Future of the **Corporation**

The Voice of Business

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About Lucy Parker, Partner, Brunswick Group

Lucy is co-author of 'Everybody's Business: the unlikely story of how big business can fix the world.' She is a strategic advisor at the Brunswick Group, working with senior leadership in business. With her co-author, Jon Miller, she leads Brunswick's offer that focuses on how businesses play their role in society. She has more than twenty years' experience with global corporates across a range of sectors, from pharmaceuticals to engineering, from retail to telecoms. Lucy began her working life making documentaries for the BBC, before moving into the business arena helping companies communicate with the investment community and employees, and with civil society and government. In government, from 2008-2010 she led the Prime Minister's Taskforce on Talent and Enterprise, focused on the importance of skills to competitiveness in the global economy.

Outline

Introduction: the purpose of the paper

The Future of the Corporation is a British Academy project. Led by Professor Colin Mayer of Saïd Business School at Oxford University, it is designed to explore the purposes of business and ask what its role in society should be.

A wide range of academic institutions are embarking on research papers to consider this subject from different angles. This paper aims to be a contribution to that effort, incorporating the voice of leaders of business in the project from the outset. It captures the views of sixteen leaders in business, drawn from in-depth interviews covering the broad topic areas of the project as a whole. Most specifically, the paper covers:

> How they see the role of business as an engine in society.

> The key issues they raise about the future of the corporation, including their perspective on trust and purpose, on the nature of values and leadership, on engagement with government, regulation and civil society – as well as the tension between short-term results and long-term strategy, and the development of sustainable business models.

> Their perspectives on the challenge of disruptive change, driven by technologies which are fundamentally redefining their markets, and may also offer the opportunity to reframe societal expectations of business.

While these are not new areas for consideration, the intention here is to understand the perspectives of people who experience these questions in action. As the research which will make up the Future of the Corporation gets underway, the intention is to ensure that that work is set in the context of how business leaders see the role of business in the world, and the pressures and opportunities that presents.

As the Future of the Corporation programme unfolds our aspiration is to engage a wide range of stakeholders in fresh thinking about the future of corporations, including government, policy-makers, regulators, economic and social commentators, and business itself.

We hope this paper will be thought-provoking for all those who engage in the academic studies and debates which form part of this effort.

Foreword

Professor Colin Mayer FBA

The Future of the Corporation is a major initiative by the British Academy to investigate how economic, social and technological factors are shaping and changing the nature of business and how business needs to respond to these opportunities and challenges. It is drawing on the expertise of the best academic minds across the world in all of the humanities and the social sciences to address these issues.

At the same time, the programme is engaging actively with people in business and government to ensure that from the outset it has significant impact on the way in which business operates and policy is formulated. In that regard, this report by Lucy Parker, Partner at Brunswick and co-author of *Everybody's Business: The Unlikely Story of How Big Business Can Fix the World*, is a vital background to the programme.

Lucy very generously agreed to undertake an analysis of the "Voice of Business' interviewing 16 business leaders of companies of different types and sizes in a broad range of sectors. The purpose was to provide an informed basis to the Future of the Corporation programme that ensured it was embedded in the reality of the questions and challenges that business regard as critical for their success in the future.

The result is a remarkable insight into the challenges as seen from the top. It reveals the issues and problems that business perceives and the way in which practice and policy can and should adapt in future to create the types of outcomes and benefits that we are all seeking of it. It is a unique record of what is perceived to matter and what we as nations, societies, employees and investors, as well as business leaders can do to effect real change.

Above all this report serves as a powerful framing for the research of the Future of the Corporation programme. It describes how business sees itself as an engine for society but recognizes the serious decline in trust that has occurred in it. Business regards its purpose as being primarily concerned with its products and services and relevant to motivating its employees. Character of leadership is critical in ensuring that the right values permeate throughout an organization and are reflected in a strong culture that encourages critical challenge both internally and externally. Non-governmental organizations (NGOs) have an increasingly important role to play in the latter and in working with companies to effect change. Law should assist with defining the priorities of business, regulation should resolve the inconsistencies that it imposes on global businesses, and business and government should work together in designing appropriate regulatory frameworks. While short-termism in the capital markets is regarded as a problem, short-term financial reporting does not lie at its heart. Instead, companies should stand-up for their long-term view and embed sustainability in their business models.

These are powerful messages that will resonate throughout the research programme. It starts this autumn with a one year analysis of the current state of knowledge around eleven key issues concerned with questions such as the purpose of business, trust and trustworthiness, ownership, governance, corporate law, regulation, civil society and public engagement, technology and the science base, investing for the long-term, and measurement and incentives.

At the end of the first year we should have a clear sense of the major gaps in our knowledge and the most important issues that need to be addressed in the subsequent two years of research to its completion in autumn 2020. The final output will be a comprehensive report as well as academic and policy papers. There will be regular engagement with business and policymakers around the world throughout the three years of the programme, and a series of events that will help inform the research and disseminate its results to a wide global audience.

This is a unique opportunity to address one of the most important issues and challenges of our time and there are few institutions better placed to do this than the British Academy with its intellectual standing and power of convening. Lucy Parker's report provides the programme with precisely the informed background it requires to ensure its relevance and influence from the outset and I am extremely grateful to her for the considerable amount of time and effort that she has put into producing it.

Professor Colin Mayer
Academic Lead, British Academy Future of the Corporation Programme

Contributing voices

The points of view and reflections from business leaders in this paper are drawn from conversations with individuals serving at the top of companies as Chairman, Chief Executive or General Counsel, who gave their time to participate in this project. They include:

Carl-Henric Svanberg, Chairman, BP

Chris Gibson-Smith, UBS, Vice-Chairman, Corporate Client Solutions

Dan Fitz, General Counsel & Company Secretary, BT

David Fein, General Counsel, Standard Chartered

Debbie Wasskow, Chief Executive, Love Home Swap

Göran Ando, Chairman, Novo Nordisk

Dame Helen Alexander, Chairman, UBM

Ian Davis, Chairman, Rolls-Royce

John Makinson, former Chairman, Penguin Random House

John Steel, Chief Executive, Cafédirect

Leo Quinn, Chief Executive, Balfour Beatty

Mustafa Suleyman, Co-Founder and Head of Applied AI, DeepMind

Paul Geddes, Chief Executive, Direct Line

Rick Haythornthwaite, Chairman, Centrica

Robert Swannell, former Chairman, Marks & Spencer

Rupert Pennant-Rea, Chairman, Royal London

Collectively, these individuals have great depth of experience, across sectors, across types of organisation and over time. Through their current and previous roles, they represent perspectives from aerospace, agribusiness, artificial intelligence, banking, construction, consulting, energy, hospitality, insurance, manufacturing, media, pharmaceuticals, retail and telecoms.

They lead organizations which employ over a hundred thousand people, at one end of the spectrum, or less than one hundred people, at the other. Some of these companies have hundred-year histories and others are recently arrived disruptive start-ups.

They also brought to these conversations extensive cross-sector experience, having led civil society organisations, including charities, NGOs, think-tanks, as well as major academic and arts institutions. They have presided over government initiatives covering subjects from the formulation of regulation to skills development and the sharing economy.

Having held senior roles in institutions such as the Bank of England, the London Stock Exchange and the CBI, and led organisations with an unrivalled view of global business and economics, such as McKinsey and the Economist magazine, they offer pan-business perspectives as well.

In line with the Future of the Corporation project overall, the main focus is on big corporates because that is where the societal concerns about the nature and role of business are typically directed. Most of the contributing voices are leaders of large corporations, leaders in their sector. In addition, and in order to ensure a rounded perspective, this paper has also included alternative perspectives from people with experience of creating some of the digital technologies that are disrupting traditional business, such as DeepMind; entrepreneurial start-ups, such as Love Home Swap; and social enterprises, such as Cafédirect whose shareholders include NGOs. All of them are based in the UK but operating in the global arena, through their operations, supply chains or customer base.

Everyone contributed their views as individuals, rather than in the role they hold in any organisation today. Therefore, while there are many verbatim quotes in this paper, they are unattributed, so as not to confuse with the formal position of any companies they represent.

I am extremely grateful for their participation at the start of the extensive academic research that will be conducted about the future of the corporation. I would also like to thank Caroline Daniel and Rob Webb, Brunswick partners and colleagues, who played such an important role framing the thinking for this paper and engaging the impressive list of business leaders who took part in the interviews.

Sadly, Dame Helen Alexander died in August 2017, before this paper could be published: her experience and wisdom made a meaningful contribution to our thinking. She was a highly-respected business leader and will be greatly missed by all those who were lucky enough to know her and work with her. We hope that the spirit and philosophy of how she saw the role of business in the world is truly reflected here and throughout the Future of the Corporation.

When you talk to business leaders about the future, they are eloquent about technological disruption and geo-economic trends, about the demands of the market and the role that businesses play in society. Most do not have much to say about the concept of the corporation itself. But when you listen to how they describe the challenges and opportunities of business today and the forces of change they are grappling with, there are many learnings to draw out for people who aim to take a fresh and timely look at what the future of the corporation could, and indeed should, be like.

1. Business as a social actor

In all the conversations, these business leaders were clear and articulate about the significance of business as an engine in society, not a world unto itself. They see their business as intrinsically connected to the society and communities it operates in – and they see disconnection as fatal to its success. Each person voiced it differently, but the impetus was the same.

