

The Australian Industry Group

Addressing Enterprise Leadership in Australia

June 2015



LEADERSHIP

Australia's
Business
Imperative

03

Executive summary

05

Imperatives

06

- Addressing leadership in Australia

09

- Opportunities

10

- International Comparisons

12

- Australia's global ranking

Barriers

13

- Existing levels of capability

14

- Misaligned organisational structure

15

- Low investment in leadership development

16

- Short-term focus

16

- Limitations in framework

The Future

19

- Moving Forward



EXECUTIVE SUMMARY

Lifting Australia's leadership capability in order to enhance productivity, innovation and sustainability is critical to our future and is recognised as a key challenge for Australia by policymakers and businesses. On an international scale Australia's ranking in leadership and management practices has been falling against a number of measures in recent years.

Globalisation, the increasing pace of technological change and pressure to deliver short-term financial results are creating tensions around the approach to strategy by business leaders. New business structures are emerging that lend themselves to a more volatile environment, and the influence of social networks is placing greater emphasis on transparency and accountability in business.

The evidence from both academic research and business surveys shows that workplaces with more effective leadership and management capability are more productive, profitable and innovative.

People with leadership responsibilities are facing mounting pressure to transform their organisational cultures to embed creativity, teamwork, problem solving, collaboration and innovation. However the enormous potential in our organisations may remain unlocked unless we address the barriers to improvement and shift our leadership approaches and development frameworks. A major challenge will be to connect people

with the purpose of work and to provide platforms that support rather than control them. This step change must involve a commitment to evolving our organisational structures and systems.

Together with our members, Ai Group has started making progress through innovative programs that build leader self-awareness and position workplaces at the centre of learning.

This think piece includes further actions Ai Group is taking as part of its commitment to Australian industry. It also suggests actions for businesses and other organisations to take to prepare for the new terrain. To secure a sustainable future for Australia, we need a better understanding of what is required to lead a successful organisation in today's environment. The development of leadership capacity is integral to this.

Innes Willox

A handwritten signature in blue ink that reads "Innes Willox". The signature is written in a cursive style and is positioned above a horizontal blue line.

**Chief Executive
Australian Industry Group**

KEY POINTS

- ▶ The changing global landscape for Australian business is creating pressure on leadership capability to enhance productivity, innovation and sustainability.
- ▶ Australia's international ranking in leadership and management practices has been falling in recent years.
- ▶ Barriers to improvement include:
 - organisational cultures that constrain contemporary leadership practices;
 - focus on the short-term which leads to under investment in longer term goals such as changes to organisational culture to support new ways of working, and the development of an organisation's people;
 - limitations in the current leadership development frameworks which predominantly focus on individual development without consideration of the collective leadership capability needed in order to meet the organisation's business goals.
- ▶ It is people that create competitive edge in organisations. The evidence from both academic research and business surveys shows that workplaces with more effective leadership and management capability are more productive, profitable and innovative.
- ▶ The potential in organisations can be unlocked through a shift in our leadership approach and recognition of the strong link between an organisation's culture, its structure and leadership approach, and business success.
- ▶ A step change is needed regarding the commitment to developing our leadership capability and evolving our organisational structures and systems.
- ▶ We need a better understanding of how our culture at both an organisational and national level is impacting on Australia's ability to remain competitive.
- ▶ This is a joint responsibility, with action needed by all organisations and sectors.
- ▶ Ai Group has commenced a number of activities as part of its commitment to helping Australian industry and its leaders to thrive in a competitive environment.

LEADERSHIP IMPERATIVES

Australia's future, its level of innovation uptake and its ongoing competitiveness and sustainability will largely depend on the capability of our leadership and the changes we make now. Ai Group sees this as a joint responsibility, encouraging the following activity.

- Businesses must recognise that existing levels of leadership capability in Australia need to be improved.
- Organisations should be encouraged to cultivate a longer-term orientation and to consider how they create value for all stakeholders in the short, medium and long term.
- Continue reform of leadership and management education in particular through context specific programs. Equally, organisations must commit to a more complete approach to the development of their workplace culture and the leadership within it.
- Collaboration between our schools, academic institutions and business will be fundamental to innovation and sustainability.
- Culture impacts on strategy and in the case of Australia it is impacting on our ability to

innovate. We need to better understand how our culture at both an organisational and national level is impacting on Australia's ability to remain competitive.

