

Visionary Leadership and Emotional Management

for the digital age

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Rod Cooke



Arena Books

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First published in 2016 by Arena Books

Arena Books
6 Southgate Green
Bury St. Edmunds
IP33 2BL

www.arenabooks.co.uk

Distributed in America by Ingram International, One Ingram Blvd., PO Box
3006, La Vergne, TN 37086-1985, USA.

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British Library cataloguing in Publication Data. A catalogue record for this book is available from the British Library.

ISBN-13 978-1-909421-87-5
E-book ISBN 978-1-911593-00-3

BIC classifications:- KJB, KJC, KJD, KJH, KJM.

Printed and bound by Lightning Source UK

Cover design
By Jason Anscomb

Typeset in
Times New Roman

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Introduction

The need for Visionary Leaders

The United Kingdom went through great changes in the 20th Century. I believe that the change that will come upon us now in this digital age will be swift and merciless. Leaders will need to be much better than their predecessors if they are to cope with the continuously evolving business landscape. It can be strongly argued that at a national level the United Kingdom had no real leadership for a generation, between Churchill's resignation in 1955 and Thatcher's arrival in 1979. In that vacuum the nation lost its way and its position in the world. Our business leaders proved themselves unable to adjust to the reality of business life in the second half of the 20th Century.

I believe that strong, visionary leadership is the key difference between businesses that succeed and those that don't. I have seen what good leadership looks like during my roles as chairman of a quality chocolate manufacturer in Belgium, and as the non-executive director at a major food importer that supplies our supermarkets. These roles followed a career in banking that spanned an involvement in setting up Midland Bank's business advisory service, looking after corporate customers as an Area Director at HSBC, and setting and applying credit policy for that bank as its London Head of Credit & Risk.

I know that sounds a bit like the good, the bad and the ugly doesn't it! However these varied roles each helped me to define my understanding of what leadership is - and picture what it will need to be over the next quarter of a century. I have seen at first-hand what a leader needs to be capable of to compete in these challenging days. I have seen the many and varied differences to what "got you by" in the past and this next "visionary" level that seems to me to be fundamental for the digital generation. I hope that I can give you some insights into the new skills that are needed; insights based on my own experience and on a researched and necessary best guess about what the future for business will look like.

I have worked at or near to the top of a wide range of businesses of all types including most recently a range of small businesses with revenues well below £1M each year, and I have directed my own business consultancy. I hope that this broad range of roles in various sectors has enabled me to forge an appreciation of what good leadership and good management looks and feels like for this digital age and to identify the skill set that will prove necessary for this 2nd digital generation that begins in 2016 and will run to 2040. The 1st digital generation was given birth by the World Wide Web in 1990, when the internet became user friendly.

In the last decade since my retirement I have worked as an advisor but also as a coach and mentor to the management teams of many businesses of many different sizes. Lots of them stay in touch and we continue to bounce ideas

around about what the future may require from them to best drive their businesses forward. I passionately believe that leadership skills are the vital cog in the business wheel and that leadership skills must be burnished right now to cope with the changes that are fast coming down the track.

This book is a review of the best of the leadership methods that I have seen, and that have worked for me in more than fifty years of leadership in business and in commerce. Part of the skill in being an outstanding leader is to learn to control those emotions that can knock your confidence just when you need it most. I will weave in some self-management techniques alongside the more pragmatic things that I believe you will need for your journey. I hope I can help you to build a solid platform from which you can consider where you are now as a leader and then judge what methods might work effectively for you as you prepare to respond to the storms that the future has in store. I think this may require changes in you as well as changes in how you lead, so be prepared to keep your mind open.

The method we will use will be to look back on changes in the second half of the twentieth century and then focus more closely on what has happened to the world of business in the last twenty five years since the arrival of the user friendly internet, and consider what is likely to happen over the next quarter of a century. We will use these reflections on the past, and “best guesses” about the future, to lay down twenty five insights into the leadership skills that I believe will be needed. Then we will examine what you will need to do as a leader to identify what changes you may want to make - and how you can manage yourself to deliver them.

I believe that most leaders will need to change to combat the rapid shifts in the business world that they can expect and that I will try to predict. Change is inevitable but will you “manage yourself” so that you are prepared and ready for those changes? The choice between managing yourself now and doing nothing is a bit like the choice between ageing and growing up. Ageing is inevitable - but wisdom and maturity are entirely optional!

If you don't change to meet the future, to become what I describe as a visionary leader, then I believe that you will struggle to stay in business for the long term. We have had to face change in the past of course but it was a little more gradual and thus an easier process to manage than what is coming. You must have future vision and be always ahead of the curve to win a ticket to the business game of tomorrow, because as the great bard Bob Dylan he did say - *The Times they are a changin!*

Emotional Management

During my fifty years involvement with leadership, the skills required to lead have changed almost beyond recognition and without doubt will change again as the increasingly uncertain future unfolds before our eyes. We know from looking backwards, by checking in our rear view mirrors, what leadership methods and business models have failed to stand the test of time. We can check what better ways of working together have been discovered and see what improved business models have gradually evolved and where they may be going next. What is certain is that the gift of time is in short supply and the stress and pressure that a leader must work under is growing. I believe that you must address these pressures to ensure that you do not allow your mind to waste your valuable time for you.

The trick is to use what we can learn from the past to predict trends which might lead to what is needed next week and next year. Folk will always need the fundamentals of life and it is around the edges that change will happen. Leaders will need to be ready to make changes to their own attitudes and behaviours be “business model ready” ahead of the changes required tomorrow. Technology is changing how we do things and is simplifying many aspects of business that will make the analogue versions obsolete. Businesses must change, that is necessary otherwise the light at the end of the tunnel could well be the train coming down the track!

As a fundamental part of this, I believe that it is necessary for leaders to examine how they might change themselves and those they work with, to capably drive the new business model into the future. I am proposing that leaders need to learn techniques to understand and then manage themselves, their thoughts, their emotions and moods, their soaring imagination, their attitudes and resulting behaviours - and learn to manage their work colleagues in the same sensitive way.

