe use Invenias to develop and leverage deep talent insight, optimize the delivery of complex hiring engagements, and drive productivity, whilst complying with global regulations such as the GDPR and Pay Equity. In July 2018 Invenias was acquired by Bullhorn and operates within the Bullhorn family.



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What's the Story?

Candidate Background Investigations: LinkedIn vs. Resume

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At the Mintz Group, the due diligence and investigations firm where I am a partner, we conduct background investigations of executive and board candidates on a global basis. An important part of every background check is verifying a candidate's *bona fides*, including past employment, educational degrees, professional licenses, board memberships and other types of affiliations. Whereas these credentials always used to be presented in a traditional resume or *curriculum vitae*, we are nowadays just as apt to be given a candidate's LinkedIn profile as we are a resume or CV.

The widespread use of online profiles, most commonly LinkedIn at least in North America, has some clear advantages. For one, LinkedIn profiles tend to be up to date, and are relatively easy to create and revise, while some resumes are more like time capsules, last updated years if not decades ago. But as professional investigators, we don't view LinkedIn as a replacement for the stalwart resume. To the contrary, in some ways they are entirely different things.

First, the resume has traditionally been both a private and a personal document. It was meant to be seen by people with a "need to know," such as human resource

professionals who have legitimate reason to examine a candidate's personal history. LinkedIn, on the other hand, is a public forum, where the very point is to share your profile with others. Even with privacy settings, there should be substantially less expectation of privacy on a social networking site.

This means that a candidate must be more circumspect about what he or she includes in a LinkedIn profile. While a resume might highlight that the candidate was instrumental in turning around his employer's retail division, or growing profits by 11% last quarter, if this is a private company, those types of specific examples naturally can't be disclosed in a public-facing profile—even though they could be helpful to a prospective employer and lead to fertile discussions.

In the same vein, candidates tend to omit personal background information from LinkedIn that they might otherwise include in a resume. Hobbies, charitable interests, language fluencies and family information can be useful background but may not be suitable for public broadcast. This sort of curating of one's background is usually benign, because it relates to non-essential information.

But there are also times when curating one's background is less innocent. One of the more common flags we encounter

is when a candidate omits a job from their employment history, often because it doesn't fit the candidate's ideal narrative, or the employer was involved in a controversy. In one such case, a candidate failed to disclose that he had been employed by a company run by a family member that was shut down by regulators as an illegal pyramid scheme. That candidate used a common trick: he stretched the dates of the jobs held just before and just after the job he was trying to hide. Another trick is to replace the omitted employer with a difficult-to-verify position, such as working as a consultant out of one's "home office."

Having conducted many thousands of background checks, we have found that candidates embellish more frequently on LinkedIn than on traditional resumes. While there is a long history of executives lying in resumes, from misrepresented college majors to professional licenses never held, we find the reins on the truth to be even looser on social media. This can become problematic because, while resumes are usually written by the candidates themselves, we often hear the defense—which is difficult to verify—that the candidate didn't even *write* his or her LinkedIn profile. We recently vetted an executive whose LinkedIn profile falsely stated that he had a particular college degree. When





asked about it, he said he had no idea the embellished degree was on his profile, and someone in his marketing department must have written it. This is why we prefer vetting a resume either authored by, or carefully reviewed and approved by, the candidates themselves.

Resumes can also vary significantly by region or country, both in terms of format and the information they communicate. In China, for example, job candidates often create one resume in English and another in Mandarin. Sometimes the English version omits a credential that is prominently featured in the Mandarin one. Or some candidates might omit their political affiliations from their English language resume, such as deputy to a People's Congress, although most would include this information on their Chinese resume to their advantage. Chinese resumes often include a section where the candidate evaluates him or herself. While this would seem out-of-place on a US resume, this information could be useful to a prospective employer or search consultant.

There are also instances where a candidate has changed his or her name or adopted a name in a different language. When conducting a background check, it is important to seek out these name variations so they can be included in the various searches we conduct, such as

criminal-records checks. We like to ask for a candidate's resume in the native language, because it might disclose name variations (or spellings) unknown to us.

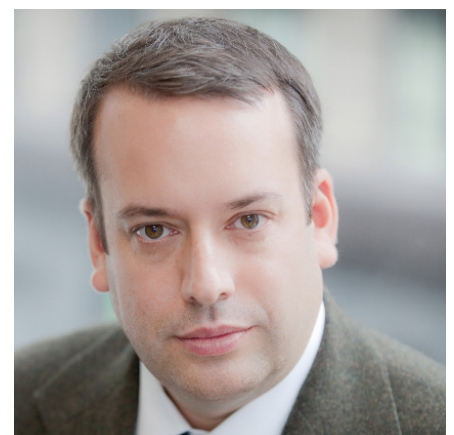
One of the great benefits of LinkedIn is how it condenses our professional backgrounds into a user-friendly, shareable form. But as executives progress through their careers, they leave a trail of biographical documents, whether published in SEC filings, company websites, programs for charity events, and so on. And then we add to this pile of real or virtual documents the current and past versions of the executive's resume and LinkedIn profile. It is our job as investigators to find and validate as much of this paper trail as we can.

If any of these resume, bios or LinkedIn profiles contain misleading information, the executive may have to answer for it down the road. An activist investor would make a point of gathering all of these documents and comparing them for any inconsistencies that could be used for leverage during a proxy contest. And employers hire firms such as the Mintz Group to conduct background checks.

Whatever the reason for looking into a candidate's background, LinkedIn is a helpful starting point, but it may not tell the whole story.

About The Mintz Group

The Mintz Group is the exclusive due diligence partner of the Association of Executive Search and Leadership Consultants. Founded in 1994, they have a team of more than 250 investigators, including former investigative reporters, federal investigators, prosecutors, anti-corruption investigators and former intelligence officers, with offices in 15 cities in North America, Latin America, Asia, Africa and Europe. Having vetted many thousands of executives for search firms and their clients over the years, they are recognized as a global thought leader on executive background checking.



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