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# 25th World Congress on Leadership for Business Excellence & Innovation



Governance, risk and compliance codes, officers and advisers abound. Where were they in 2008 when the international financial system almost imploded? What lessons have we learned since the crisis? Do we feel safer and less exposed? Are businesses more entrepreneurial, innovative and sustainable? Is there greater diversity of practice? Are people thinking about what is best for each business and its situation and stage of development?

Alternatively, are standard practices and box ticking leading to risk aversion and a dull uniformity? Are prevailing practices, leadership styles and organisational structures encouraging breakthroughs or stifling them? Where is innovative thinking that would lead to greater diversity and creativity? Must a governance, risk and compliance framework constrain people? Or could it set them free to develop new solutions and additional options?

Can one balance freedom and control? Can we achieve both across an organisation and its supply chain? Can we benefit both people and organisations? Can we do this with existing people and without restructuring or a change of culture?

In short, is there an affordable approach to compliance that can quickly lead to a more innovative and sustainable business? The answer is yes. One can also abolish some traditional trade-offs.

An investigation I have led has covered over 2,000 companies and over 500 professional firms. The findings are set out in three reports *Transforming Knowledge Management*, *Talent Management 2* and *Transforming Public Services*. The reports set out a quicker, cheaper and less disruptive route to high performance organisations. The recommended approach can be adopted by businesses at different stages of development in many sectors.

The theme of this conference is leadership for business excellence and innovation. A key finding of my investigation is that you do not need to be excellent at everything in order to compete and win. Customers may be unwilling to pay for everything to be gold-plated. One has to excel where it counts while being good enough elsewhere. With greater focus on key work-groups, critical success factors, differentiators and sources of competitive advantage less can be more.

In relation to innovation one needs practical approaches rather than general models. Creativity, innovation, diversity and freedom are interlinked. Most of us are born with an innate desire to reach out, explore and learn. We are individuals with the ability to experience and think for ourselves, but our evolutionary journey has also taught us the value of collaboration. Collaboration creates opportunities for exchange, co-creation and sharing.

Rules, regulations and norms may be required for effective and fair interaction. Codes and guidelines can also provide helpful advice. However, there are potential downsides. Prescription can inhibit free expression. Too much order can stifle creativity, hinder innovation and discourage exploration. Norms can also lead to intolerance, exclusion and hostility towards "outsiders".

My 1992 books *Transforming the Company* and *Creating the Global Company* called for more flexible and responsive organisations that could evolve organically. They were achievable with the technology of the 1980s. Networks of collaborations and portfolios of projects offered huge advantages. Yet bureaucratic and hierarchical models of organisation still exist, despite huge improvements in affordable connectivity.

My 1997 book *The Future of the Organisation* set out what I regarded as essential freedoms for adaptation, creativity and innovation. The freedoms were designed to accommodate different approaches, capabilities and styles and a variety of preferred ways of working and learning. They recognised that not all tasks need be approached in the same way. How, when, where and with whom we collaborate, co-create, work and learn can vary according to the particular project, the situation we are in or the relationships we require. Our preferences reflect our roles, family commitments and lifestyle choices.

Freedoms appeal to those who wish to include, engage and liberate people. Yet rules, standard procedures, approved approaches and mandated practices often constrain. In some environments there is little experimentation. Exceptions are rare. Directors worry about risks, setting precedents, opening loop-holes or creating problems for processes and systems.

Top-down management persists. The focus is too often on inputs – how people work and whether procedures are followed – rather than the outputs achieved. Regulations, legislation and reporting requirements grow ever more complex and expensive to implement.

As vested interests suggest additional areas to cover, many younger, creative and entrepreneurial people

long for greater control over their lives and more opportunity to express themselves. They are willing to assume personal responsibility and can be trusted. They are the very people that organisations seeking new ideas need to retain, involve and engage.

Relationships need to be mutually beneficial if they are to survive. Many contemporary businesses are networks of collaborations that embrace people of different backgrounds, specialisms, nationalities, cultures and faiths. Tolerance of differences, trust and mutual respect are required.

How will future historians characterise our contemporary world? Are we entering a new age of enlightenment or an era of suspicion, mutual distrust and violence? Will openness and freedom lead to highly motivated extremists behaving with barbaric cruelty against those who think differently?

Balancing order and freedom presents business and political leaders with dilemmas. Predictability, prudence and responsible risk taking are desirable. Yet freedom can foster the innovation needed to create new choices and more sustainable options, and tackle problems such as climate change and drug resistant diseases that could plunge us into a new dark age.

The journey to freedom can be a challenging one. When empires break up and dictators are removed, dreams of free expression often give way to the reality of violent struggles for power and/or fragmentation into warring factions and inter-communal violence. At one end of the spectrum political, religious, racial and tribal minorities become the victims of genocide.

One cannot blame directors for being cautious. We have onerous duties and responsibilities. Within any population there may be those who will seek personal advantage or commit fraud. Our challenge is to prevent the harm they might cause without inhibiting the enthusiasm, commitment and creativity of those who want to contribute and who have the potential to innovate.

For business leaders there are answers. It is possible to balance

freedom and control. Crucially this can be done without incurring the excessive costs or involving the unreasonable delays of some approaches to compliance. Examples quoted in the three reports I mentioned earlier - Transforming Knowledge Management, Talent Management 2 and Transforming Public Services - show it is possible to build checks into performance support frameworks and tools. People can be liberated. They can develop new approaches, responses and solutions while avoiding commercial risks, regulatory breaches, quality issues and legal problems.

Responses can be tailored to the needs of individual customers, citizens and clients. Contemporary connectivity and social networking across a community can allow continually updated and personalised support to be provided on a 24/7 basis wherever people are, including when they are on the move. Users can be set free to pioneer, investigate new possibilities and explore alternatives while those in leadership roles can be confident that they have taken evidenced steps to ensure compliance with legal obligations and corporate policies.

There is no point just making speeches about the desirability of innovation. People need to be helped and equipped to make it happen. The new leadership advocated in the reports I have mentioned goes beyond rhetoric and the formulation of policy. It embraces the reality of implementation and making things happen. It switches the emphasis from monitoring people to helping and supporting them.

Performance support solutions have transformed results and simultaneously delivered multiple benefits in many areas in a variety of sectors and across supply chains. By supplying tools that make people aware of the consequences of their buying decisions and lifestyle choices pioneer adopters have both gained market share and enabled more responsible and sustainable consumption.

Social networking can ensure that support provided is critiqued. Instant updating can enable information and assistance to remain relevant and current. Early adopters have reacted

quickly to marketplace, technological and other developments, challenges and opportunities. Solutions can be quickly rolled out across a global network. In the afternoon people can deploy responses to problems or requirements they did not know existed when they had breakfast that morning.

Speed, focus, relevance and affordability are key requirements for contemporary business success. Companies of all sizes can embrace, retain and fulfil customers and other stakeholders from a variety of backgrounds, locations and cultures. They can become living entities. Different elements of an organisation can adapt, develop and evolve organically as required.

One can reconcile the requirements for freedom and control. Diversity and creativity can be accommodated. We can set people free while respecting their differences and ensuring compliance. In summary, one can be entrepreneurial, innovative and responsible.

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