Thankfully the days when a loud voice and an aggressive manner were effective as a leadership tool are long gone. Team building skills which facilitate using the combined skills of everyone - and that enable talented folk to work creatively and collectively together- has proved far more effective. The future belongs to collegiate leaders, who are able to build teams and who are able to care about those that they lead. Leaders must care passionately about their customers and what they want if they are to become an essential part of a planned response to the digital and structural challenges that the future will bring. Empathy and emotional intelligence are necessary skills required on this journey over the next quarter of a century. Knowledge and commitment will no longer be enough.

Conclusions, reflections and learning

The beginning of this book represents something of an ending for me; the winding down of a working lifetime of involvement with business, always with change going on, leading both large teams and small teams, and working closely with individuals at so many different levels. That involvement has, at its core, been about creating, coaching, motivating and leading happy teams to achieve an objective that all came to believe in, albeit some came to believe more rapidly than others! It has been about learning to understand myself and the people I worked with, to discover methods to get the very best out of all of us. That has forced me to recognise that emotional management is one of the keys to success.

My way has always been about persuading and encouraging groups of individuals, with differing needs, hopes and aspirations, that my objectives and theirs have been exactly the same. It has been about getting different people to come together, and about everyone making the same journey in harmony with each other. I have always believed that a way must be found for everybody involved to obtain some joy from what is being done together. People that enjoy what they are doing generally do it better. By the way, I believe that laughter itself is good for business, it can reduce stress and enliven your meetings – perhaps it can even spur creativity. Surely that’s worth a try? Perhaps begin and end every meeting with a joke?!

So at this ending for me, as the ledger is closed, what was it all about? What learnings can I take away and share with you? What insights can be uncovered about what is the best way to achieve success amidst happy, committed and supportive colleagues - however you personally choose to define the ephemeral “thing” that is called success.

Where is the pathway to visionary leadership and emotional management? Well it starts with belief, a belief in yourself and that you can do this. Visionary leadership is about engaging the art as well as the science of leadership. About the almost mystical other thing that turns something good into something great. Next time you are watching a film notice how the drama is built up by the different camera angles that project the action onto the screen, how the actors interpret their parts and help stimulate the drama. Then turn your attention to the music that builds and fades and just brings the whole thing together and makes it art. That art and that impact are what a visionary leader brings to an ordinary business.

“Cheerfulness is the atmosphere under which all things thrive”
Anon

PART I

“Events dear boy, events,” Harold Macmillan

CHAPTER 1

THE UNITED KINGDOM STORY

1945-1970: The Golden Generation

1970-1990: From World leader to “the sick man of Europe”

1990-2015: The First Digital Generation brings rebirth

*“It is not the strongest of the species that survive, nor the most intelligent, but
the one most responsive to change”* *Charles Darwin*

Our story in three generations

The first quote at the top of this page is by Harold Macmillan; Prime Minister in the late 1950's and it refers to his greatest fear of holding that highest office. “Events dear boy, events”, is as good a way as any to introduce the first part of this book which will look at changes that have happened and that will happen. Events will make a leader's role a very different one, in our future.

In the beginning of this book we will take a brief look at our United Kingdom and how the wealth of creativity within our people enabled the fire and soot of the industrial revolution to take root in this green and pleasant land. During that first and golden generation after the end of the Second World War, we enjoyed the fruits of victory and held our heads up. Full employment gave us money in our pockets, we had a seat at the top table of politics and UK business was successful around the world. Sadly that was not destined to last and weak leadership was the root cause. We will examine how lack of foresight and weak leadership saw us called “the sick man of Europe” by the final generation of the twentieth century. But we will then be able to celebrate how that British creativity surged back as the digital age was born out of the internet in 1990 and how we are now positioned to become the most successful country in Europe during this second generation of the digital age that is just beginning. All we need now are visionary leaders!

The 2nd digital generation is here. The first started around 1990 with the birth of the World Wide Web at CERN, the Swiss physics institute. The changes during that first generation have been truly startling and largely beneficial for the

United Kingdom. The next twenty five years from 2016 will see an acceleration of technological solutions that will make many existing business models obsolete. The leaders of this generation must look ahead to identify the trends that are developing and position their businesses for success as far as they are able. They will need to be visionary leaders and to employ emotional management techniques and if they are unable to do so then the decline that afflicted the UK in the closing decades of the twentieth century may visit us again.

Visionary leadership and emotional management for the digital age

What do I mean by the terms visionary leadership and emotional management? I believe that visionary leadership is the ability to interpret probabilities, to accurately identify what is most likely to happen when you extrapolate forward in time what is happening in the world of business today. It is an understanding of what will be necessary and to be prepared with the appropriate response to that anticipated future. I believe that it is essential to understand the impact of technology, social media and the shift in power towards the consumer. A visionary leader will have the ability to be able to anticipate the journey resulting from the structural changes in business, caused by this digital revolution that is taking place.

A visionary leader will understand where we are going and be able to predict how our customers will want their wishes and needs to be catered for tomorrow. The other essential part of the future of leadership is emotional management and that has nothing to do with you bursting into tears when you assemble a duty roster! It is all about learning to manage the emotions that determine your beliefs, your moods and your behaviour, and to manage these things to ensure that you are fit for purpose and fit to help you lead effectively in this exciting but also dangerous and destructive second digital generation. It is about understanding those that you work with to get the very best out of them and to use their skills to support you.

The ideal leader during the next stage of business development will have knowledge and understanding of where markets are moving to and of where consumer's expectations lie. They will tune into customers and colleagues to predict change as far as practicable and they will manage themselves to ensure that they project the behaviour and the self-image that they believe is necessary to direct the journey. The perfect leader will have the vision to look ahead with purpose and understanding and the emotional wellbeing to consistently and calmly deliver what stakeholders, employees and customers want.