Serving a societal need

The social contribution of business, for them, is first and foremost expressed through the products and services delivered by each company in its own right:

> *What do great corporations look like? First, corporations serve a need in society that is expressed as customer value. So already, there's a connection to society. And society comprises our customers – who are both consumers and citizens.*

> *Businesses genuinely and authentically need to be doing good in the world: to be of service to the world as well as their shareholders. It is not just a PR message, but something woven into the fabric of the business. You've got to serve more than creating wealth, and that means you've got to play your part in society.*

> *The role of business is to make the world go round, and make the economic world go round – because we all want goods and services, and it's businesses that provides them.*

This sense is very strong in the newest and consciously disruptive businesses, where people are charged with an energy that comes from carving out a new space, finding a new contribution to make and even shaping new social trends:

> *It would have been impossible a few years ago to conceive that businesses, like Airbnb and Uber, would dominate how we travel around a city or the way we go on holiday. I think that changing the status quo and offering people a different way, a better way, or a more cost effective way to do the things they need – and want – to do is part of what business exists to do.*

Sometimes the value of those products or services is straightforward to describe because they are evidently part of the modern infrastructure of our lives. As individuals, communities and society as a whole, we rely on the food, medicines, energy, insurance, communications, transport, and indeed many other services, that businesses provide. As leaders of those organisations, they are conscious of that, and it motivates them and their employees:

> *What is our company for? It is the organisation through which we're able to help patients manage their condition. In that respect, we are fitting into society right from the start. You can see that as a valuable contribution – and if we don't do it well, we'll cease to exist. Original research happens well in universities – but making it applicable and useful, that's a company.*

> *In the next 10 years, the UK will see a massive amount of spend on infrastructure, in companies building roads, flood defences, airports, power stations – and the list goes*

on. At the end of that, if the standard of living hasn't risen for everybody then, in my mind, it has not been of full benefit.

The economic engine of business

Stepping beyond the specific value of the products and services of any individual business, there is a powerful consciousness of the role business plays as the economic engine for broader society.

Business has a very strong input to shaping and balancing society. Beyond business, there has to be a way of ensuring that wealth and value gets distributed so that everybody's standard of living rises through it. But business is an efficient way of moving capital, which will actually then deliver a better society.

Making sure there is enough money in the economy so that we can pay for an education system, a health system, a pension system and a social safety-net – however that economy manages the funding of those things - and jobs with the feeling of self-worth that comes from those jobs being useful. But mostly business leaders are not vocal about those aspects of the social role of business.

Big business – and business as a whole – is the economic engine of society. All the wealth we get from it, is spread through tax and it pays for health, education and other social goods. So it's natural that people should care about business. If you become the mayor of a city, the first thing you want to know is who the businesses are and you do everything you can to help them stay and thrive in your city.

A concentration of skills and innovation

The concept of business as an organising mechanism to serve the needs of society also carries real resonance. Certainly, that encompasses respect for the invention of the limited liability company itself. But it goes beyond that to capture the essence of the endeavour, the sophistication of creating an entity capable of delivering collaborative, innovative activity to fulfil a social need:

A corporation, like a city, is a modern manifestation of changing knowledge relationships. It requires fundamentally stable resources that transcend the possibility of any individual creating them in their own lifetime. So you need systems that draw in educated people and then becomes, in itself, a means of perpetual training, adding to the state education system all the time. It requires complex interactions between human beings, knowledge systems, machines and organisation. And it allows people to come together to do things that they couldn't do if they didn't come together. That's the nature of a corporation.

Built into that is also the understanding of the company as the locus for nurturing the skills base on which a sense of individual worth can be established and national prosperity can be built:

The single most important factor in business leadership is the transference of skills and knowledge. Our role is ultimately to bring on the next generation of capability. If you've trained 1,000 engineers during your time as CEO, you've left an inheritance which goes beyond the capital markets. It is not measured in the report and accounts in that way, but it is how we are equipping and furnishing the workforce with the skills

> *needed for the business model to perpetuate itself. It takes ten years to get people up to the necessary skills level, and it fulfils my business need and a social need.*

So the social contribution of business is understood in multiple ways by the people leading these companies: in the products and services it delivers; the work and skills it generates; the profit it produces that, in turn, creates disposable income and the resources for public services; its capacity for innovation and renewal. This is a familiar list, of course, but given vibrancy and richness through being given voice by people whose reality this is.

None of this is to suggest, however, that everything works as well as it could or should in the relationship between business and the wider world it operates in. And none of these business leaders would claim that. In fact, their understanding of how significant thriving businesses are to a thriving society leads naturally to recognising the areas of greatest societal concern. So, beyond this fundamental position that business is integral to society, a number of themes emerged which set the context for further study of what we want from the future of the corporation. These are explored through the rest of this paper.

2. Issues for the future

1. Dimensions of trust in business

The study of The Future of the Corporation gets underway against a backdrop of failing trust in business, so exploring what that means is a good place to start looking at what needs to change in the future. The conversations with business leaders tell us that a much more multi-dimensional understanding of the idea of trust is needed, if we are to consider how to re-build trust in the corporation.

The failure of trust

There is an acute awareness of how lack of trust has been a significant theme in the public dialogue about the role of business in society over the past decade. In this context, everyone made the assumption that business means big business, not only because they are running big businesses but because it is in this arena that the stresses and strains of business' interaction with the wider world are most keenly felt. Most of these business leaders track it back to both the causes and the aftermath of the financial crash.

> *If you look at most of the banking scandals, they are about short-term reward driving ridiculous behaviour. In the years since the financial crisis, there's been a recognition of how badly business has strayed and lost its voice, a waking-up to the idea that they cannot just be seen as rapacious encouragers of short-term thinking.*

> *The notion of trust is a big component: it may not be on the ledger, but there is more and more recognition of its importance.*

> *When it comes to building a trustworthy business, companies have come to realise - at an accelerating pace - how important it is that you run your business in a proper way. The costs are simply too tough if you step wrong.*

While acknowledging the negative sentiment around big business and the pressing need to mend the lack of trust, these business leaders also take the view that this is part of the even bigger picture of the loss of trust across many other significant societal institutions, including in politics at all levels, as well as media, religious, civil society, educational and health organisational.

The responses which emerged as potential ways to reverse the decline in trust could also be considered to be common across sectors: including greater accountability, personal as well as institutional; greater understanding of the 'unintended consequences' of incentive systems; and greater transparency in decision-making processes along with greater recognition of societal risk.

Competence as the key to trust

For all that, among these business leaders, the most immediate and meaningful definition of trust in their business is trust in their competence to deliver their products or services reliably and safely – and their ability to deliver consistently on the promise inherent in their brand.

> *Trust is a very multi-dimensional word. People trust businesses quite a lot in reality. You fly on an airplane and you trust your life to the business; you trust them not to crash. You buy from a supermarket, you trust them not to poison you.*

In the sharing economy, where the need to prove the trustworthiness of a service and a business is still young, the point is the same:

> *Trust is a massive topic for business. For the sharing economy at its essence the question is: how can you trust a stranger in your home, how do you get into a car with a stranger, or trust a stranger to walk your dog? These businesses are asking their consumer to take a leap of faith. Uber and Airbnb are only 8 years old. How can you trust these new corporations which are having a huge impact but are at most a few years old?*

Whatever the industry or the product, the way they talk about it is simple and clear. The business requires operational competence on a huge scale, and it is where so much of the energy of the organisation goes. From their perspective, they are accountable every day to live up to that trust placed in them: they see as their primary responsibility, everything else flows from that and is, in effect, secondary.

Failure of leadership

The instances of specific businesses falling short of their regulatory obligations or internal governance procedures which lead to corrupt practices, typically, are seen in a different category – and interpreted as failures in leadership to be censored and penalised. Talking about specific high-profile examples that have eroded trust in big business over recent years, people said, 'There are laws against bribery and corruption, those things are simply criminal'. Or, 'I'm aghast at how bad the quality of leadership can be: how can that be allowed to happen? The NEDs got paid, they chose the leaders: at the end of the day, that's negligence'. Someone even said, 'To be doing that, you have to be desperate already'.

In comments like these, they are not only agreeing that these instances do damage trust in business and that penalties need to be applied, but also identifying them as rogue actions, separate from broader and common business practice. In addition, they are making the point that these cases do not require additional regulatory or legal sanctions against business in general, they need only the application of existing measures.

These points are earnestly made, born of a desire to be clear that criminal behaviour or fraud should not be considered as indicative of business practice generally or seen to be condoned by business leaders. Yet they also raise the important issue, beyond the scope of this set of interviews but worthy of further study, that not all instances are so clear cut. For example, cases around payments to intermediaries or measurement of safety standards, have demonstrated that what may have become entrenched industry practice is being challenged by evolving societal expectations, changing legal frameworks and greater scrutiny. The mismatch between traditional ways of operating and new demands can represent a risk for business leaders and the corporations they manage.

The point of healthy scepticism
In this climate where there is a huge focus on the desire to rebuild trust, there was a compelling alternative angle on the concept. Spelt out at some length here, it cautions against creating a quest for trust as if it were the Holy Grail, an object of perfection:

> *The banks crossed a line: there was positive mistrust which resulted in new regulations, fines, loss of consumer confidence. No trust, or mistrust, is not good. But trusting something or someone that you should not trust is also not good. We need to 'get real': in economic history, business has never been trusted - because big business is powerful and could abuse its power.*

> *So, in what way can scepticism be helpful to business? Scepticism can act as an incentive; a way of holding people to account. Being sceptical of the media can be a good thing. But mistrusting them completely becomes harmful to democracy.*

> *There's a correlation between an emphasis on corporate governance and mistrust. In a democratic society that values transparency, people know more – we even have journalists whose job is to write about everything you do wrong. Is that a good thing? Yes. Does it lead to mistrust? Yes. But I'd say it's scepticism. If you want business to run on trust, then don't say anything about business, just go back to liking their products.*

This an argument that trust, blind trust, is not attainable or even desirable as a goal. Maintaining a healthy scepticism and challenge is vital to building trustworthy corporations – or any other societally significant institution.

II. Business purpose as an imperative

There is clear consensus that businesses need to have a strong sense of purpose and an understanding of their contribution to society in order to be successful. For business leaders, purpose, product and profit have a symbiotic relationship; they are not divisible parts.

The power of purpose

There is personal conviction about the power of purpose, reflected in the leaders of businesses large businesses and small, well established and newly created.