Ai Group is committed to helping Australian industry and its leaders to thrive.

We are doing this by:

- forming alliances with relevant education partners to cultivate a longer-term outlook across businesses at the Executive and Board level.
- encouraging collaboration between business and education through a coordinated network.
- developing a leadership community where we can collaborate, offer insight, listen and discuss leadership challenges and important issues with industry.
- working with Government to advocate and support further reform in the education sector as it relates to management education.
- seeking out opportunities to collaborate in areas of practical leadership research relevant to Australia .
- continuing to develop leadership tools and information to support the practice of leadership; and
- sharing and promoting leadership success stories from across our membership to celebrate exceptional leadership and recognising its importance to innovation and sustainability.

ADDRESSING LEADERSHIP IN AUSTRALIA

WHY NOW?

Australian businesses have acknowledged that globalisation is rapidly changing our business landscape and this has exposed us to significant international competition. By 2020, Asia is expected to have more middle class consumers than the rest of the world combined¹. Global, economic, political and social power is shifting towards the emerging world, to countries like Brazil, Russia, India and China and growth in developed economies such as Australia will increasingly come from services.

The pace of technological change is increasing and this is making industry and the entire economy more susceptible to disruptive change.

It is forcing companies to change the way they do business, with new business structures emerging that lend themselves to a more volatile environment. Added to this are changing societal expectations and a greater emphasis on

transparency, brought about in part by social networks that are changing power structures, and the need for businesses to be accountable for the consequences of their actions and the impact they have on a range of stakeholders.

Economic uncertainty has also led to increased pressure to deliver short-term financial results and this has influenced the way in which business leaders approach strategy and the metrics they use to support their decision-making.

A study conducted by McKinsey and the CPP Investment Board in 2013 found that 79 per cent of executives and board members felt the most pressure to deliver financial results was two years or less. Hard to measure intangibles like customer relationships, brand loyalty, investments in support systems and innovation activity are investments for the future but can

¹ Homi Kharas, (2010) The Emerging Middle Class in Developing Countries, Working Paper No. 285, OECD Development Centre

be discounted or ignored by investors. This short-termism approach results in an increased focus on quarterly earnings often at the expense of strategy and long-term value creation.

The 2010 IBM global study 'Capitalizing on Complexity' of more than 1500 CEOs, found that whilst 79 per cent of leaders believe the level of complexity will increase, only 49 per cent believe they are adequately prepared for it.² This increasing complexity, volatility and ambiguity in Australian workplaces is posing a challenge for those with leadership responsibilities who are facing mounting pressure to transform their organisational cultures in which creativity, teamwork, problem solving, collaboration and innovation are commonplace.

There exists an enormous amount of latent potential in organisations that will continue to remain largely untapped unless it can be unlocked through

³ Global Compact LEAD & PRI: Coping, Shifting, Changing: Strategies for managing the impacts of investor short-termism on corporate sustainability
² IBM (2010) Global Study: Capitalizing on Complexity

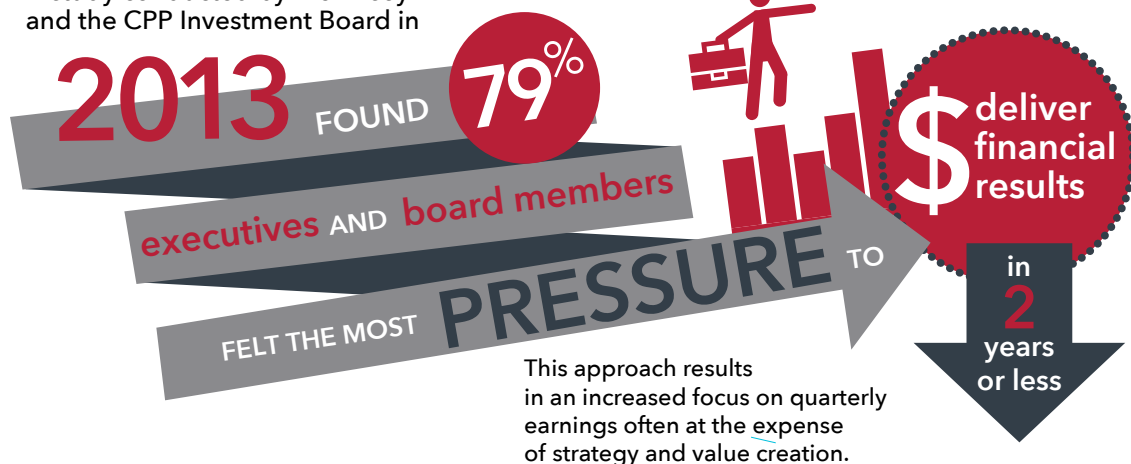
a paradigm shift in our leadership approach and recognition of the strong link between an organisation's culture, its structure and leadership approach, and business success.