In the coming chapters we will look at what a business leader should do to prepare for the future in a world where the rate of change will be much greater

than anything that we have ever witnessed before. This generation is the time when leaders must become more effective and impose themselves on business, to carry everyone they are responsible for safely into that challenging digital future. An effective, visionary leader must be prepared and able to fulfil the leaders role spectacularly well in a world where almost everything is going to be different from the past. They will be the leader of an orchestra where the instruments keep changing, and they will need to keep everyone in tune. There may not be time to grow accustomed to anything in the coming generation!

I believe that leaders have to commit themselves to understand and interpret the likely changes that will need to be planned for and to shape their businesses to enable that change to occur seamlessly. They must motivate their employees to accept change in a positive way and not to be fearful of it. They must be close to and work with their customers to facilitate change – it certainly can't be ignored or avoided. They must be visionary and they must enable evolution in their businesses. Things have always been subject to change but few leaders seem to me to be prepared for the pace of change that is picking up around us.

They must learn to manage their emotions to ensure that they are truly focussed on the tasks in hand. Our emotions result from the thoughts that we allow into our minds. Emotions are the result at the point where body and mind meet. Being nervous or fearful of the future is not an effective or the correct response. We must learn to turn down the volume control on our emotions and manage our thoughts, and particularly our tendency to over-imagination. We can learn to control what we allow into our minds. It is hard to do but is quite essential for our leader's peace of mind and focus on this perilous journey. Emotional management is essential. Let's begin by taking a quick look at our history – at the last decades of the analogue age and see how this nation stumbled, before we consider what the future holds for us. We will see how an absence of leadership for one generation (1955-1979) caused chaos.

Fings ain't what they used to be!

For a leisurely quarter of a millennium, from the industrial revolution born in this land in the middle of the 18th Century, Great Britain made the things that the world wanted and needed. Water, steam, cotton and textiles, coal and steel formed the foundations of those developments, and built the engines that enabled a huge improvement in the standard of living of British citizens. That, and a wealth of strong leaders, enabled us to create the largest empire this world has seen and for two centuries to lead the world. By the middle of the nineteenth century railways had joined up the towns and cities across the nation, and

factories and foundries took the steel that poured from the steel works that turned night into red day. Factory and mill chimneys sprung up and terraced housing replaced green meadows across the by now industrial north and midlands. Victorian Britain became a place of soot, smells and glowing furnaces, of dirt and squalor in many places that were once beautiful. It became a place of growing wealth for some Victorians, if not for all of them.

We exported our technology and our skills around the world, to our empire and then our commonwealth. Rather like the sporting exports of football, cricket and rugby it turned out that others could do these things just as well as we could – and considerably cheaper. During that golden generation (1945-1970), as we adjusted to peace in our world, poor leadership allowed others to catch up and overtake us. In the two decades that followed the end of the so-called golden generation, we went from being the world leader in manufactured goods to most factories closed, game over. In that one bleak generation Great Britain's place in the world changed for ever. The flag was lowered over our empire, and we had to find a new place in the world.

When I was a boy growing up in the 1950's in the Midlands "Black Country," in those days when a black and white TV world changed into colour, my father spoke of things made in Britain with genuine heart felt pride. He had grown up being told by parents, teachers and colleagues that we made things of the highest quality and that we should be proud of that. He could look back over decades of this country's proud industrial heritage and speak with a laugh in his voice about things "made in Hong Kong" which were cheap but were never to be compared with what we made here in the United Kingdom. In the 1950's the UK unemployment total was just 1%.

During the second half of the 20th century we went from a country dominated by soot and smoke, from heavy industry and manufacturing just about eworld markets. The lack of investment in the new technologies necessary to enable us to compete with other industrialised nations was part of the problem we faced.

This lack of foresight was coupled with a similarly short sighted reluctance by our trade unions to accept that cheaper prices and good quality overseas had to be matched and beaten. The very trade unions that had facilitated a balance in the early decades of that 20th century and had helped our working men and women achieve a fair reward for their labour. They could not control cheaper manufacturing overseas which could not be ignored, and life could not continue as before in a Britain divorced from global issues.

Lack of leadership and loss of position

We were no longer the king of all we surveyed and could not survive in an isolated bubble. That is not how the world works and closing our eyes saw many jobs lost and a staggering 3 million of our people unemployed, a frightening 14% of the workforce in the nadir of September 1982. These twin pillars of low investment and angry labour relations together represented a lack of vision and an absence of leadership that saw the early 1980's recession finally bring to an end this country's global manufacturing ambitions. Not only did we no longer lead the way but we were simply not able to compete and were no longer even on the journey. The quadrupling of the oil price following Israel's Yom Kippur war in 1973 certainly hurt but was not the root cause of our problems. Lack of vision, leadership and an understanding of where the world was going, by polarised management and unions sunk us.

By the 1970's we were a nation crushed and demoralised. Between Winston Churchill who left office in 1955 and Margaret Thatcher who came to office in 1979, Britain had no national leader worthy of the name, nobody able to provide guidance and direction. We had nobody who could stamp their vision on this land. We had no leader able to redirect this nation back onto a pathway of success and prosperity. That leaderless generation happened as I grew up and it facilitated rapid decline, it was awful. Those of us who lived through it came to believe that this was how things were going to be in a continued drift downwards. That is what an absence of leadership looks and feels like. It stifles positivity and hope.

All of those small metal bashers that could produce whatever was required to complete any engineering process for those major corporations were lost and cannot now be replaced. Leaders of industry in the 1970's and 1980's were the Chairmen of huge but shrinking manufacturing companies. Those captains of industry did not adjust to the changes that were developing around their world and their businesses are now largely gone. We were a world leader with the largest empire that has ever existed, but sadly we quite quickly subsided under the weight of the costs of two world wars, and the subsequent spread of globalisation as the rest of the world recovered from those horrors and learned to build things better and more cheaply than we could.