> *To be able to express the purpose of the company and its role in society is absolutely an asset: a way to energize a company and get a following from society and shareholders. Great companies are run by people who act like owners – who worry about their company's bigger purpose, worry about the values and the way people are behaving – and their alignment to that purpose.*

> *To be a purpose-led company you have to frame the purpose as a communally valuable one. And you have to be a listening, adaptive, responsible organisation.*

Employees want purpose

Everyone agreed that people are motivated by working for a purposeful company, and undermined and demotivated when its purpose is not evident. The importance of being recognised as an authentic purpose driven-company will grow as employees increasingly look for greater meaning in their work and expect companies to be playing a positive role in the world:

> *It's very clear that companies like Ikea or H&M, for example, are enormous success stories because they have a strong vision: they have a clear purpose and everybody can understand it and get excited by it. Erikson was burning to take communications to everyone – and make it affordable so everyone can have it. That sense of purpose is what drives a company, and why people want to work for the company.*

> *People who work here believe in the company and they are proud: they know why they are proud.*

> *If you are inside the company, there needs to be a narrative that talks about purpose and values, heritage and legacy, prospects and promise, that motivates employees, as well as customers and suppliers. It's very important.*

Recruitment and retention are frequently cited by Human Resource professionals as the business benefits of projecting a compelling purpose, and these conversations demonstrated how keenly this is recognised by the leadership. In two companies that have put significant effort over years into demonstrating that the purpose of the company adds value to broader society, the benefit is evident:

> *There's no question it makes a difference to recruiting. It's hugely powerful and incredibly motivating for people.*

> *We used to get 40-50,000 CVs a year, now we get over 200,000 - including the CVs of most of our competitors. You've got to have something that positions your company as a magnet for the talent you're going to need to run it.*

And it is worth noting that the need for business purpose is present in the minds of the leaders every bit as much as in the broader employee base: 'When the competition is very brutal and things are moving very fast, you almost cannot live without a clear sense of purpose because that is what you hold on to'.

Purpose, product and profit

However as strong as the belief in the power of purpose is, the insistence on how it is framed and understood is equally strongly felt. There are two issues at stake. First, the question of which is the master concept: the profit or the product?

On this question, a succinct expression that sums up what everyone describes is: 'Profits sustain us, but they do not define us'. And this makes the point from the perspective of a huge, long established multinational:

> *I really believe that to drive a successful company you have to have a much broader purpose than just making money. But you cannot fool yourself – because whatever that broader purpose is must result in profit. We call it 'the results' because it is exactly that: the result of many things you have done. When you see what it has all resulted in, then you get some money. But you cannot drive the company for the purpose of the money itself.*

And this view is not restricted to the major, traditional corporates. The entrepreneurial businesses which have recently established their success, and are also fuelled by a powerful sense of how they contribute to social progress, are equally emphatic about explaining the commercial imperative. Love Home Swap is a purposeful company, eloquent about the societal benefits of the sharing economy: enabling ordinary people to turn their personal assets into income, and empowering women through economic independence. And on the subject of shareholder returns, their view is just as clear:

> *The reason I have been successful and have earned the license to keep doing this is that I deliver the investors three, four, five times their money. We look at the numbers every single day. We look at the performance once a week. This is not an environment for people who do not want to be close to the commercial realities of successful performance.*

So, their clear consensus is that profit is not the purpose, it is the outcome of doing business successfully. It may be non-negotiable that businesses need to deliver the outcome of profit to continue, but their sense of purpose is in the work their companies do by providing products and services to their customers. Furthermore, they see those products and services as fundamentally serving a societal need, whether that is transport or medicines, food or clothes, infrastructure or insurance, energy or information, and beyond the necessities of life to the human desire for entertainment or choice. This is not simply a matter of fulfilling delivery of a well-established order, it is a dynamic process. Their businesses grow by understanding how societal trends are moving and individual needs are evolving, identifying gaps and even reshaping whole markets to serve their customers better. That too is integral to their perspective on purpose.

The second issue to come up repeatedly is whether business purpose ought to go beyond delivering products and services to providing some additional form of social good:

> *Looking at companies with a purpose beyond the narrow purpose of doing their job really well, I don't think that is what makes them successful. A really successful firm like Google does many nice projects which reassure people they are 'not evil', which is what they say about themselves. But are they successful because they are doing those projects? No. They are successful because they have a strong position in something that is hugely important in society and they are fiercely competitive at selling advertising.*

> *I don't dispute the fact that companies need to be responsible profit makers – but if you boil right down to it, if a company turns a profit it is therefore paying dividends to investors, salaries to employees, who in addition pay taxes into the public purse. So there is a considerable amount of public good already being done just through that.*

In every conversation, there was a new and different expression of this symbiotic relationship between the purpose of a business and the requirement for financial success at the heart of business – for example:

> *I'm here to run a company and to do that efficiently - which reflects itself in the dividend to shareholders, and then other things come with that too. But if you don't deliver on your core business mission, it's a mistake. If you do it right you will maximise the value of the company and that's not only economic value, it's social value.*

> *You need a purpose that you can explain to the world – and that is about what you bring to the party. If you can do that, your business will run even better.*

The insistent tone is driven by the effort to explain that the two aspects are indivisible. Of course, that leads to a different conversation, for later in the paper, about the terms on which profit is produced. But they are suspicious of being expected, as business leaders, to deliver social commitments beyond the running of the business. The energy they put behind this point comes, in part, from a perception that people outside the world of business – whether policy-makers, politicians, civil society or academics – aim to persuade them to minimise their focus on profit in order to deliver social benefit. For them, the two are inherently interwoven, and this combination is the particular contribution that they can make.

III. Values in action

There is universal agreement that it is the responsibility of senior leaders, both non-executive and executive directors, to set the values of the organisation, to build an ethical culture and to ensure good governance. One of the key factors in sustaining the values in a meaningful way in an organisation is staying connected to the external world's expectations and enabling employees to stay connected to their personal values and to the purpose of the company.

Setting the tone from the top

That an organisation's values are set from the top, along with the tone and expectations of behaviour that flow from them, is a unifying theme across new businesses and old:

> *The values coming from the top determine what the culture of the organisation is like. And there is an absolute understanding in the world of start-ups that there is a high correlation between culture and growth.*

> *The quality of a company is in the historic brand but also in the characteristics of the leaders.*

The individuals contributing their views to this paper all have experience of the role of Boards and feel keenly the responsibility of Boards in the shaping and embedding values:

> *The Board is absolutely obligated to be looking down the road at the long-term. And what makes that work is a level of independence and a level of remove.*

> *The ultimate responsibility of a Board is to make sure the company has a long-term sustainable strategy, and supporting culture. You're not just running it for a three to four year horizon. The Board is an institution where people gradually change, but it continues.*

> *As a non-exec, you're a guardian of the company's position in the world. By definition, you're an outsider, you're not inside the company completely. And if the guardians don't point out to the executives, 'You really do need a plan for that issue...', experience shows that the business might explore it. You have to ask questions, to give the executives space to think the unthinkable, express it, debate it. As an outsider, your responsibility is to challenge the assumptions on the inside.*

Everyone agreed that the critical issue - as it is with regulation – is how to enable effective oversight: how to ensure people really understand the subject and know what is going on in the business. The responses to how to achieve that typically focus on 'equipping people to ask questions, ensuring follow up, creating access.' Several talked about establishing a culture at Board level that encourages 'honest conversations'.

However, the gap between the articulation of good values and good outcomes remains the challenge. As one person said: '*We've seen big corporate scandals. And it's staggering that despite the oversight of Boards, despite auditors, despite regulators, they still happen. Do we have the ability to detect these things?*'

Embedding the values throughout the organisation
Having values, explicit or implicit, is the starting point. As many acknowledge, the real challenge is how the underlying principles, so carefully set out at the top, are most effectively driven through the organisation and out to the front-line:

> *You have to communicate about it all the time – not just from the top but from the middle. People need to hear it from the people they report to directly. And then people need to be held accountable when they don't meet those standards.*

> *A way of looking at it is to drill down into how well the purpose and values are translated into objectives, and cascaded through the business. And a good test would be to look at the annual objectives of a junior buyer or an engineer: just see how aligned to the purpose, the values and the objectives they are at that level.*

A recurring theme is the empowering people on the front line to speak is critical: 'How easy is it for bad news to bubble up?' As one leader put it:

> *People on the front line need to be confident that they will not be punished for being a whistle blower. It's our job to maintain their anonymity and yet to thank them. We've removed several hundred people out of the business for falling short of our code and that's positive. That shows up on our intranet pages, and gets lots of hits. Internal justice is important.*

Employees feeling connected to the purpose and values of the company is also a real opportunity for the company and the individuals. So getting values to work in an organisation is not only about cascading them from the top, or finding instruments or mechanisms to engage people. It is also creating a working environment where personal values are relevant:

> *We need to have employees who care and invest in ideas that matter to them. They will only do that if they feel a sense of obligation to a bigger cause. So we have to make it possible for them to bring their personal values to work. That means having a less top-down, more self-organising operating model. To do something different – something creative and adaptive – you have to give people more freedom.*

That philosophy is particularly resonant in young businesses, and with younger people in the workforce, who want a more fluid, non-hierarchical culture and who are demanding work to be more personally fulfilling.