Some of the key barriers include:

- Organisational cultures that constrain contemporary leadership practices;
- Excessive focus on the short-term which leads to under investment in longer-term goals such as changes to organisational culture to support new ways of working, and the development of an organisation's people;
- Limitations in the current leadership development frameworks which predominantly focus on individual development without consideration of the collective leadership capability needed in order to meet the organisation's business goals.

Lifting Australia's leadership capability in order to enhance productivity, innovation

A study conducted by McKinsey and the CPP Investment Board in



and sustainability is critical to our future and is recognised as a key challenge for Australia by policymakers and businesses.

Ai Group acknowledges that there are numerous issues that impact on Australian businesses. They are facing slower and lower growth rates due to factors including an extended period of the Australian dollar trading above parity with the US dollar, structural changes in key global supply chains, demographic changes and technological changes. However for the purposes of this report, our focus is on leadership and management in Australia and the pivotal role it plays in the sustainability of business.

Ai Group believes that it is people that create competitive edge. People create the processes, technologies and other innovations that drive transformation.

People identify innovation opportunities and invest in them. And people determine how effectively labour and capital are utilised. The evidence, from both academic research and business surveys shows that workplaces with more effective leadership and management capability are more productive, profitable and innovative.

A step change is needed regarding the commitment to developing our leadership capability and evolving our organisational

structures and systems if Australia is to improve its productivity and capacity to innovate.

In this regard, Ai Group has already started making progress. Together with our members, we are piloting a number of innovative leadership development programs focusing on building leader self-awareness and working with individuals and their organisations using their own workplaces as the centre of their learning. We are working on furthering our understanding of Australia's unique cultural barriers as they relate to our leaders and their ability to effectively lead their organisations; this will help enormously in informing our development approach and methodology. And we are involved with a range of local initiatives and government projects that centre on work readiness and work integrated learning.

AUSTRALIA'S LEADERSHIP OPPORTUNITY

WHERE ARE WE AT?

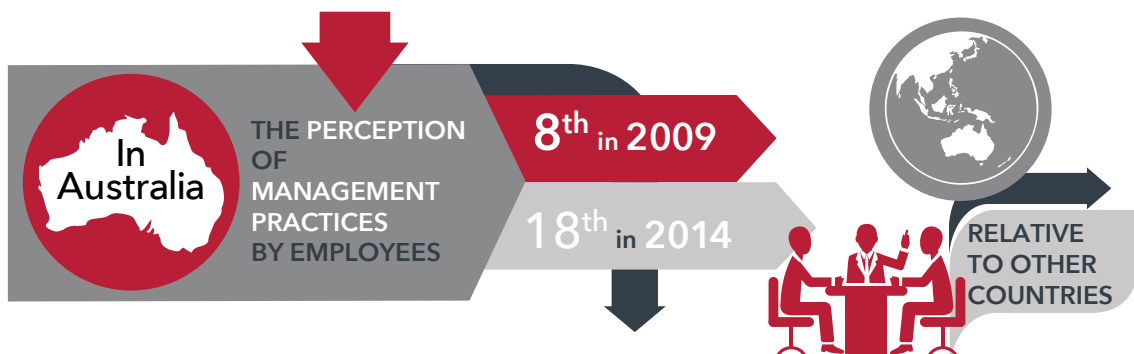
International Comparisons

The level of organisational leadership has typically been evaluated by the use of employee surveys. The World Economic Forum (WEF) and the International Institute of Management Development (IMD) survey asks employees across the world regarding various elements of leadership. The survey responses from each country are converted into index values, which are used to measure and compare leadership practices across the world.