Globalisation introduced competition from cheaper manufacturing sites overseas and that could only be matched by being better and we weren't. We seemed to have stopped caring about our customers and charged too much, delivered items late, items of diminished quality. Our manufacturing giants learned that you can't do that. Those giants became dinosaurs and like the dinosaurs are no more. Our leaders were not up to overseeing the task of managing through the new investment and the new ideas that were necessary. It is necessary to understand that when the world changes then our leaders must

change with it. Preferably they should be leading the change and setting the new direction.

We were still locked into the belief that the “Made in Britain” tag would see us through. We relied for years on those commonwealth countries that were all that was left of our rapidly shrinking empire buying our goods. They grew tired of waiting for slow and expensive products that could be obtained much quicker and more cheaply from competitor nations. The value inherent in the “Made in Britain” tag was not looked after, it was not cared for and preserved and so it died. Sterling still acted as a reserve currency for international trade and whilst the US\$ replaced the £Sterling for most international trade transactions as the century moved on after the war – our exchange rate remained too strong for exporters to cope for many years in that worst of all possible worlds.

What were those business and political leaders thinking about? Was it complacency or were we just not training our political and our business leaders to get their heads up and look at the risks that were forming? Sadly when all has been going well during your business life you tend to sit back and assume that life will continue like this for evermore. We can all see that “assume” makes an ASS of U and ME! There was no visionary leadership on offer. And that is where this book begins because we are at another such tipping point and the ground is again moving beneath our feet.

Causes and effects of decline

In a little while we will begin our examination of leadership by looking into our rear view mirror and by trying to understand how significant change accelerated during the second half of the twentieth century and how the first digital generation was born around 1990. How we drifted slowly along from the mid 1950’s, still doing what we had always done whilst the rest of world changed and modernised. How new inventions and ideas just sprung up and pushed aside the old methods of doing things because they offered a quicker, simpler or just better way of doing things. How new ideas emerged that started the world doing things that we had not even thought of doing before.

Now we know that change is unsettling but it can and often does destroy jobs, even entire industries. Nonetheless change has to offer a step forward for it to be successful and to replace something that has been done another way for years, something that has become part of our way of life. It has to offer something that we want or that we need. The new method, whatever the change, has to have the power to persuade folk that a better way has been discovered that is easier, cheaper and offers better service or value. Leaders have to identify that better way and to communicate its benefits. Sometimes a way has to be found because the

old way is clearly broken and that was where we found ourselves in the generations that followed the end of the Second World War, when black and white gradually turned to colour and the UK changed its clothes, and when we had no leaders with vision.

As with most things it was exacerbated by people with differing ideas refusing to debate, sometimes refusing to even talk, with those folk that disagreed with them or stood in a different political place. Dogmatism ruled and politics became poisonous as each political party sought to support those that voted for it and assumed that anybody who didn't must be the enemy. It was not unlike big kids in the school playground squaring up to kids they thought were weak and could be bullied. Where were the leaders who could bang heads together? I hope we have learned lessons from that history and never allow those circumstances to emerge again. A leader has to be able to get people to communicate with each other. He or she must also have a streak of toughness to keep going when others look for shelter and want to give up.

I believe that the core problem in the second half of the 20th Century was the lack of leadership and of "keep up" investment. That was made infinitely worse by an inability of leaders in society to communicate like grownups. Those twin serious failings saw the closure of thousands of small businesses on industrial estates across our islands. Those companies that actually made things were decimated. Those locked factory gates were the big generational change from the full employment, golden post war days, of the 1950's and 1960's and heralded the catastrophe of three million unemployed workers as the bitter 1970's collapsed into the high unemployment 1980's.

The time had arrived when government and trade unions fought pitched battles across our country. A time had arrived for a battle to take place for the soul of the United Kingdom, and for its place in the world. The cannon fodder consumed in the fire of that battle were the ordinary working men and women of this country and they were swept away in their millions. Nobody emerged with very much credit.

Change for the better – at least for the better of the economic health of the UK if not immediately for many of our citizens - began during the 1980's. It began probably with the Thatcher government introducing a stream of legislation that put an end to damaging and aggressive union picketing of disputes. Often the disputes were about problems that the pickets were not party to but that they wanted to interfere with, to support other union "brothers". Flying pickets and enforced union closed shops were the results of years of weak leadership in industry and they had helped bring the UK to its knees. Few with money would

invest in an industry so prone to strikes, and when the return on the high risk capital invested was low, or more often than not negative.

By the 1980's we were the veritable sick man of Europe and had lost the respect of the world. The number of days lost to strikes was measured in millions each year – it peaked at an awful 29.5 million days in 1979. By 1980 almost 50% of UK workers were in a trades union although many of them had no particular wish to be so. It was just insisted upon. If you wanted a job at that particular company which ran a closed shop at the demand of its trade union then you had to join or you couldn't work there. Power had shifted in a generation from oppressive owners to aggressive workers. Neither was the acceptable way forward.

The economic nadir and then the bounce back

That began to change in the 1980's and probably commenced during the miner's strike that lasted a year from spring 1984 and the Wapping print union dispute which followed closely on its heels. Those two tragic events represented the last rites for the unacceptable face of union power in this country. Strike days per annum had fallen to 500,000 by the close of the century. Hopefully we have now found a balance between owner, boss and employee. All need to operate together under an effective leader to survive in the digital generation. Things are better but we are not there yet. We are still not investing enough in Research & Development.

Throughout the dire last generation of the last century inflation raged and naturally fuelled demands for higher pay to offset the impact of eroding purchasing power. Workers were often coerced into supporting union positions, or they were bullied and cold shouldered by their more militant colleagues. From those dog days of the 1980's recession and the impact of legislation on what basically had become corrupt and bullying working practices, the UK has risen again to be the pick of the economies in Europe. We are no longer the sick man of Europe, a name frequently used in those sad days, when leaders abdicated their responsibilities too easily and we still believed that a Labour government could persuade trade unions to be reasonable. They couldn't and sadly they weren't.