Building the corporate culture
Culture is discussed not only as a matter of setting the guard-rails for ethical behaviour,

but also as the way to embed behaviours that support how the organisation does business, right out to the front-line:

> *To me, the definition of culture is very simple: it is the things you reward and recognise that allows an individual to get on in their career in that company. If a graduate joins our company today and goes to one of our sites, there'll be norms and behaviours that say if they do things a certain way they'll get on with their peers, and that social group will accept them, take them down the pub. So the question is how do you get the culture right at that point? That is difficult to do and takes a long time to establish.*

Building or changing a corporate culture is seen as a long-term commitment, often greater than the tenure of a single Chief Executive:

> *Five years is nothing if you want to change a culture. You have to keep at it consistently. So the Board has a critical role in understanding what the culture of the company is, and whether it needs to adapt for the long-term and how.*

Achieving a change in culture emerges as one of the most compelling ways of seeing how deeply corporate culture is linked to the company's ability to respond to competitive market pressures. It shows up how culture is not an abstract notion but the foundation of how people in the business make decisions and how they act. It means being precise about what needs to change, as this insight into a culture shift in the telecoms sector brings alive:

> *The culture change needed was a switch from an 'inside-out' view of the world to an 'outside-in' perspective. That doesn't start with explaining; it starts with listening. We had to stop 100,000 people thinking they had all the answers and that our customers were all uneducated or unqualified. We needed to be humble. To hear them when they told us it didn't work for them and say, 'We're going to fix it fast'.*

> *People respect what you inspect. All these things you say about how you want employees to behave, if you actually start to measure those behaviours, they actually drive the culture. Someone has to put a stake in the ground and say this is the culture that is going to be successful for us in the market.*

The consideration of values and culture is often framed in terms of adherence to internal principles. Yet, hearing from these leaders, it is striking how much getting the values and culture of the corporation to live in the organisation depends on understanding the perspective of the external stakeholders. Whether that is non-executive directors rising to their responsibility of bringing in external questions and challenge, or corporate cultures adapting to stay aligned with shifting customer perceptions and expectations. A key to success, which is often overlooked and under-explored, appears to be how well the company remains connected to the changing expectations and concerns of the wider world in which it operates:

> *At its highest level, governance is the capacity to read the context in which your company is operating, judge its probability of success in the current course set out, and know where to call for required changes or reviews of that direction.*

IV. The character of leadership

Not only do leaders set the strategic course of their organisations for the future, they set the tone for the culture and, at the heart of their role is balancing competing priorities. To reshape corporations for the future means selecting and educating leaders differently than the past.

Selecting for character

All the issues raised by these business leaders give some insight into the nature of leadership in a major corporation. As outlined elsewhere in this paper, they shared their views on the imperative to deliver against the purpose of the organisation, the responsibility to set the values from the top and have them live through the organisation, the on-going quarter-by-quarter challenge of delivering results for the short-term along with steering long-term strategy and, not least, managing continual change. Running through all of those enduring themes is an important perspective on what needs to be different for the future.

Historically, the premium for leadership has been on finding people who can deliver operational excellence and financial returns to shareholders. Given the significance of leaders in governance and setting behavioural and ethical norms in their organisation, they raise the question of how character needs to be a greater part of considering the appointment of senior business leaders.

> *The model today is swash-buckling. 'He's tough, he can get the costs out and that will drive the numbers. That is still the archetype CEO that is attractive to investors and is rewarded.*

> *We've lost touch with the need to have an ethical dimension to leadership being considered.*

> *The job specification today doesn't deal with high integrity. How do we get leaders who are grounded? Leaders with a decent dose of common sense and who deal with people properly.*

Trust in big business has taken a battering in the past decade, in part, as a consequence of ethical failures of leadership, and the conclusion that flows from this is that the criteria for senior appointments should be re-examined. And also 'getting the right leadership in big companies has to start much earlier than the selection process for top jobs today'.

Educating the next generation of leaders

While nurturing the next generation of corporate leaders is managed through the talent pipelines inside companies, it also leads to the question of the content of business education and how different that needs to be to support a different kind of leadership for the future:

> *The only way for it to change is over time. You need to go to a university and see how people think businesses should function. Look at how different business models can be built, think about how sustainability is taught, and what it means to have a fair frame of reference. It's only then that we will see change. I don't see it much in the generation that runs business now.*

One proposition is to go beyond leaving it to the discretion of individuals to pursue a business degree if it interests them, and move towards building a mechanism for accrediting leadership:

> *Is it possible to consider that there should be bodies which accredit or qualify people for senior leadership positions, providing a level of comfort to a wide range of stakeholders about professional excellence that goes beyond delivering financial results? Professional standards bodies could be built – so that as people move through their careers and think about preparing for these big jobs, and the bodies of knowledge they need to acquire to lead a corporation, that might make a big difference to the quality of leadership.*

It comes back to having a point of view on what good leadership should look like in the future. As we heard with the topic of setting the values from the top and managing the process of governance within an organisation, two major themes emerge about the nature of leadership: first, an understanding of value that includes but goes beyond shareholder value and, second, being connected to the trends and expectations of the external world:

> *A good leader is about having antenna up to the trends in the world. People who are looking at what's coming over the horizon – big stuff and little stuff. Trends and patterns coming from places other than their own experience, openness and being in touch with the outside world. Not just shareholder value.*

> *There are some brilliant leaders out there: really leading, really driving an organisation to create more value, more wealth and a better society.*

Future leadership

Since getting the right team in place is so key to future success, all these leaders are interested in the common themes associated with managing future talent. They talk about responding to the desire for more flexible careers, and whether working with a big corporate will be even be an attractive option for younger talent. They see the growing tension between societal concerns about inequalities and rising executive pay, especially played out within the context of the global marketplace for corporate leadership where expectations are the not the same around the world. They are adapting their businesses to respond to the aspirations of millennials, who want their work to be purposeful and to make a contribution in the world.

One of the major concerns is ensuring they have the skills needed for the digital economy, with a recognition of what is often a yawning gap between the capabilities required until even just recently and what will be needed for the future. From senior levels to the front-line, companies are working out how best equip their employees, with some businesses retraining thousands of people, in some instances tens of thousands. The implications of the digital economy on responsible business practice has multiple faces. For example, the working conditions of gig economy dare already visible, while the implications of the automation many different kinds of jobs, and the applications of big data and AI, are looming on the horizon.

One of the most interesting themes emerging is the discontinuity between today's generation of corporate leaders and the future generation. Some of the most experienced business leaders in the corporate universe act as chairmen to tech-based start-ups – which, in itself, is another example of their new emerging eco-systems in the business world:

> *Senior leaders in their 20s and 30s are a very different prospect from senior leaders in their 50s and 60s. There's a generational shift in the new economy. You need to become a mentor, rather than a chairman. They may be a technology founder and a chief executive. And they've never encountered many of these demands before. You guide them, don't inhibit them. It's not true in all sectors, but in many of the most important ones for the future it is.*

From the perspective of the entrepreneurs coming through, they see the shift and recognise it as their opportunity for change:

> *There's a new generation of leaders now. They have grown up as digital natives, they've always had access to information, they're not schooled in the same places, they have a global view. Law makers and regulators will need to move fast to accommodate the way that will change the rules. It's a huge generational shift that's happening.*

V. Working with government and regulators

Business is often characterised as implacably resistant to regulation but many business leaders view good regulation and transparency as essential to providing a level playing field, both in order to prevent unfair competitive advantage to those who are prepared to play dirty, and also to produce concerted action on new and challenging societal issues. The opportunity is to develop regulation in a more responsive, fit-for-purpose way for the future.

Regulation as a catalyst to changing business practice
During these interviews, while all the business leaders spelt out the familiar concern that regulation requires compliance with an ever-lengthening list of constraints which interfere with the efficient running of business, they also expressed a respect for the role of regulation in setting the context within which all business or entire sectors operate – and even a call to do that more systematically and effectively.

The weariness associated with the subject of regulation was predictable. Interestingly, they are talking not only about the amount of it but more about the nature of it as an approach: too slow, too cumbersome, and too inert. And once a regulation comes into being, it stays – so the challenge for business is compounded:

> *Every time there's a crisis, there's new legislation, often in haste, and then we live with the outcomes as companies for years and years.*

> *Regulation is there as a safety net, to stop egregious behaviour – but it's not a sophisticated mechanism for shaping companies' behaviour generally.*

> *The businesses that win are those that are driven by what customers value. Ultimately, regulators cannot keep up with the pace with which business can innovate for customers who are up for change.*

However, in contrast, there is also a consciousness that regulation can, and does, drive improved business practice: for example, the Sarbanes-Oxley Act (SOX) was cited more than once as a step forward, forcing valuable discipline about accuracy of reporting down to the smallest points of detail. It is also understood that 'government can put things on the agenda' without always going as far as regulation, such as pay or worker's representation, apprenticeships or skills development, in a way that enables business to act.

Transparency was talked about repeatedly as an asset: 'Sunlight is always a good thing, if you're trying to ensure that companies are run ethically and responsibly'.

Looking at the areas where societal expectations are changing, from environmental impacts to employment conditions, it is clear that while a single business is hard pressed to take unilateral action, governments can act as an agent for change by creating the framework for new sector-wide practice:

> *In many of these societal areas, if you were the one business that acted in this way, you wouldn't have a business; you would go out of business. So, for those things, you need regulators – they have a role in nudging, ensuring the incentives are right, that there is transparency around the business practices that need to be changed.*

The underlying message coming from these business leaders is that, if society expects corporates to change how they operate to respond to a societal regulation, it is the responsibility of regulators, on behalf of society, to send the regulatory signal. While companies understand their obligation to act within the law, the great majority do not see it as their responsibility to go beyond what is mandated and, unilaterally, to set up a different operating paradigm. So while it is unlikely that the arrival of new regulation would be welcomed directly by businesses, there is an acknowledgement that if society wants to change business practice fundamentally, regulation can be the catalyst to setting a new operating paradigm for an entire industry or indeed the whole business sector – on carbon pricing, to take one example – in a way no individual business could bear the brunt at the cost of their own competitiveness.

The global patchwork of regulation

One of the greatest sources of frustration is the multiplicity of regulation and the patchwork of international requirements that any business has to deal with. While corporations are operating with international paradigms, governments are focused on national, or even local, agendas - which creates continual friction.