The *IMD World Competitiveness Yearbook*³ measures and compares the competitiveness of close to 60 countries using both economic data and employee surveys. In their report, the concept of competitiveness encompasses

³ International Institute of Management Development (2013), *World Competitiveness Yearbook*

four main factors: economic performance, government efficiency, infrastructure, and business efficiency. The latter comprises a number of elements including 'attitudes and values' and 'management practices'. Management practices are closely aligned with the concept of corporate governance and cover the adaptability of companies, ethical practices, credibility of managers, corporate boards, auditing and accounting practices, customer satisfaction, entrepreneurship, social responsibility, and health, safety and environmental concerns. The attitudes and values sub-category incorporates questions around Australia's cultural identity and value system. The IMD measures the standard of management practices and attitudes and values throughout the world by asking employees to evaluate the elements of leadership and



culture across businesses in their country.

In Australia, the perception of management practices by employees, relative to other countries has been dropping, with Australia's ranking falling from 8th in 2009 to 18th in 2014 (Table 1). Of particular concern in relation to our overall competitiveness is the IMD

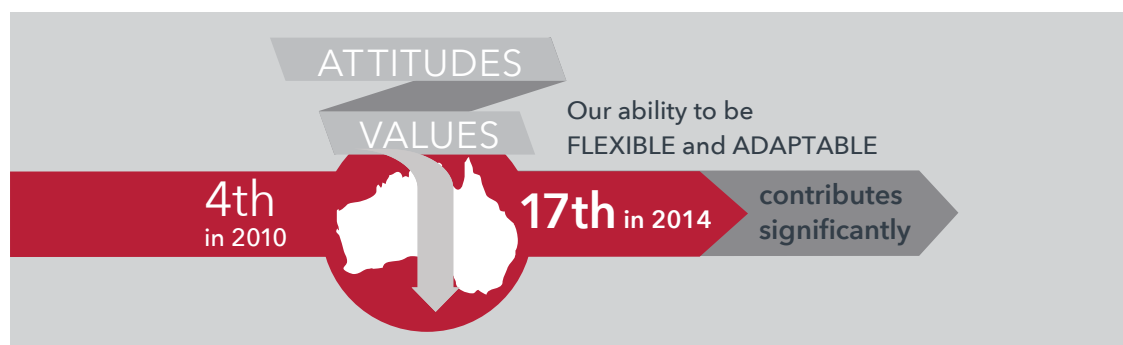
ranking around Australia's 'Attitudes and Values' (Table 1).

This score looks at a number of factors including Australia's attitude towards globalisation, our national culture, our level of flexibility and adaptability; that is our ability to be flexible and adaptable when

Table 1 International Comparison of Leadership Practices
Australia's Global Ranking

	IMD WORLD COMPETITIVENESS YEARBOOK			WEF GLOBAL COMPETITIVENESS REPORT		
	Attitudes & Values	Management practices	Overall competitiveness	Staff training	Willingness to delegate	Overall competitiveness
2009	TBC	8	7	18	13	15
2010	4	11	5	20	12	16
2011	2	5	9	17	11	20
2012	13	14	15	28	13	20
2013	16	14	16	30	15	21
2014	17	18	17	30	17	22

Sources: World Economic Forum; International Institute of Management Development





faced with new challenges, and also how well our corporate values takes into account the values of employees. The drop in the score from 4th place in 2010 to 17th place in 2014 is significant and is of particular interest as it correlates to factors critical to organisational culture and ultimately the efficacy of leadership to effect change in business. It also contributes significantly to the decline in Australia's overall competitiveness ranking down from 7th in 2009 to 17th in 2014.

Similarly, the *WEF Global Competitiveness Report*⁴ aims to measure and compare the competitiveness of close to 140 countries using both economic data and employee surveys. This report measures leadership on a limited basis using just two elements of leadership; staff training and the willingness of managers to delegate responsibility. Whilst Australia's ranking has slipped significantly in recent years with regard to staff training, the correlation between staff training and good leadership is also

rather one-dimensional and does not take into consideration a range of performance outcomes that are integral to good leadership. The WEF's second element of leadership measures willingness to delegate by asking employees about the extent to which they believe managers are willing to delegate authority in their country. Table 1 also shows that in this regard, Australia is slipping in its performance dropping from 11th in 2011 to 17th in 2014. It should be noted that whilst a willingness to delegate responsibility may be a worthy measure in and of itself, it is not a true measure of leadership.