During the decade of the 1970's inflation had averaged 17% and had peaked at a frightening 27%. In fact during the entire period from 1950 to 1992 Great Britain had the highest inflation rate of any of the world's major economies. The embarrassment for Great Britain caused by its ejection from the Exchange Rate

Mechanism (ERM) in 1992 marked the nadir of our fortunes. The ERM marked a low point that saw UK interest rates put up to painful levels to protect the value of the pound by seeking to lock our exchange rate to the German deutschemark (DMK) at or around an exchange rate of 3DMKs to £1.

This shadowing of the German currency had always looked a risky strategy, particularly when you consider that at the beginning of 1970's one pound sterling could have bought you ten deutschemarks. Yes the DMK went from a value of 10p to a value of 33p. It is staggering that during the next two decades inflation had so watered down the value of our currency that you would struggle to buy a paltry 3 DMKs for your pound by 1992. That is how inflation destroys value and was the reason that we tied ourselves to a strong currency to make us take the essential steps to fight inflation - but it was just too quick and still at too high a rate.

However during the period from 1992 to the credit crisis in 2007, the £ sterling maintained the lowest inflation rate amongst the major world economies and for the first time in my lifetime we had currency stability. We went from the worst to the best. Gordon Brown claimed credit and certainly his delegation of the power to set interest rates to the Bank of England in 1997 helped enormously and stopped the most obvious political tinkering with rates. In reality the policies implemented by Conservative chancellors after the 1992 ERM debacle started the UK down the correct pathway to target inflation.

Education, Margaret Thatcher and progress at last

The surge in education in the second half of the last century had opened the eyes of our young people and hastened the breakdown of the old fashioned class structures, which came to be viewed as a tired anachronism, a time that had long passed its sell by date. These changes saw old fashioned class definitions gradually become obsolete. They also heralded a move away from service towards price as being the key driver for most things we might buy. Most people would probably now define themselves as "middle class" I suppose, or simply be surprised at a question that no longer had much relevance.

The reforming government of Margaret Thatcher had taken responsibility for a nation in rapid decline in 1979, a nation in a complete mess and at odds with itself. Northern Ireland was a religious battleground. The economy was in a disaster. Unemployment was rising and inflation was raging. The worst recession since the 1930's was over but a new one was just beginning. Now Mrs Thatcher divides opinion rather as marmite does but we have to note that she stopped the union's abuse of their power, and started the changes that have made the UK

today the most successful economy in Europe. Her actions allowed the “sick man” tag to leave our shores and move across the channel.

Some change was essential if tremendously sad for those directly affected in manufacturing or coal and steel production. Our car industry had been virtually destroyed in the previous generation but guess what? In 2013 we made more cars here in the UK than we imported. In 2015 the industry is claiming 1.6 million cars made in the UK of which 1.2M were exported. We are back in the car business and creating both jobs and wealth.

The past really is a different country

Change is inevitable as absolutely nothing remains the same in life these days, or not for very long in any event. Right now the pace of change is accelerating with each passing year. As I am feeling nostalgic, think back, for a moment or two, to how things were at the time of your earliest memories – at your parent’s knee perhaps. Things were done differently in those perhaps far off days. Our parents and grandparents certainly wanted different things than we do today. They sought simpler and more straightforward things because they wanted things that they knew and understood, things that they were used to and those things were often made or sourced locally. The past really was a different country. A place of warm memories I hope – but not a country that you can live in today. The past was more comfortable and more forgiving. The future looks and feels nothing like that to me.

Whether you were born in 1950 or 2000, or somewhere in between, you will have memories of a very different world to the one we live in today. Whatever the year of your birth, that world was just as violent and just as chaotic. I don’t doubt that family friends and relatives, in those far off days of whatever year, exhibited levels of distrust of the unknown, of the exotic and the just different and that they showed a lack of acceptance of people who were not quite the same as them. Especially those who supported a different football team! But things change and along the way, towards the close of the twentieth century, the exotic and the different became rather more usual as globalisation drove commerce and trade. Interaction between folk from different lands became quite normal as the 1st digital generation was born and the internet made linkages easier. Our grandparents did not understand, our parents may not have understood but we did.

Our parents and our grandparents of course had sad and bad memories, be they direct or from family stories, of the Second World War. It is very difficult now to imagine how hard it must have been for them to adjust to their loss, to that rupture of civilisation, the second such rupture in less than a single generation. Can you imagine how hard it must have been to come to terms with, and then to

treat those former enemies as friends, allies, and fellow Europeans? The fact remains that, to their enormous credit, they did succeed and their success opened the door to the globalisation of markets, in Europe and around the world that feeds the needs of the consumer today. For our parents and our grandparents to vote to join the European Union, which we duly did in 1973, was remarkable. It was brave and forgiving of what had gone before.

At the start of the 1950's Britain was the undisputed world leader in manufactured goods. My childhood home in the industrial Black Country of the West Midlands was its heartbeat. At that time 40% of the people employed in the UK worked in the manufacturing sector. The UK economy was dominated by the revenues from things made in Britain and exported around the world. 25% of all manufactured goods in the world were made in Britain. We have shifted from a world leader in industry to a service economy where in 2015 barely 10% of our wealth is earned by making things.

In the 1970's and 1980's the continued lack of investment in new technology and equipment, together with our expensive cost of labour strongly supported by powerful trade unions, sadly priced us out of the global market as cheaper manufacturing sites sprang up around the world. For the trade unions and the working man in the UK this is a case of the law of unintended consequences working I'm afraid. That law is still alive and well today as we will discover.

Effects on our people

After the Second World War the effects and benefits of widespread education were felt everywhere, throughout the United Kingdom. Everybody had the chance to be properly schooled and many went to our grammar schools, some then went on to our world class universities and art colleges. This burst of knowledge, and the freedom to pursue your dream, fed a huge change of attitudes. It enabled the appearance of the "individual", and nothing has been quite the same since!