> *Companies are multinational, and nation states are, by definition, mono jurisdictional. So a company like ours, selling in over 150 different countries, is operating through a mish-mash of law and regulation. And as countries legislate, they don't all legislate for the same things, they will legislate for different aspects of the same things.*

> *The challenge for global business is operating in different jurisdictions. We see how challenging that is and we know the cost of it: the costs can be so great as to make doing business in some places not viable because of the constrictions – for example, resisting global efficiencies, such as the ability to move employees from one country to another, or store data in central hubs.*

> *Business and technology has gone global, but the rest of the world has not. That's why we're seeing these massive tensions. You can have a large American business, subject to US law, which doesn't sit well in Europe, for example. We have to recognise that the issues are global and that we need mechanisms and institutions for addressing that. But at the same time, we need a recognition by global businesses*

> *that they cannot take a global perspective only: that local matters. Their customers and their producers live in countries and that matters too. It's about changing mindsets and collaboration, and getting more people involved – for example, from the unions, from governments - to understand this fundamental tension.*

While much of this complexity is inevitable, it highlights the significance of identifying where the priority areas are for international agreements, and what it will take to push those forward at an accelerated pace in the future.

Innovative approaches to regulation
The potential for business and government to work together to develop regulation in a more iterative forward-looking way is one of the freshest thoughts to have emerged during the interviews. That builds on companies' recognition of the need for a regulatory framework, but also responds to the need to find new approaches to how it is developed and deployed. The emerging sharing economy is a live example, but the principle could be applicable more broadly:

> *It's important for these new emerging industries that there is regulation. Around safety, around IT, how the business infrastructure works. Do we need to consider, if everybody in a city were Airbnb their homes, what that would mean for the fabric of communities? Do we need to restrict the number of Uber drivers on the roads in a city? Probably, yes. It's a huge challenge for policy makers, particularly with disruptive businesses. Today in the UK a new regulation goes to the House of Commons, then the Lords, then when it comes onto the books it stays for decades – while the business world changes. But imagine a world where we could work collaboratively with government to put something in place for three or four years and then review it.*

If the objective is to see corporates, and indeed entire sectors, operating in a more sustainable way, maybe a way forward is to establish more collaborative, iterative approaches to shaping the regulatory frameworks to enable that.

VI. Engaging with civil society

The term 'civil society' encompasses a great number of voices, coming from many perspectives. In the context of public debate about the role of the corporation in society, it is easy to assume an adversarial relationship. Yet, societal concerns expressed in a vibrant civil society eco-system can be a flexible alternative to regulation as a means to influence corporate behaviour.

NGOs as change agents

The relationship between corporations and civil society has often been characterised as being primarily antagonistic. While that may often be the case, among the most sophisticated corporates, there is a recognition that many civil society organisations, including the challenging NGOs, make a valuable contribution to the accountability of corporates. As these leadership interviews highlighted, businesses are seeing, and even welcoming, the role that NGOs can play in alerting them to fault-lines between the company and the social agenda that may impact their business in the future. They are learning to be responsive to the concerns of civil society as a way of improving business practice and ensuring their organisation stays connected to the leading edge of society expectations:

> *NGOs are a good thing for business: a force for good.*

> *NGOs can point to the problem we need to tackle. They can do that very well and it is fundamentally important. When I was working in the oil and gas industry, I was looking at how to get oil out of the ground – and they were spending their time looking at the consequences of me getting oil and gas out of the ground. So they were doing me a service.*

> *Transparency: that is the way for light to be shone on poor business practices. Over time, people will be able to look at any factory's operations in real time. And if companies are not prepared for it, they will get the type of treatment you see in the press or from NGOs for bad actors. They will pay the price in the court of public opinion.*

Driving social innovation

There is also a role for NGOs, and other civil society players, to partner with companies to provide proof of concept on social innovations which are then adopted more generally. For example, Cafédirect's success in influencing many businesses to enhance how they distribute value throughout the supply chain is just one example of NGOs working with commercial organisations to make it possible for corporates to adopt new practices:

Fairtrade is a model that has been taken up by major retailers. A lot of people have been critical of Fairtrade for working with the big corporates, but mainstreaming the model – that was once only niche - has had a phenomenal impact on farmers and on businesses, way beyond what was expected 25 years ago.

Something less than legislation can lead to change in corporate behaviour: increasing numbers of female non-executives is one example. Social peer pressure – and, after all, companies operate in society – is beginning to show a positive impact. For something like that, legislation is a very blunt instrument.

The civil society ecosystem

There is a sophisticated awareness that a civil society eco-system exists, through which a huge variety of organisations express changing societal expectations – in a way that is more flexible and faster-moving than regulation. The perspective of these business leaders is that this array of organisations can be very effective in influencing how corporates play their role in society, rather than always waiting on regulation to define the parameters of responsible behaviour:

How do you promote social responsibility in corporates? You do it by influencing policy-makers, by exercising your right not to buy their products, by writing articles in newspapers… But you don't address it by having regulators draw up a code of conduct and asking companies to comply with it – because the issues are too complex, dynamic, multi-faceted to be susceptible to that kind of treatment.

There are many areas where regulations are in place but companies can nevertheless act very badly within the letter of the law, but not in the spirit of those regulations. That's where social pressure can help.

We are seeing a few digital players become very big corporations on the global stage, and they are driven by growth and returns. But they bring with them a host of societal issues: privacy, location tracking, combining data across services, autonomous systems. We need NGOs dedicated to helping to solve some of these problems.

Furthermore, because of the primacy of the investor voice for corporates, a few conversations highlighted the role of the investment community in putting societally challenging issues on the corporate agenda:

Working with the owners of the business is the right place to start. Look at the campaign for battery farming, the route in was to start with the investors and make sure it becomes a toxic thing for them to invest in. It is the owners of the business that have to ask the right questions and demonstrate that they care about these issues.

Given the recent rise of investor interest in topics such as climate change and diversity, it may be that investors should increasingly be considered as part of eco-system that shapes socially responsible behaviour in the corporate arena.

VII. Standing up for long-term

In looking at what responsible business practice should be in the future, an inevitable topic is whether the short-termism of the capital markets is at the heart of the challenge. Listening to the views, and experience, of business leaders on the issue leads to the conclusion that any dialogue about what future expectations of corporates should be is incomplete without also considering how the expectations of investors need to shift to make change possible, in reality.

Reporting on the short-term

The short-termism of the capital markets is one of the hottest issues in the debate about what needs to be different about how corporates behave in the future. The phrase itself has become a definition of the unacceptable face of capitalism. As it was neatly put by one interviewee: *'Short-termism means driving today's numbers at the expense of trust, at the expense of tomorrow'.*

> *If you want to change it, you have to start with the investors because they are the bosses; they are the people with the opportunity to replace the management. All the investment community is even more short-term now, because they have to justify their fees against passive tracker funds so they cannot have short-term losers. Look at how algorithmic things have become. The whole ecosystem is programmed to be short-term.*

The perspectives coming across in these interviews convey very strongly the relentless pressure on executives to deliver financial results consistently, reliably, in the short-term:

> *People who own businesses have very, very short time horizons and will replace management that doesn't meet its need. And in most sectors that is relatively short-term delivery of money, cash flow, profit, and dividends. And if one is meeting other needs but not meeting that one, then you know activist investors will swap out management for ones that do.*

> *In the end, if things get tough, the only real discussion with investors is how are you going to drive up shareholder return and make sure I get my cheque at the end of the quarter?*

> *Shareholders have a powerful voice, there's no doubt about that and they can vote out a CEO, a Chairman, or a Remuneration Committee – so people fear what shareholders will do if they are not happy.*

You can see the entire shareholder base turnover in nine months, so there is no one who has a long-term perspective. Unless we tackle that, most companies cannot take on long-term thinking. The shareholders will unseat the management that thinks long-term – and they will do it overnight.

This is the consequence of what one voice defined as 'singularly optimising for profit'. It has huge impact on the executives personally which, while it can be considered but part-and-parcel of their job, also sets the framework within which they operate and prioritise:

I have had more than a decade of quarterly results – and it can be brutal. It's like being a gladiator in the forum: he can go, he can stay; thumbs up, thumbs down.

The truth is that, like a football manager, a CEO who has two or three quarters of bad results will go. The pursuit of that is unremitting, it trumps everything. The existential issue for a CEO is that your business has to be delivering the numbers – and your goal is to work back from that.

However, in response to the question of whether, for a corporation to be managed responsibly for the long-term, it is essential to switch the emphasis away from the expectation of continual short-term delivery, an important counter-intuitive theme emerges. Several voices expressed the view that reporting on short-term performance itself is not the problem. They believe it is incumbent on the leadership to stand up for the long-term, while continuing to deliver in the short-term:

It comes down to the strength of the need you're fulfilling. Companies that are dying are probably dying not because they're being driven into short-termism by investors. They're dying because they're fighting a rear-guard action on the quality of their business model. If you're having a dialogue between a company and an investor that's about trying to squeeze money out of a business model that is past its sell by date, you will inevitably go towards short-term trade-offs.

Others talked about the risks involved in focusing investor attention on the long-term because it can allow the narrative of a more distant vision to distract from how effectively the business is delivering at each step along the way of a strategic road map – until it is too late and the investors lose faith. What matters is that the articulation of the long-term opportunity is grounded in realism in the present. So, for some, the short-term discipline is welcome, and they see it the responsibility of the leadership to use it as a lens through which to keep the business model fresh and relevant:

You need to have a very clear strategy and if that means that you expect there to be a dip in earnings in the short term, then you have to go and argue your case. You need to show how you're repositioning yourself in the market to serve a genuine need.

Nevertheless, the picture that comes out overall is the restrictive nature of the extreme pressure of the capital markets for short-term results. And the increasingly activist stance that many investors are taking against leadership teams that disappoint them means that is likely to remain a minority of individuals who have the appetite, the capability, or the backing, to defy the norm that - while other stakeholders matter more than they did in the past - delivering quarter by quarter to shareholders takes priority.

That is why there are also a few more strident voices are coming through:

> *'There has to be a more adversarial relationship with shareholders. We can't be walking on eggshells. We have to change the way this works'.*

The fiduciary duty of directors

Most of these leaders highlighted that, more than a decade ago now, the Companies Act changed the paradigm that shareholder value should be the only focus, allowing businesses the scope to take a broader set of factors into account and look towards the long-term benefit of the corporation. They argue compellingly that corporate leaders have the opportunity to use that expanded license to speak up with their views on the long-term, to incorporate multi-stakeholder business imperatives and that this is within their power to deliver.

