# Board Leadership for Creative Companies

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Greenhouse gases and global temperatures continue to increase. As and when the remaining tipping points are reached, global warming may become unstoppable. Widespread damage to ecosystems is occurring, and a mass extinction of species is underway. Finite natural capital and scarce minerals are being rapidly consumed. The global human population continues to increase. Ever more people in developing countries have ambitions to emulate lifestyles that have been the cause of existential threats now facing mankind. Hitherto, government responses to multiple challenges have been inadequate. Around the world, they pursue further growth, although current collective activities, operations, and lifestyles are unsustainable.

The future consequences of current trends appear dire. In addition to continuing the destruction of ecosystems, they include the expansion of drought-afflicted and uninhabitable areas, the inundation of coastal cities and island states, more frequent and intense extreme weather events, mass migrations and resulting breakdowns of law and order, and conflicts over scarce water and other resources. Communities, cities, and their infrastructure will need to be relocated. Alternatives and substitutes will be required for much of what we currently take for granted. Less adaptable, flexible, and resilient people, entities, and institutions will struggle to cope. Some will fail. The costs of remedial action look set to rise exponentially.

Internationally, current security mechanisms have proved unable to cope with the unprovoked use of force to invade and seek the subjugation of a smaller and less powerful neighbour. While some states have sought to help and support a vulnerable

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victim of aggression, others have remained uncommitted and/or have refused to condemn the invasion. As with street mugging, some citizens may have a go and instinctively rush to help. Others are more cautious. They hold back and think about possible consequences for themselves and their families. On a back street and in war, power and brute force often triumph over ethics and legality. The latter are only influential if sufficient and sustained efforts can uphold them.

## Recognising realities and doing things differently

The life experiences of most directors will have made them aware of the frailties of human nature, individual limitations, and collective vulnerabilities. They may have lived through various disappointments and witnessed many gaps between promises and delivery. There is sometimes a wide gulf between rhetoric and reality and aspirations and achievements. Many directors may have also experienced successes that others have been keen to share and faced great challenges in high-risk situations alone. We cannot always rely on others, yet board decisions require a majority if a consensus cannot be achieved. Given contemporary challenges, realities, risks, and threats, what can and should corporate boards do?

There may be only so much that individual directors can accomplish. Time might be limited, but in a world in which so many of the victims of current trends are the marginalised and vulnerable, the director of a company is a player and has an opportunity to influence. The potential for impact can depend on focus and the identification of what is most important and might engage others. Momentum and protective and defensive strategies suggest many boards consider that carrying on at present is in their best short-term interests, despite the potentially disastrous consequences for future generations. A common feature of multiple challenges, risks, and threats is that to cope with them, we need to do things differently.

Altering course requires acceptance of the need for change, inspiration to act, and creativity for the innovations needed if we are to develop acceptable, affordable, responsible, inclusive, scalable, and sustainable alternatives to current activities, corporate operations, business models, and lifestyles. The sheer number of challenges, risks, and threats that may impact diverse people, organisations and institutions differently, according to their situations, circumstances, and locations, suggests a much wider range of innovations may be required than has hitherto been the case. Many more people may have to be engaged and involved in creative activities. Board leadership for creative companies is now an urgent consideration.

## Opportunities for creative companies

Private sector companies often have advantages over public sector bodies in relation to creativity, innovation, and doing things differently. Many public sector bodies are limited by enabling legislation and/or a departmental remit in terms of what they can do. Substantial changes may require legislative time and/or a new electoral mandate and discussion ahead of a future budget or funding round before they can be implemented. Many current challenges and trends have implications for the responsibilities of multiple government departments. Cross-departmental coordination can be difficult to achieve. In comparison, corporate boards often have considerable freedom to change direction, collaborate, and seek additional finance.