Andy Warhol supposedly said, " *In the future, everyone will be world famous for 15 minutes*", and he was taken at his word by our young folk. Just as was already happening in the United States, our young people realised that they could be anything that they wanted to be. They could be individuals, decide their own path and they could go on to achieve whatever their ambitions dictated. They also learnt to challenge the status quo. The past was broken and became disposable. These consumers wanted things to change. They got their wish.

By the 1960's that change and those new challenges in the UK had flowered into world leadership in many fields and particularly in music, theatre and the arts

generally. We had the Beatles and had even won the Football World Cup in 1966 – but every other nation seems to have caught up with us in that sport! Full employment in the war economy, and then during recovery and the necessary rebuilding after the war, put money into most people’s pockets to spend on much needed pleasure after those dark, bleak days. There was a golden time from the end of the war up and until the recession of the early 1970’s when reality finally caught up with us and everything changed. In 1973 we joined the EU but at a time of weakness and perhaps as a refuge, a place of rest, repair and renovation. The twenty years until 1990 were disruptive and largely best forgotten. In 1990 things changed for the better.

1990 was the beginning of the end for the old ways that had served our parents and theirs. As we approached the end of the twentieth century there began a time when technology soared; when flexibility was first seen in business and a time when words such as “understanding your customer” began to be spoken. The final decade of the twentieth century brought accelerating change and the end of the business road for many long established but unfortunately obsolete businesses. It brought the internet and the beginning of the 1st digital generation. 1990 itself was quite a year. We said farewell to Margaret Thatcher as our Prime Minister. The Berlin Wall had been torn down and Germany re-unified into one powerful nation for the first time since 1945. Saddam Hussain’s Iraq invaded Kuwait because it couldn’t afford to repay the financial support it had received during the long war with Iran. Britain and the US prepared to push him out and that act started something that is still reverberating.

The future will bring more change as more consumers around the world demand quicker and better technology, the fashion items their heroes are wearing right now, their share of the earth’s natural resources, freedom of choice - and let’s hope peace and joy as well as prosperity which of itself won’t be enough. The 2nd digital generation has a lot to achieve but the tools are there for the first time to join up our disparate world.

“It’s your desire, not your ability that will determine your success”
Anon.

CHAPTER 2

THE FIRST DIGITAL GENERATION ARRIVES (1990 – 2015)

“The visions we offer our children shape the future. It matters what those visions are. Often they become self-fulfilling prophecies. Dreams are maps”.
Carl Sagan

The Digital Age begins

If we could look again at a typical office desk at the birth of the 1st digital generation (1990) what would we see? It would have certainly housed a large desk diary for meetings and might also have had a rolodex to store names, addresses and phone numbers of customers. A leather Filofax was an up market combined option and the proud possession of many an executive. There might be a thick edition of “yellow pages” to provide you with business phone numbers. A personal computer and printer would need an entire desk all to themselves as they were still big and cumbersome. There would be a Fax machine to send text information over the telephone data network. A laptop computer would replace all of these things by the first decade of the twenty first century. The digital age was beginning and nothing would ever be the same again. Technology first impacted upon our jobs in the office, factory or shop but the tentacles have spread into every aspect of our personal lives during the first digital generation of the new digital age.

We began the last century without aeroplanes, cars and radio. We ended that 20th century with spaceships leaving our galaxy, computers just about everywhere and in everything, smart phones and the biggest change of them all - the wireless internet. At the beginning of the first digital generation starting in 1990 we saw the World Wide Web created by Tim Berners-Lee and scientists at CERN in Switzerland. The Web has its roots in the US Defence Department’s Advanced Research Projects Agency way back in the 1960’s.

The World Wide Web is basically an international network of computers that lets users see graphics and hear sound on web sites, accessed via hyperlinks that allow travel between the myriad sites. Before the web the internet was largely a place for text pages principally used by universities, and navigation between them was cumbersome. The growth of the personal computer market during the 1980’s and the growth of commercial users created demand. Web browsers and broadband arrived in the early 2000’s to speed things up. The game changed. The digital age is one generation old and everything is speeding up!

We have witnessed the arrival and speedy obsolescence of first stage digital solutions such as Compact Discs and digital answering machines. We have lived through the birth of such things as the Segway self- balancing electric transport, whose inventor was killed driving one over a cliff, and the smart pill that can

control the release of medicines within the body. Email became ubiquitous as the cheap and quick method of written communication; the Post Office was reduced to delivering “snail mail” and a mass of advertising. Our young people have moved on from old fashioned tools such as email already to communication via social media.

The mobile phones that seem to be appendages for our children were first seen in 1G analogue form when the first mobile networks launched in the UK in 1985. In the early 1990’s the 2G digital format became available and the mobile phone took off. By 1993 we were sending each other SMS text messages. 3G in the first decade of this century enabled the technology for the smartphone. The second decade of this century brought the 4G phone with the bandwidth for applications such as streaming media. The cell phone is in everyone’s hands and is a game changer.

In 1995 the DVD first appeared, and in 1998 Viagra was first prescribed to cheer the hearts (and other parts) of the older generation. Artificial hearts and livers became available for transplants in 2001 and that year saw the first Apple iPods being manufactured and the birth of Wikipedia. In 2002 the Euro currency entered circulation for the first time and has caused trouble ever since. Toyota gave us the hybrid car in 2003. 2004 saw the launch of Facebook. In 2005 we started viewing YouTube. In 2006 the Blackberry became the business person’s phone of choice with its ability to read email, and Twitter was launched. In 2007 Apple gave us the iPhone with its active touch screen.

The web searching smart phone was not in our hands until then and now barely eight years later as I write, every adult on the planet is on the verge of owning one! In 2008 the first Tesla electric roadster arrived making electric cars sexy. In the wider world we have female bishops, same sex couples can now marry, the weather is becoming strange and climate change is held to be the culprit and the precursor of a planetary game changer.