Locally, the Australian Management Matters research⁵ found Australian businesses score least well in people management and lag behind in the deployment of advanced people management practices. While they are able to link employee performance with clearly defined accountability and rewards,

⁴ World Economic Forum (2014), Global Competitiveness Report

⁵ University of Technology Sydney (2009) Management Matters in Australia: Just how productive are we?

they lag in their use of advanced people management practices. These include attracting, developing and retaining talent and identifying innovative but practical ways of developing human capital to improve performance and add value to organisations. The survey also found that managers actually overestimated their company's management capabilities despite minimising skewing by asking managers to exclude their own performance when evaluating the firm's management capabilities.

This blind spot brought on by a lack of self-awareness amongst managers in manufacturing firms is of great concern as it leads to an under-investment in leadership capability development, the consequences of which can be far reaching.

In organisations where neither employees' managers nor their leaders are perceived as effective, only 8 per cent of employees are highly engaged. In organisations where both leaders and managers are perceived by employees as effective, 72 per cent of employees are highly engaged⁶.

Ai Group's 2014 Workforce Skills Survey shows that when it comes to what businesses think about their managers' level of communication /knowledge sharing/problem solving and international capabilities, respondents appear satisfied. Eighty-two percent said they were either

very satisfied or satisfied with the level of communication skills demonstrated, 79.5 per cent were either very satisfied or satisfied with the level of problem sharing, and 74 per cent were either very satisfied or satisfied with the level of knowledge sharing/decision-sharing ability in their business. Such positive scorings in these people management practices seem to be at odds with the reality of Australian workplaces and the low levels of employee engagement reported.

⁶ Towers Watson (2014), Global Workforce Study

WHAT ARE THE BARRIERS?

a) Existing levels of leadership capability

The Ernst and Young, *Australian Productivity Pulse*⁷ found that Australian workers from all levels and across all sectors say they could be on average 21 per cent more productive every day, if they could change just one or two things at work, representing unrealised productivity of \$305 billion or \$26,300 per worker. “Poor management” and “lack of motivation” are cited as the top two obstacles to increasing productivity. Interestingly, recent survey results show that when compared at an international level, only 44 per cent of Australian employees say their senior leaders are effective, compared to 52 per cent globally⁸.

When it comes to our efficiency in

converting research dollars into innovation and commercial success – Australia ranks poorly coming in at 116th out of 142 countries⁹. In addition, Australia ranks last place out of 33 countries in the OECD for collaboration.

Leadership is increasingly becoming more recognised for the role it plays in contributing to innovation through improvements to operations, organisational structures, new business models and design thinking. Indirectly, good leadership also contributes to innovation, by influencing business culture, including the extent to which a business is open to and encourages the generation of new ideas; a business’s acceptance of risk and attitude towards failure; and the extent to which business collaboration is encouraged. The latter is important in today’s fast-paced world in

⁷ Ernst and Young, *Australian Productivity Pulse* (May 2013)
⁸ Towers Watson (2014), *Global Workforce Study*

⁹ PwC for the NSW Business Chamber (2014), *Industry Research Collaboration Discussion paper*



“Poor management” and “lack of motivation” are cited as the top two obstacles to increasing productivity.



When it comes to our efficiency in converting research dollars into innovation and commercial success



Australia ranks poorly coming in at 116th out of 142 countries.



In addition, Australia ranks last place out of 33 countries in the OECD for collaboration.

which businesses increasingly compete on the basis of their ability to identify and harness globalised knowledge flows, rather than solely on their own strengths or stocks of knowledge. As such, the depth and quality of a company's networks and interactions is critical to its competitiveness.

Alarming, the Towers Watson 2014 Global Workforce Study¹⁰ has found that only 51 per cent of employees report that their senior leaders are very flexible in their approach to new situations. This is supported by the scoring in the 'attitudes and values' sub-category of the IMD World Competitiveness Report mentioned earlier. The ability to adapt to changing internal and external conditions and new situations, as well as respond to growth opportunities is of course central to the capacity to innovate.