Companies may only be limited by their risk appetites, openness to change, and willingness to explore their boards. It is not surprising that so many innovations and breakthroughs originate within commercial companies and that they are the major source of innovation, enterprise, and entrepreneurship. Governments can play a part in creating legal, fiscal, and regulatory frameworks that are conducive to innovation, enterprise, and entrepreneurship, removing obstacles and barriers, and ensuring level playing fields. They may act to protect the public and address negative externalities. They might also have an interest in applications of innovations to tackle economic, social, and environmental challenges, risks, and threats.

Certain global risks and existential threats, such as climate change, have negative impacts on many people, organisations and communities, including cities and their infrastructure. They threaten our collective survival. Their adverse consequences are often shared. While the marginalised may be most vulnerable, we are all at risk. Collective responses and public-private sector collaboration are increasingly required. The scope for adaptation, mitigation, innovation, redesign, relocation, collaboration, enterprise, and entrepreneurship exists wherever there are people and human activities. Creative companies have many options to innovate, create value, build intellectual property, and/or secure an early-movers advantage.

## Accumulating imperatives for positive action

While ESG investor concerns, crawl-out costs, and risks of adverse impacts, loss and damage claims, and stranded assets mount, some boards may ignore scientific predictions and repeated warnings. As alerts and evidence of damage accumulate, claiming not to know will be suspect as a defence. Inadequate responses will be clear to all. Companies responsible for negative externalities such as continuing greenhouse gas emissions will be known to those harmed. Other boards may respond, embrace opportunities, and champion innovation, enterprise, and entrepreneurship. Corporate purpose and what is excellent could be redefined to

embrace the search for creative solutions to common risks, shared challenges, and existential threats.

The best of many directorial careers might yet come. Rather than be known and attacked for the harm they, their colleagues, and/or companies for which they are or have been responsible have caused, some directors and boards might become recognised as early inspirers of creative solutions. Those who seek to build more creative companies may need to review the leadership and strategic direction they provide. Leadership and innovation are interrelated. New and different approaches to leadership may be required to simultaneously handle what might appear to be incompatible tasks. Given the urgency and variety of responses needed, innovation in the process and practice of innovation may also become necessary.

Given recent geopolitical developments and on-going conflicts in a fractured and divided world, international collaboration can be more difficult. Some states protect existing positions. Others seek to expand at the expense of neighbours and recapture perceived past glories. Profound differences coincide with a common desire for the survival of humankind and ecosystems in the natural world upon which we all depend. For directors who accept the need to do things differently and increasingly collectively, the forthcoming 2024 UAE Global Convention and 31st Annual World Congress on Leadership for Innovation and Business Excellence will provide an opportunity to discuss options and possibilities with their peers.

## Recognising and inspiring creative collaborations

Board leadership and strategic direction should reflect contemporary challenges, possibilities, global risks, and existential threats, as well as priority requirements deriving from them, such as the need for collaboration and collective responses. What more could and should boards do to build relationships with complementary organisations, including public bodies and local communities? This could be especially important where economies of scale and collaboration may occur, such as with large-scale adaptation, infrastructure, and/or re-location programmes. Multiple parties are likely to have a shared interest in continuing supplies of reliable energy, potable water, and edible food, whose future availability may require their cooperation.

Just as challenges can be accompanied by opportunities that might require collaboration to exploit, certain possibilities may give rise to potential problems. These could also affect people, their families, and local communities. Technological innovations sometimes benefit a favoured few at the expense of many others. For example, AI, and especially generative AI applications, could be used to enrich work experience and upskill, or to replace people with machines, resulting in greater

flexibility and profitability for some and unemployment for those displaced, especially the unskilled. Acute local economic and social issues, as well as more general ones, can result. Addressing these may require collaboration and joint action.

Past assumptions and practices may need to be revisited. While technological advances may provide some relief from a life dominated by work, there might be many others who could be excluded. Changes may be required in how boards operate, shared issues are addressed, and people are supported and might remain engaged and active in future work, whether paid or voluntary. For many directors, their impacts could be profound. Hitherto, board agendas may have been dominated by a succession of discrete issues that could be resolved by decisions and trade-offs to strike a balance between contending interests. Now there are multiple and interdependent issues and shared interests requiring collective responses to address.