Apart from the weather, the technology and the entrepreneurs that can create further shake ups in the world of business are operating now and that is what this book is about. How do leaders handle this pace of change and manage its endless changes of direction? The first digital generation saw the world swerve and then accelerate along a new pathway as a result of a wave of technological improvements; we are now embarking on the second and now fully digital generation. It was Al Jolson who accurately predicted, “You ain’t seen nothin’ yet!” and that staggered folk who had not previously seen the miracle of new talking pictures.

Digital impacts - the changes in our towns and villages

What happened to business during this first earthquake of new technology? Let us turn our attention to the current major changes that are happening around us, and examine the wider impact of those changes. Let's examine those changes that are the direct result of what happened in that 1st digital generation. We will start by considering what we can see whenever we leave our homes and go to the shops, because it is our high streets that are in the firing line right now as retail shops are disrupted and frequently displaced by the power of the internet; and the often cruel use of their power by the supermarkets. That will be the early developing story of the 2nd digital generation. High streets have been the shopping experience for generations but they are dying all around us.

During recent years, change has steadily become ever more apparent in what happens in our towns and villages. Of course we notice it immediately whenever we visit our local high street that is now dominated by charity shops and sad "closing down sales". Just think for a moment about the shops we visit, or sadly probably no longer visit because they have gone. How many local independent food shops are there in your town? Butchers, bakers, fishmongers, delicatessens, greengrocers and cheesemongers, sweet shops and the like, are sadly much reduced in number, and many of them are going or gone. These former staples of our high streets have been sadly done for by the irresistible rise of the supermarkets over the last quarter of a century.

At the start of the digital age in 1990, at the very beginning of the 1st digital generation every town had a record shop or two. Since those days the shift from the beautiful warm sounds delivered on vinyl, to first of all the Compact Disc (1983) and then to streaming has done for most of them as well. The video recorder was an exciting new product in 1980 but by the mid 1990's that trend was over and had been replaced by the arrival of the DVD player. That replacement technology itself is now being overtaken by recordable hard drives on internet compatible TV's and film streaming direct to laptops and tablet computers. We have high definition optical disc Blu-ray for movies and for games, we also have 3D but not every new technology trend is proving successful. Our supermarkets thoughtfully offer us the opportunity to buy most of these things.

Sadly there are fewer book shops on our high streets to browse in, as reading shifts to the Kindle or tablet computer. There are still a few left though and long may they remain - I've recently gone back to reading "real books" and my Kindle has a picture of an expired battery on its screen. There is something about the touch and feel of a real book but the next generation may not value that in the way that I do. Libraries are important and it would be sad to see them go. Good luck to the many volunteers that keep the library service going.

The more mature amongst you will remember that in the 1980's we still bought and inserted film into our cameras. That seems quaint now doesn't it? The arrival of digital camera technology during the 1980's put an end to the well-established and massive industry of camera film production and the necessary photographic print production to view the photographs taken. Most photos are now not printed but are viewed on tablet computers. Eastman-Kodak, founded in 1892, was probably the industry world leader and that corporation steadily wound down and filed for bankruptcy in January 2012. It has now emerged from bankruptcy, having disposed of most of its photography businesses, and is a provider of business services and a manufacturer of printers. How are the mighty fallen.

Looking at our high streets in 2016 as the 2nd digital generation begins, we still have a few clothes shops; shoe shops and jewellers hang on together with a hairdresser or two. There are pubs and restaurants but too many betting shops and can we really need so many beauty salons? Professionals who believe they can add value, chiropodists, dentists, solicitors and accountants have their high street place. Some of those things represent the basic essentials that we will probably always need; some are on their last legs and I believe will be gone before this generation concludes.

If that is all there is left on our high streets then that forms a pale shadow of our vibrant high streets that existed twenty five years ago. I remember exciting and bustling markets filled with people who knew each other and stopped for a chat. What is the "calling destination" from a street of shops like that? More and more people are just turning on their computers and looking for items on line. The sense of community seems to have gone. Is there still a cinema in your town or village? My town still has a record shop but I know not how or for how much longer! There will still be a Post Office and perhaps a bank where there were once four or five. More bank branch buildings now operate as pubs and restaurants than as banks in our town centres. Perhaps that's an improvement on reflection.

We do seem to have quite a few mobile phone shops! Can there really be room for so many? We have had the early burst of activity on the back of the new phone technology with an explosion of new outlets - and we must hope that the necessary second stage of actually caring about their customers is about to start. At the other extreme, antique shops may stay for a while as they provide some of us with a pleasant, if somewhat dusty link to the more stable years of long ago. There are plenty of charity shops and estate agents for now. Our town centres are simply not primarily a shopping destination any more. They are a place to meet for coffee. They will have to change.

One noticeable and obvious difference about our high streets now has been the impact during the last generation from the arrival of migrants from all corners of the globe, migrants who have brought with them their cuisine. They opened restaurants and almost any cuisine that you can think of can be found on our high streets today, and that is a very positive change in my view. Food is one of the great pleasures of life and one of the ways that we can get to know and understand our neighbours from lands across the seas. When I was a boy the diet we had available was fairly narrow and still recovering from the restrictions and limitations that had followed the end of rationing in the 1950's. Thankfully now the pleasures of all types of food can be found everywhere you look and that shows us that some change is great. We eat better now than we ever have and my waistline is the proof of that I'm afraid!

The fallout from the last credit crunch

In the most recent recession that became apparent as 2007 ended, we lost another raft of our larger high street staples. That included dear old Woolworths which had been a feature of most British high streets for a hundred years and was where I spent my pocket money in the 1950's. The death of "Woollies" was largely down to the consumer's choice to switch on line for music and film purchases, and its untidy collection of stock that had not been properly thought through. Blockbuster went (for the second and final time) more recently for the same reasons; their business model was overtaken and left broken in the dust by the internet. The financial crisis meant that banks had to cut back on generous credit lines and stores such as these, which lived on debt and not on their own capital, could no longer cope. Borrowing increases the risks of business as it offers better returns.