Yet few do it today. As someone reflected:

> *Many people – and I'd say especially senior people in business, didn't get the change in the companies act. You still hear the phrase a lot, 'We're here to serve our shareholders'. Actually, that's not what a director is for any longer: a director is here to serve all stakeholders. It may be shareholders and stakeholders – but it's definitely all stakeholders. And today we need to build trust with all stakeholders.*

No wonder then that there is also a clear view coming to the fore that there needs to be a more assertive approach to building it into law:

> *The legal structure matters. Companies are a means by which we organise capital and labour to serve people and the planet, and in doing so make a profit. We need to be clearer about 'reasonable trade-offs' in the pursuit of profit. It requires only a few paragraphs change in the law. But directors should have it enshrined in law that – for the health of the ecosystem overall - their fiduciary duty requires them to act outside solely short-term concerns. There are real challenges that need to be tackled and we need to insist that as a society we can deal with them. In the current framework, it's happening but with no scale and way too slow'.*

If society wants companies to operate with a different set of priorities, then making the law less ambiguous – or open to interpretation – is a way to do that. It would reinforce 'the centrality of citizenship as enshrined in the law.'

VIII. Building sustainable business models

All these business leaders concur that their organisations must play a positive role in broader society and, indeed, feel it to be central to their philosophy. They also recognise that there is a strong and growing demand for corporates, in general, to act as good corporate citizens. The challenging question for the future is what that means in practice. The areas of greatest friction today are where core business practices generate external costs that society at large must bear. The central message to come from these conversations is that to tackle those kinds of issues means incorporating new approaches into the business model.

Building responsibility into the business model

It is evident that most leaders of big corporates recognise the need for a sustainable relationship with society. It stands as an enduring truth, built into their leadership philosophy:

> *There's a very good reason that responsible business has always recognised that it has to make a connection between the communities, customers and employees it works with for its own long-term sustainability.*

> *I'm very simple on this. Businesses are there to provide products and services that people want. If you do that well, you're providing a service. Do I think you should do it ethically, responsibly, sensitively? Absolutely. And it is what society expects and wants.*

So that begs the question of what that means in practice: how does a big business operate responsibly in today's world? In the majority of the interviews, the initial assumption of most of these business leaders was that the demand for them to be more responsible would show up as an expectation from people outside the business world for them to adopt additional concerns that are extraneous to their commercial priorities. Some assumed that their contribution as a responsible business is typically judged through their philanthropic or altruistic activities, which they see as inherently positive but ultimately peripheral to core business - and indeed, small-scale compared to the societal contribution of the products and services they deliver. Or, they perceived their responsibility as being subject to increasing scrutiny of their commitment to ensuring good governance and values, which they accept and recognise as underpinning their operations.

The concern expressed by the business leaders, typically, is that the increasing demand for socially responsible practice is about providing some additional form of 'social good' that they see as the remit of government or civil society, rather than intrinsic to business capability:

> *Everyone in the company agrees that we have to return value to the shareholders. And everyone agrees that to do that we have to be responsible, and be perceived as responsible as well. If you propose something which is just a 'doing good activity', you won't get all the votes in the boardroom. But if you can explain how it will help us in our long-term prospects, how it will be a positive differentiator for the business, you will get everyone on board.*

> *It has to all fit together. Businesses should do the things which they are set up to do, really, really well. We can do noble things in the service of our primary purpose, in a way that you can make a business case for, even if it is a soft measure and in the long-term.*

For people beyond the business world who wish to engage with corporates about how they should respond to societal needs, it is important to understand this perspective. Accurate or not, it is a broadly held view that the central contribution of business to society is little understood, while the new societal demands aim to pressure them into 'doing more', doing something different and on top of their business operations.

On the other hand, from the perspective of the external world, many of the greatest problems today are rooted in areas that are not peripheral to the core business, but rather are intrinsic to the business model. This is where the greatest areas of friction arise. For example, the use of natural resources, the emissions or toxins associated with manufacturing, the protection of human rights in the supply chain or the commitment to a living wage. Some, such climate change or inequality, cross industries. Others, such as food systems, drug pricing, data privacy or access to energy are most relevant to specific sectors. These are dynamic issues, with new ones arising as social conditions change.

From the corporates' perspective, these live societal questions are hard to respond to because they represent constantly shifting public priorities; they evolve continually and they proliferate. Yet what they have in common is that they all pose real questions about the parameters within which corporates should operate in order to deliver value for all stakeholders – shareholders included. Most of the business leaders interviewed for this paper are less clear on how issues like these should be tackled, precisely because they are central to how their companies operate and, therefore, hard to change – and often requires significant innovation.

However, even if the answers are not simple, there is an emerging sense that recognising these knock-on external costs - where the burden is born by wider society - will be the next frontier of defining responsible business practice:

> *It is less and less likely in the future that businesses will be able to ignore peripheral external costs. Once they're understood, you cannot suppress the negative impacts, not with the spread of information. You just have to look at the impact of nicotine or the issue of brain damage for the NFL, based on a horrible mistake. Maybe you can run it for a while longer, but is that acting responsibly?*

> *It's becoming more accepted that there is a collective responsibility for the business to do good, not evil. So if the business is a platform on which others trade, for example, what is the responsibility of the platform? If it is nothing, because the business model is that the people are self-employed, is that fair? What's the tipping point?*

> *We're getting better at recognising that a lot of the stuff we do is causing great damage, and maybe businesses should be targeted and valued on these things too.*

Seeking the win-win approach is where a lot of innovation is coming from, as this example illustrates:

> *I'm here to run a company as efficiently as possible and, if I do that right, other things will come with it. With the building of the M25, the rock we crushed and reprocessed to become the base of the road, made us money. It was an environmentally friendly solution. But it wasn't just a sense of corporate responsibility that drove us to aggregate, measure, crush and re-lay the rock, there was economic interest for us in doing it too.*

In the corporate arena, it is the sheer scale of the impact of business practice that makes it so societally significant – negatively or positively. So the future challenge is clearly about how corporates evolve their business models, to respond both to new technologies and new societal demands:

> *The biggest gap is the capability of businesses to reimagine their business model to keep pace with the changing context in the world.*

Leading consumer sentiment

Changing consumer expectations are often cited as a rationale for corporates adopting more sustainable practices, by people inside and outside the business world. And clearly that there are some successful brands which are based on a core proposition of sustainable business practices. Yet, in the mainstream of business today, there is a duality in the way that consumer sentiment plays into the discussion. In many business leaders, there is a scepticism, engendered by long experience, about the argument that consumers are driving change:

> *If there is an exposé of Amazon's working condition, for example – showing that's why people can get things delivered so cheaply the very next day - I don't think it dents their sales for a minute. My experience is people are conflicted about these things. Mothers start out wanting cloth nappies and then buy disposables; people want local hardware stores but buy from big chains. Typically, consumers want a fantastic value proposition: they want it cheaper and easier - only after that do they sometimes screen for values they have a connection with. In any business, you make your money by meeting the needs of consumers, but what they do – rather than what they say.*

This matters in the dialogue between civil society organisations and businesses because it often reinforces a gulf in perspectives, with business leaders feeling that their critics are basing their case on unrealistic arguments that clash with their experience. Even in corporates which have worked to earn a strong reputation for leadership in responsible business practices, there is this a recognition of this commercial reality:

> *We've done a lot in the back of our business to make ourselves more energy efficient, water efficient, and make sure our supply chain is ethically managed. But the evidence is that customers are not going to pay for that, at this point. They expect you to do it. At the back of their minds is that we are doing the right things – and we'll continue to do it because we think we should. It's a very important part of our brand that people trust us.*

This reflection presents the important insight that establishing more sustainable business models is likely to be led by the conviction of the business leaders themselves as much, or more, than by the consumer sentiment.

Corporate and societal leadership
Personal leadership is clearly a key ingredient in putting societal issues on the corporate agenda, and with that comes a sense of the individual journey that business leaders are on themselves:

> *My world view is that we are on two journeys. We're globalising as a society, and that means we're interconnected and learning to live with each other – and that's incredibly difficult and complex. And then we're also having to live with the consequences on the plant of how we live as a society. And if we don't get those two right, we have a problem! So, as a citizen and as a corporate leader, I have a duty to those two journeys in all my decision making.*

> *It's about recognising this stuff has to got to be on the top of your list. And when you do these big jobs, the list is flipping long. So I can see how it often gets deprioritised. But there's a new breed of CEO coming through who recognise what's changed - and the list of CEO priorities is starting to change.*

For some, the conviction that they can make a significant contribution to a societal challenge through their core business operations is born of recognising the urgency of the societal issue itself – as in this example of committing to five percent of the company's workforce being graduates or apprentices:

> *Why am I doing it? Because twenty percent youth unemployment is unacceptable. Don't you want to continue to be able to have a pint in your local pub and not get mugged, mostly? Or, can you see that some of the brightest graduates in the country can't get jobs, but they can siphon your money from your bank account over the internet. Getting people into work and off the unemployment list is really important, and we can do something about it. So, it's about social stability.*

Alongside social inequalities, environment is one of the great societal challenges that is cutting through into corporate decision making. Most companies have minimised the carbon impact of their own operations and some have signalled it is a priority:

> *When we realised the carbon intensity of our manufacturing, we brought our carbon emissions right down. We made it 25 percent of the bonus of leaders to show that it actually matters. Incentives drive the behaviour of a lot of companies – and surprisingly fast.*

For some, there is a sense of urgency that transcends any one corporate's choice to act and calls out for a regulatory framework that requires all corporates to shift their emphasis to prioritise more sustainable environmental practice:

> *I would say that we have to stop negotiating with the environment. We can't wait. And we can't deliver growth that destroys the environment. That is morally unacceptable. Companies are a means by which we organise capital and labour to serve people and the planet, and in doing so make a profit. We need to add 'planet' more clearly. And we need a deliberative framework that enables us to put multiple stakeholder interests at the heart of decision making about profits.*

One person summed up their view on taking this more comprehensive view of a corporate's performance: 'It is fair to look at the total impact of a company, just as it is fair to look at the total impact of an individual in the world'.