## Confronting the unfamiliar and unknown

Previously, many directors had taken decisions in a context that was less fluid but generally understood. While stretching, their workloads were manageable. Colleagues often had similar views on market dynamics, competition, and possibilities. Now boards find themselves having to cope with enforced transitions, necessary transformations, and new and unfamiliar players, technologies, and events. Within boards, certain members may understand some issues, but there may be a limited grasp of interdependencies, such as those in BioDigital convergence and collaboration beyond supply and value chains. How might directors provide strategic direction in areas in which they have little appreciation, influence, or control?

Doing things differently may apply to the work of boards, as well as that of those for whom they are responsible or with whom they may need to collaborate. Like board members, many of these people and organisations may also lack previous experience with extreme weather events, geopolitical developments, evolving technologies, collaborations, and collective responses. Learning, sharing, collaboration, as well as creativity, may need to become a way of life in creative companies if they are to be resilient as well as innovative. Coping, survival, and collaborative advantage to become a sought-after partner may require organic evolution and continual adaptation to changing requirements, situations, and circumstances.

History provides many examples of approaches to leadership that either did not work or persisted long after they ceased to be desirable and relevant. Past empires and civilisations have come and gone. In many cases, their leaders were autocratic and hierarchical. When most people are affected by an external

threat and may need to be engaged and contribute to a collective defense, control by a few to benefit a favoured group at the expense of many others can lead to fragmentation and collapse. A creative company could become a vehicle for innovation, collaboration, collective responses to existential threats, and the development of more sustainable and inclusive alternative lifestyles, communities, and infrastructure.

## Preparing for multiple scenarios

It is important that directors and boards remain aware of challenges, risks, threats, & differing leadership requirements at international, national, regional, and local levels. The World Economic Forum's (WEF's) Global Risk Report 2024 and Perception Survey 2023–24 are both more pessimistic than their equivalents last year. Certain risks, such as climate change, are now regarded as background forces, and the emergence of a more fractured and polarised world is anticipated. While international collaboration to tackle certain root causes may become increasingly problematic, there might well be scope for local cooperation in mitigating climate-related risks in areas such as flood prevention and early warning.

The context in which many boards operate may become increasingly unstable. Some three billion people will be involved in elections in 2024 and 2025. As the use of AI and generative AI spreads, it may be accompanied by misinformation and disinformation. The WEF now ranks them as the top global risk in terms of the potential severity of their impacts over the next two years. Negative results such as greater polarisation and unrest could be exacerbated by government reactions to their effects. As authoritarian governments use applications of technology for enhanced surveillance and control, democratic and financial systems could be especially at risk. Boards should prepare for the possible consequences.

Past reluctance to confront realities has resulted in rapidly accumulating estimates of the costs of the multiple transitions that are now required. They are already unprecedented and must be undertaken simultaneously and at a faster rate than has been achieved to date. While companies and countries seek to safeguard global supply chains while protecting their own resources, critical minerals, and other interests, the prospects of effective international action seem problematic. Increasing pressures, conflicts, and disputes may deter some from seeking board appointments. In place of traditional corporate plans, current directors may need to prepare for multiple scenarios and possible outcomes, as well as creative corporate steering.

## Exploring contemporary leadership options

The 2024 Global Convention and World Congress in Abu Dhabi provides a forum for considering approaches to leadership and board strategies for future-proofing organisations, while simultaneously confronting multiple challenges, risks, and threats in our contemporary world. The challenge for many boards is to reconcile the apparently contradictory requirements of simultaneously competing and cooperating, ensuring both adaptation and continuity, achieving unity of purpose while widening diversity, providing central direction and also accommodating local initiative, and leading multiple activities and responses with very different resource and leadership requirements in various locations and dynamic contexts. ■

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