Uptake of high performance work (HPW) practices is also relatively low in Australia. Yet Ai Group and other research undertaken shows that those organisations that have identified

high performance work practices such as self-managed teams, increasing worker autonomy, skills utilisation and participatory decision making, which are notably all related to the development of people, actually deliver better results. The development of people is in turn directly linked to an organisation's innovative capacity, or as asserted in the OECD's Innovation Strategy '*human capital is the essence of innovation*'¹¹. Given that these people practices have been identified as helping to build a culture where innovation can be fostered, it is important that we understand why the uptake of HPW practices is so low.

b) Misaligned organisational culture

Limitations in existing leadership capability may well be partially attributed to traditional organisational structures that favour specialised division of labour, internal efficiency and stable environments. Whilst many organisations

¹⁰ Towers Watson (2014), Global Workforce Study

¹¹ OECD (2010), The OECD Innovation Strategy: Getting a head start on tomorrow

wish to develop a more collaborative and innovative culture, this transition requires well developed people management capability including knowledge sharing, participatory decision-making, encouraging creativity, experimentation and learning, reduced management control and an increased tolerance for risk. These practices can be problematic to implement in formal hierarchical silo-managed structures, since people are often disconnected from the meaning and purpose of what the organisation is trying to achieve and attempts to bring about leadership improvements through change projects is slow and cumbersome. Ai Group's own work in the field consulting with members supports the notion that many organisations still operate in traditional structures and hierarchies with a strong emphasis on the use of authority and business units operating in independent and often competing silos.

For Australians, our geographic location combined with our historical and cultural heritage also influences our national psyche and that is continually played out in the workplace through the use of power, authority and hierarchy. These cultural nuances represent additional but unique obstacles for Australian workplaces by derailing attempts to innovate and this is an area that requires more research in order to understand more clearly the impact of our national culture on workplace innovation.

c) Low Investment in leadership development at all levels

Within manufacturing, further limitations in current leadership practices may well be derived from a general apathy around leadership development at all levels. While Australia does have many examples of excellent leadership in place, they are matched by an equal number of poor performers. Ai Group studies show that particularly in manufacturing, many supervisors and managers are promoted for their technical expertise yet many have received little or no leader development at all. Leadership and management development is typically viewed as a cost to the business perhaps because the correlation between leadership development interventions and improved business performance can be hard to measure. Low levels of investment could also be attributed to an excessive focus on the short-term and subsequent uncertainty regarding the tangible impact and return on investment of leadership programs. In Ai Group's 2014 Workforce Skills Survey almost 22 per cent of respondents stated that financial performance is the most common method used to measure the effectiveness of their leadership development efforts, yet financial performance is clearly impacted by many factors outside of an organisation's leadership. Understanding the correlation



between leadership development interventions and improved business performance is necessary to ensure the appropriate level and type of investment is made.

d) A short-term shareholder driven focus

Sixty three percent of respondents said that the pressure on company executives to deliver short-term financial performance had increased over the last 5 years¹².

Whilst many consider a company's stock price as the primary indicator of the value of a company, it does not provide a full perspective of its overall value and does not offer insight into the inner workings of the company or the activities that may be creating long-term value. The job of leadership is to create value by gaining insight into the nature and quality of the organisation's relationships with its key stakeholders, including how and to what extent the organisation understands, takes into account and responds to their collective concerns and needs. This is not to say that maximising shareholder value is not important. It is recognised that management has legal and fiduciary responsibilities to maximise shareholder gain, however these short-term pressures ultimately lead to an underinvestment in sustainability-related research & development, failure to develop sustainable products which could potentially open new markets or increase customer base, the failure to develop the human capital in the organisation and the failure to manage social and environmental risks¹³.

The importance of developing an ethical operating climate, together with consideration of a wider group of stakeholders requires a balancing out of a 'short-termism' approach together with longer-term business objectives. Many businesses view the stakeholder groups as separate from each other but in doing so the crucial relationships between the stakeholders and the business and between each other are ignored. The complexities that many organisations find themselves facing cannot be understood through analysing its parts and ignoring the greater system that exists.

There are many views on what the purpose and role of leadership is. Our intention is not to add to the litany of definitions other than to note that those actions or indeed inactions taken by those with leadership responsibilities have always and will continue to have consequences not only on the organisations they operate within but in the world they inhabit. The public is placing greater emphasis on holding businesses to account for the consequences of these actions and the impact they have on the community and the environment. This is requiring leaders to be authentic in their dealings and to demonstrate sustainability and ethics as part of their decision-making frameworks.