3. The challenge of business and change

The previous sections of this paper explore what needs to change about corporates for the future from a number of different angles. But the picture is incomplete without recognising that businesses are themselves managing huge change that is transforming markets today. The opportunity is to work with the problem-solving nature of businesses to reshape business models in ways that make them more sustainable and responsive to societal demands for the long-term.

New business models emerging

Individually and together, these individuals paint a vivid picture of how harnessing the forces of change is the very nature of business leadership. The environment in which their businesses are operating changes continually, inevitably, and their job is to equip the company to respond, adapt and thrive in that dynamic context. And the intensity of disruption driven by technology in today's corporate world is greater than any they have experienced before:

> *One of the primary challenges for a business today is the realisation: 'We're going to have to rip up our business model, and change our cost structure, and change our technology stack'. Most big businesses are going through that. You almost have to re-justify your existence in this world of profound technological change, social change, competitive change – where people will spend money on services and not on things. Technology is taking a lot of markets apart. The business landscape will be profoundly changed.*

> *If you think how fast the outside world is changing and the demands that is putting on corporates, you see how dramatic the shift is. You're hanging in there, trying to square it, change the culture, and the attitudes and the ways of working, fast enough.*

From outside the corporate world, it can be hard to see what the transformation of a business model requires. A couple of examples help demonstrate the way the name of the company may stay the same while, behind the facia, it has become in effect a totally changed organisation, end-to-end, selling different products and services, through different routes to market, using different skills:

> *In the telecoms industry, when we started there was 2G. 2G was 90 percent hardware, 10 percent software. 3G was 50 percent hardware, 50 percent software. Now 4G is 90 percent software. So that is going from an electronics hardware manufacturer to one of the largest software companies in the world. That's a dramatically different business.*

> *Fundamentally, we've shifted this company from a resource-driven company to a customer-facing company. Taking billions from one end of the value chain and putting it into the other, building businesses that barely existed when the repositioning began. Because we need to meet the needs of twenty first century customers.*

What keeps the engine of a business running is an imaginative response to a continually changing world. For people leading businesses, this is a core capability; they take it in their stride and they take pride in it. It is another of the cross-cutting themes, across industries, across new and old enterprises:

> *You have to change all the time to stay relevant as a company: anticipate and understand how the world is changing.*

> *If businesses don't change themselves because they are not sharp enough and don't keep moving, they don't survive.*

How to keep their organisations changing, adapting their skills and business models fast enough, and staying relevant to their customers and society at large, is at the top of the agenda for these business leaders.

New ecosystems growing up

Looking ahead, the challenge of scale is another of the issues top of mind. For decades, corporates have pushed for scale as a lever for competitive advantage, but many of these business leaders believe the familiar pattern is changing:

> *Big companies brought economies of scale. They could command distribution channels, for example. Beneath them, other companies would get smaller and smaller. The digital world has changed that: small companies dotted about all over the place, a big layer of small companies between the big companies and the customers often. Digital enterprises are picking off pieces of the big companies' value chain, because they can make it frictionless quickly. It's an extraordinary ecosystem. We've got to work out the benefits of scale in the digital world.*

> *In the future, it won't be only big corporates that provide healthcare, for example. You'll need technology, plus digitization, plus biochemistry, and a different set of channels to market. It's not about one company trying to deliver it all, soup-to-nuts. It'll be an entire ecosystem.*

> *In this world, we've always assumed that bigger companies have an advantage over smaller companies. We understand that bigger can be more bureaucratic and smaller can be more nimble, but they don't have the capacity or capabilities. But the fact is that we now have such huge, even monstrous, organisations - serving over 100 countries, different brands, different sites, research distributed around the world – that they can become almost impossible to oversee. Now, more than before even, if you want to be bigger, you have to be bigger for a reason.*

The emergence of lively new eco-systems goes in tandem with a recognition of 'the inherent slowing down of big companies'. As one voice put it, 'We're seeing that large scale, bureaucratic, process-driven organisations are failing us – whether in big corporates or government: we're nearing the limits of what it's possible to achieve through large top-down hierarchical systems.'

Everyone agreed that we are not seeing the end of huge corporates, but rather a different configuration: businesses with more porous edges, connected to less tightly controlled eco-systems - and a consensus that the major new tech-driven, platform-businesses are defining the new era:

> *There will be big companies in the future, for sure: massively concentrated power - an extreme spike - with a huge number of products and services in the hands of a maybe as few as 20 global tech-based companies. That means the accountability challenge becomes more defined.*

> *In a confusing, fast changing world, brands have a high utility because they help people sort out who to trust and who to go to. Anyone who can make things cheaper and easier will win in most sectors - and that's what big businesses have the ability to do, using their scale. So there will still be some big scale winners. There will be some little agile companies. And then there will be the big global platform businesses.*

Part of the debate about the evolution of the business eco-system centres on whether the capital markets are the most effective model for responsible big business. Family-owned or privately held-companies, for example, often present an attractive-sounding alternative in which business can be managed for the long-term and greater societal benefit. However, more than one voice cautioned that publicly listed companies are not always where the greatest challenges lie. They are held to certain levels transparency, at least, and often act as the source of global best practice on issues from governance, to human rights or reducing environmental degradation.

This perspective takes a still broader, and more disruptive, view of the long-term challenge of privately held capital as an alternative to today's structure of listed corporates:

> *The capital markets are breaking down and changing in a big way – because there are huge sources of private capital around the world that are disintermediating the banks. If you're a Western corporate today, where's your capital coming from in 30 years' time? All our efforts on the governance of big companies today are aimed at Western corporations funded by Western financial institutions. I wouldn't bet a dime on that being the reality in 25 years' time. We'll see lots of corporations going private in the next 50 years – with more flexible governance and less scrutiny, less good for the citizen. We should think about that more.*

The opportunity to create a more sustainable paradigm for the future

There is a significant opportunity to harness the capacity of business for continual change to innovate towards more a more sustainable paradigm for the long-term. This is not to minimise the challenge: unsustainable practices are deeply embedded in the corporate word and the task is not easy. But it is to take confidence from the proven ability of businesses to adapt when challenged.

As the leaders themselves tell us, many established corporates have demonstrated a capability to reinvent themselves consistently in response to new societal demands. And, in the world of start-ups, the disruptive power of businesses to create new ways of operating, even new ways of thinking, is highly visible:

> *I have an entrepreneur's lens on this, I think business itself is disruptive. Businesses exist to solve a problem that people have – even sometimes ones they didn't know they had. Businesses always change the world order to some extent.*

> *Corporations are typically vehicles of economic disruption.*

As the issues for the future explored throughout this paper demonstrate, ensuring that big businesses serve societal needs will require more than putting pressure on corporate behaviour alone:

> It needs a spotlight on the expectations of the investment community, and what it will take to accelerate a shift towards mainstream investors encouraging – even driving - leadership teams to take a longer term, broader strategic view of sustainable business practice.

> It needs an exploration of the potential of regulation to respond more rapidly to fast-moving societal challenges, and a vision for where regulators can enable whole industry shifts.

> It needs a reappraisal of how legal structures can support the interests of multiple stakeholders, and how to accelerate the adoption of the license to do so that is already provided in law.

> It needs a redesign of how business leaders are educated and selected, with much greater sophistication about how to balance the demands of multiple stakeholders and understand the role of business as a significant social force.

> It needs a vibrant civil society eco-system that is capable of challenging corporates effectively and partnering to find new solutions that can respond to the opportunities for reinventing business practice.

It also needs an international perspective, in recognition of the reality that many of the areas of greatest tension between big businesses and society are not within the jurisdiction of any single government today, and there are no international institutions capable of tackling those challenges urgently.

All of these factors provide the context within which businesses operate; they have an active part to play in establishing a new social contract with business for the future. And, as the leadership perspectives show, businesses are responsive to strong signals from their stakeholders.

But in the sphere of business itself, the universal message from these leaders is that to achieve a major, lasting shift towards more sustainable practices, it is essential to incorporate them into the business model. If they are peripheral to the core business, they will fall in and out of favour as the fortunes of the business ebb and flow. If they are mandated by regulation, they will be complied with, but ultimately seen as an inhibition on the business. Most crucially, if they are perceived as something additional, they risk being swept aside by the pressing challenges of adapting to new commercial realities. However, when they can be justified as intrinsic to the business model, they contribute to the sustainability of the commercial operations and, in turn, to the company's ability to shape a more sustainable society:

> *A sustainable business model means both for profit and for society. The essence of business is making a profitable existence from what you are doing. So whatever the issue is, whether you're bringing local farmers into your agribusiness supply chain or supporting small businesses in your bank, it is building it into the business model that makes it sustainable.*

There is growing awareness among corporate leaders that society is looking to big businesses to be more responsive to, and responsible about, its potential negative impacts on society at large. At a time when technological change is reshaping business models across many industries, the imperative is to couple that with the opportunity to redesign business practices, making them more sustainable for the long-term, and more capable of serving the need to deliver financial and social value together.

In the spirit of this paper, the last word should go to a business voice:

> *What needs to change is for companies to start offering narratives and futures that are thinking about the need in society and the quality of the business model that is playing into that future.*

Appendix: background on contributing business voices

The professional backgrounds of the participating voices in this paper cover a wide range of industries and interests. As well as their positions in the leadership teams of international corporates, between them, they have extensive experience in government and media spheres. They have held roles in major civil society organisations, including academic and arts institutions, think-tanks, NGOs and charities. They have led major national industry bodies and financial institutions, and have founded and led entrepreneurial start-up businesses.

Collectively, the backgrounds of these individuals also serve to highlight how businesses and business leaders are often not as separated from the many other types of organisations that make up a complex modern economy and society as commentary on the business world often suggests.