At the same time consumers in The UK were forced to accept that their own personal debt, which stood at a too high 160% of total household income, was unsustainable as jobs became more at risk and unemployment grew. Enforced consumer savings stripped energy out of the economy and drove down sales across the retail network. A staggering 7,500 shops closed during the next few years. We had already lost electrical stores such as Rumbelows from our high streets, and we have now lost most of our camera stores – Jessops is reduced to a handful of stores. Comet and HMV are largely gone.

The current retail shop model is broken

I believe that the nature of our high streets has been changed for ever by the changes that have occurred during the 1st digital generation. It is very hard for shop keepers to make a profit on our high streets with the current high rents and rates, and with expensive car parking slowing footfall. There is a generational

change happening as well with our young people more likely to both look and buy “on line” than to visit a local shop, even in the unlikely event that there is a shop nearby that offers what they want. Visiting local shops is no longer cool.

If we look back at what type of shop had the longest run of success on our high streets then we see the department store. The store that offered everything that you could want under one roof. The older ones amongst you can think back to those wonderful old fashioned “Grace Brothers” style stores, with their floor walkers and department heads which had become both too expensive and too snobbish to appeal to most of us as the last century drew to a close. There are just a small number of them left now and yet they dominated our high streets for 150 years. We mostly see them now as repeats on Gold TV. Who will be next to go I wonder?

In more recent years the major disruption caused by further advances in digital technology, such as new mobile smart phones and tablet computers, has made shopping as much an “online” experience as walking into a high street store. That has seen the once busy shopping streets in the centres of our towns dominated by coffee shops, estate agents, pubs, fast food establishments, charity shops and restaurants. Plans to convert many high street shops into residential flats are afoot and I think this trend will accelerate.

Shopping has moved for the time being into retail parks and out of town supermarkets. Shopping Malls offer a much wider shopping choice which is often coupled with restaurants, coffee shops and entertainment. For the supermarkets that move out of town may itself be temporary as they are now re-opening local stores back on our high streets, as small shops fail and opportunities present themselves. Those same supermarkets are busy disposing of the vast out of town sites that they had acquired for projected out of town stores, bought when the world was a different place. The sites are no longer required and now never will be.

What is a leader to do?

So how on earth does a leader in retail, or for that matter in any business sector in any industry, prepare himself to respond to the cataclysmic swings and shifts in the market. A cataclysm that is happening around us right now, and that I believe will happen with even greater speed in the future. What will the next twenty five years look like? Volatility in our world is at its highest level in living memory and if you are able to best guess what might be around the corner and then work out how you might steer your ship in the correct direction, then you are in a better place than most of your fellow business travellers.

We will concentrate on the logic behind the changes that have taken place over the last quarter of a century and think about what the next twenty five years might look like. Then use that to review what skills a leader will be required to possess to cope in the digital world that is opening up. A leader may well also need a crystal ball! Within the next few years almost every adult on the planet will have a smart phone and have access to the internet and information that will be boundless. 4 billion grownups who can change the way they do things and what they need, wish for and what they say instantly. Through the use of social media on those phones they can for example influence others by good or bad reviews of the service they have just received.

Natural selection has enabled the very best humans to get to the top and to procreate ever better humans during our 200,000 year species history. Natural selection should also ensure that those leaders who do things properly now should rise to the top and I believe the time has come for those leaders who can “see” what the future will bring. This is the time for the visionary leader.

And next up

In the coming chapters we will look at what business models have become obsolete over the last twenty five years of the 1st digital generation and at those that are at risk during this 2nd digital generation just beginning. We will look at how a leader must be in a position to facilitate excellent team performance, and to be sufficiently flexible to respond to the changes in the world of business that I predict. We will also look at how a leader might employ emotional management to erect a defence against the raw emotions that can knock you off course as you travel this difficult road. We will try to understand that much of the difficulty that will occur is in the mind and can be overcome with calm and mature thought processes.

First of all though, we will take a look at the big issues that sit behind and contribute to the technological changes that are going on in this digital generation – the growth in population and climate change.

“In the business world, everyone is paid in two coins; cash and experience. Take the experience first; the cash will come later”

Harold S Gensen

CHAPTER 3

OUR EVOLVING WORLD

“An organisation’s ability to learn, and to translate that learning into action rapidly, is the ultimate competitive advantage”.

Jack Welch

Time for an evolution in thought

Change has happened throughout the world as populations have grown and become economically more active. In the last decades skills and “knowhow” have been what we have exported, instead of soldiers and sailors leaving a first world nation seeking new worlds to conquer. Globalisation instead of colonisation is here to stay, whether we like it or not. I think we should like it and profit from it. The world is evolving and leaders must learn to do the same.

Let’s start by looking at the big picture. Whether your business is local and intends to remain so, or is international, the way you think about your business needs to change to mirror the way the world’s consumers, and the physical and digital markets they visit, have changed and developed. Your customer is different from the customer that was served by your parents or grandparents. This customer wants different things, wants them much more quickly, and has many more choices if you don’t immediately satisfy him or her. Get your prices wrong and he is gone – probably “on line” first to check out alternatives. This customer is not so loyal but is still always right.

Even after all this time it is a still quite a small albeit growing minority of UK citizens that have lived and worked abroad, but most of us have holidayed abroad and come to understand, to like and respect the cultures and customs of other lands. Greater mobility is set to become the norm for the next working generation I suspect and language studies will need to again feature on students preferred courses. Europe is now a huge commercial open space with a market six times that of the UK. The European Union that we joined in 1973 has approaching 500 million consumers and it is no longer viewed as a series of countries that eat strange food, and speak with a strange tongue! Barriers between nations within Europe have gone, and the barriers between their peoples are slowly being lowered. We are learning to trust and respect each other - and those are the magic ingredients.

The opportunities are tremendous if we can position ourselves within the right space to enable us to take advantage of these opportunities, be they at home or abroad. To seize the advantages and the opportunities we will need to change ourselves to fit the business model that works today, and then change again to fit the model that will work tomorrow. Continuous evolution is as true in business