In the interviews that they contributed to this paper, they were speaking from a personal perspective, drawing on experience across their entire careers, rather than as representatives of any companies where they currently hold a role. The summary biographies below are not exhaustive, but demonstrate the breadth and depth of experience these business leaders bring to this exercise.

Carl-Henric Svanberg is Chairman of BP, the global energy company, and also of Volvo, the Swedish-based multinational car and truck manufacturer.

Previously, he was President and Chief Executive of Ericsson, the global ICT company, 2003-9.

Early in his career he worked in the security industry, first with Securitas and then leading Assa Abloy.

He is currently also on the board of Melker Schörling, the Swedish investment company – and a member of the Advisory Board of Kennedy School and of the External Advisory Board of the Earth Institute at Columbia University.

Dr. Chris Gibson-Smith is Vice Chairman of UBS Investment Bank.

He was Chairman of the London Stock Exchange for twelve years until 2015.

He is also currently Chairman of JUST, a life insurance company. Previously he was Chairman of the National Air Traffic Services and British Land, one of the UK's largest property groups.

He also has extensive experience as a Non-Executive Director of the Qatar Financial Centre Authority and Lloyds Banking Group in the financial sector, and for Powergen, in the energy sector.

With a doctorate in geochemistry, he began his career with BP where he spent thirty years, rising to become Group Managing Director.

He is Chair of the independent think-tank, Reform. He has served as a governor of the London Business School and, for the government, held the position of Business Ambassador for the UK Trade and Investment organisation.

Dan Fitz is General Counsel and Company Secretary at BT Group, one of the world's leading telecommunications companies.

Previously, he was Executive Vice President, General Counsel and Company Secretary of Misys, a global company providing software solutions to the financial services sector. He also spent twelve years at the telecoms company, Cable & Wireless.

Before becoming an in-house lawyer, he worked at Baring Brothers, the UK investment bank, and at Pillsbury Winthrop, the US law firm.

David Fein is Group General Counsel at Standard Chartered Bank, an international bank with a substantial footprint in Africa, Asia and the Middle East.

Previously, he was United States Attorney for the District of Connecticut, appointed by President Obama, where he created the Connecticut Securities, Commodities and Investor Fraud Task Force and launched Project Longevity, an initiative focused on reducing gun and gang violence in the state's cities.

He was a partner at the law firm, Wiggin and Dana, where he served on the firm's Executive Committee. Early in his career he was a Visiting Lecturer at Yale Law School and was Associate White House Counsel and Assistant United States Attorney for the Southern District of New York.

Debbie Wasskow is the founder and Chief Executive of Love Home Swap, the sharing economy website launched in 2011 to offer a home exchange service for luxury holidays, and acquired by Wyndham Worldwide in 2017.

She is a serial entrepreneur. Starting at the age of 25, founding and selling Mantra, a marketing consultancy, she went to co-found and Chair of Allbright, a funding and learning platform for female entrepreneurs.

She authored the government report on the sharing economy and is the Chair of the Sharing Economy UK, the country's trade body for the industry.

She sits on the Mayor of London's Business Advisory Board and is a Trustee of the Hampstead Theatre.

Göran Ando is Chairman of Novo Nordisk, the Denmark-based global company which specialises in diabetes care, producing half the world's insulin.

He has extensive experience of the international pharmaceutical industry. He was Chief Executive of Celltech, which he joined from Pharmacia (now Pfizer) where he was Executive Vice President and President of R&D. Prior that, he was on the Executive Committee and Director of R&D for the Glaxo Group.

He holds a range of other board appointments in the industry, including as Chairman of Symphogen in Denmark, as well as on the boards of Molecular Partners in Switzerland, EUSA Pharma in the UK and as a Senior Advisor to EW Healthcare Partners.

He qualified as a medical doctor in Sweden, and then as a specialist in general medicine, and he is a founding fellow of the American College of Rheumatology. He also serves on the board of the NGO, the International Centre for Missing and Exploited Children (ICMEC).

Dame Helen Alexander was Chair of UBM, the international events business, from 2012 until her death in August 2017.

Having begun her career in publishing for Faber & Faber, she joined the Economist in a marketing role in 1985 and went on to Managing Director of the Economist Intelligence Unit, and was Chief Executive of the Economist Group from 1997 to 2008.

She stepped down from the Economist to become the first female President of the Confederation of British Industry, Britain's leading trade body.

Previously, she was Chairman of the Port of London Authority, and also of Incisive Media. She had extensive experience as a Non-Executive Director in a range of major corporates, including Rolls-Royce, Thomson Reuters Founders Share Company, and Huawei Technologies UK Board.

She was the first woman to serve as Chancellor of Southampton University, and sat on the Board of Saïd Business School at Oxford University. Alongside Sir Philip Hampton, she headed up the government-commissioned Hampton Alexander Review which focused on increasing the number of women in senior business positions.

Ian Davis is Chairman of Rolls-Royce, the global engineering company.

He is also Senior Partner Emeritus of McKinsey & Company, on the leading strategic management consultancy globally. He was a partner at McKinsey for thirty one years, and Chairman and Worldwide Managing Director, 2003-09.

He is Senior Non-Executive Director for BP, and on the boards of Johnson & Johnson and Majid Al Futtaim, which owns and operates shopping malls and leisure complexes based in Dubai.

In government, he served a Non-Executive Board Member for UK Government's Cabinet Office until 2016.

He is currently a director of Teach for All, a global network of independent social enterprises focused on expanding educational opportunities in their nations.

John Steel is Chief Executive of Cafédirect, the UK's leading fairtrade coffee and tea brand.

The company runs as a social enterprise, and through the Cafédirect Producers Foundation has returned fifty percent of its profits to their forty producer organisations across fourteen countries.

Previously, he was with the Cornish Sea Salt Company, a challenger brand based on sustainable environmental practices.

He has extensive experience in leading FMCG brands, including KitKat and Cadbury, and fast growing premium brands such as Loyd Grossman.

John Makinson was Chairman of Penguin Random House, the global publishing house, until 2016, having been Chairman and Chief Executive of Penguin Group worldwide before the merger.

Previously he was Managing Director of the Financial Times and Finance Director of Pearson Plc, the world's largest education company.

He served as Chairman of The National Theatre, 2010-16. He was also Chairman of the progressive think-tank, the Institute of Public Policy Research (IPPR), and Co-Chairman of the NGO, International Rescue Commission.

Early in his career he was editor of the Financial Time's Lex Column. And currently, he is Chairman of Kano, an entrepreneurial London-based tech company.

Leo Quinn is Chief Executive of Balfour Beatty, the international infrastructure company, returning to the company where he started his career as a civil engineer.

Previously, he was Chief Executive of QinetiQ Group, creating tech and science solutions for critical infrastructure, and before that Chief Executive of De La Rue, the global provider of security and authentication products, from bank notes for the cash supply chain to e-passports for citizen identification.

Earlier in his career, as COO of Invensys' Production Management division, he was based in the US, following 16 years in Honeywell Inc.

He founded The 5% Club which encourages companies to invest in the next generation and tackle the challenge of national skills shortages.

Mustafa Suleyman is co-founder and Head of Applied AI at DeepMind, world-leader in artificial intelligence research and its application for positive impact.

He is responsible for the application of DeepMind's technologies to real world problems, including launching DeepMind Health which builds clinician-led technology in the NHS. Previously, he was Chief Product Officer for DeepMind, before it was bought by Google in 2014, in their largest European acquisition to date.

He helped to start Reos Partners, a consultancy specialising in designing and facilitating multi-stakeholder 'Change Labs' aimed at helping to navigate complex problems. As a facilitator and negotiator, he has worked for a wide range of civil society clients globally, including the UN and WWF.

At age 19, he dropped out of Oxford University to help set up a telephone counselling service, which became one of the largest mental health support services in the UK – and went on to work as policy officer for the then Mayor of London, Ken Livingstone.

Paul Geddes is Chief Executive of Direct Line Group, the UK's leading general insurance company.

Previously, he was Chief Executive of RBS Group's UK retail banking business, leading the IPO as part of the divestment from RBS and into the FTSE100.

He held a range of multi-channel retails roles in the GUS and Kingfisher groups, having started his career in marketing at Proctor & Gamble in the UK and Europe.

He is currently Deputy Chairman of Board of the Association of British Insurers and, appointed by Ofcom the UK's communications regulator, he also serves a Non-Executive Director on the Board of Channel Four Television.

Rick Haythornthwaite is Chairman of Centrica, the energy and services group, and also of MasterCard, the global payments and technology company.

He was Chairman of Network Rail, the owner and infrastructure manager of the national rail network. He also has extensive experience as a Non-Executive Director on the boards of other industrial corporates, Cookson, Lafarge, ICI and Land Securities. Previously, he was CEO of Invensys and Blue Circle Industries. He began his career in the oil and gas sector, in BP and Premier Oil.

He served as Chairman of the South Bank Centre, the major arts organisation in London, 2008-15. Recently, he took the chair of the Creative Industries Federation, the independent national organisation for the UK's creative industries.

Currently he also chairs QiO Technologies, an entrepreneurial software start-up he founded, which provides systematic asset intelligence for major industrial companies.

Robert Swannell was Chairman of Marks & Spencer, one of the UK's leading retail brands in fashion and food, stepping down in August 2017.

He spent thirty years in financial services in Schroders and Citigroup, including as Vice Chairman of Citi Europe and Chairman of Citi's European Investment Bank.

He is Chairman of the Shareholder Executive Advisory Board, which is responsible for the shareholdings of many of the businesses owned, or part-owned by the government, including the Post Office, Royal Mail, Channel 4 and the Met office.

In the educational charity sector, he is a trustee of Teach First, the social enterprise focused on educational disadvantage, and a trustee of the Sutton Trust, the foundation focused on improving social mobility through greater access to higher education.

Rupert Pennant-Rea is Chairman of Royal London, the largest UK mutual life insurer.

He served as Deputy Governor of the Bank of England and was also Chairman of the Henderson Group.

Previously, he was also Chairman of the Economist Group, having been Editor of the Economist magazine, 1886-93.

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