^{12 and 13} CPIB and McKinsey & Co (2013) Global Survey: Short-termism: Insights from business leaders

e) Limitations in the current management and leadership development framework:

Whilst much of the responsibility for poor management performance appears to land in the lap of organisations and their managers, the leadership development frameworks that have for so long trained our organisations' leaders must also bear some responsibility. Many leadership and management programs have failed in what they set out to achieve. This has little to do with the content of such programs which are often of high quality, and more to do with the implementation. In this regard, a number of barriers exist:

1. *A lack of organisation specific context:*

A lot of the development models we have relied on to date presume that 'transfer of learning' occurs once the individual returns to the workplace. It often doesn't as leaders can be constrained by the cultural norms/practices/ways of doing things 'back in the real world' and so the ability to put into practice the skills learnt is constrained. The proliferation of provider-led management/leadership qualifications that can be achieved without the need to actually demonstrate any leadership at all in context is deeply concerning.

2. *Misuse of the 70/20/10 Framework:*

For those learning providers/organisations that do recognise the importance of 'in context' development, the 70/20/10 framework is commonly applied. The 70/20/10 model works on the basis that the majority of learning occurs in the

workplace as part of what the manager encounters in their role and not in away-from-work training situations. Seventy percent of development occurs on-the-job, 20 per cent through working with and learning from other people (eg through feedback from a manager or co-worker), and 10 per cent through formal programs such as training or mentoring programs.

Utilised properly, the 70/20/10 framework emphasises the workplace as the main locus of learning, a factor critical to leadership development in which the individual's work environment is central to their learning. However the framework is too commonly used as a cost-cutting initiative by assuming that 70 per cent of learning will naturally come from 'doing' the job. However if the leadership behaviours and culture entrenched in the organisation are counter-productive then the learning derived 'on the job' is of little value. In addition, given the survey evidence that highlights Australia's poor people management practices, the efficacy of managers to provide constructive and meaningful coaching and feedback as part of the 20 per cent of the framework is questionable.

3. *Not enough focus on developing organisational leadership capability:*

Traditionally leadership has been posited as an individual skill developed through application of concepts learnt in the classroom with the intention that these new skills could be actioned back in the workplace. However this development is difficult for many since new ways of leading are not necessarily intuitive - our

own mental models, experiences and understanding of leadership as it needs to be practiced, unless made explicit through experience and reflection, place limitations (often unconsciously) on our own development as a leader. In addition, if the development is not aligned with business goals, then managers can often find themselves returning to the workplace armed with new skillsets only to find themselves confronted by stiff opposition when trying to implement newly gained skills into a culture and system that does not support the new way of doing things.

There is no doubt that it is vital to develop an individual's leadership capability and build the self-awareness that is required to function at the various levels of responsibility within a business. Of equal importance however, is the need to consider the organisation's collective leadership capacity needed to support the business goals. This pathway is organisation-specific and should ultimately seek to align a core set of leadership behaviours with the organisation's goals. Development of the organisation's leadership therefore requires a two-pronged approach that firstly identifies a leadership framework (including the relevant system, structure and processes that supports the organisations goals), which provides the basis upon which the individual leadership development needs can be addressed.

Our 2014 survey found that 37 per cent of respondents most commonly identify their leadership development needs from the performance review process. By virtue of this leader-centric

approach to leadership development demonstrated by many organisations, this differentiation is not that readily understood or at least acknowledged.

Of interest is the 49 per cent of respondents in Ai Group's survey who reported satisfaction with their current leadership development initiatives. The question remains as to how organisations are measuring the success of their leadership development initiatives when the evidence suggests that Australian managers are underperforming with respect to their people management capability and the leadership frameworks commonly used are inadequate to address the entire organisation's leadership strategy.

CONCLUSION

For contemporary enterprises to be well led, their leaders need to be aware of, and be able to adapt to specific organisational challenges relating to their business. As discussed in the paper these include the concept of the organisation's collective leadership capacity ie the organisation's culture including leadership behaviours and the compatibility with structure, processes, policies and systems. In addition, attention to longer-term value creation for a range of stakeholders will assist organisations to engage in the work of organisational transformation and the development of its leaders. A corresponding step change in the approach to management and leadership development work also needs to be recognised and committed to in order to assist those with leadership responsibilities to navigate new leadership practices and ways of working together.

WAY FORWARD

The future of Australia, the level of innovation uptake and the ongoing competitiveness and sustainability of industry will largely depend on the capability of our leadership and the changes we make now.

One of the many challenges will be to grow intelligently in a way that connects people with the purpose of the work and to provide the platforms that support rather than control.

To prepare ourselves for the new terrain we find ourselves in, and to secure a sustainable future, employers must prioritise the development of leadership capacity in order to close the gap between an understanding of what is needed to lead a successful organisation in today's environment and how organisations are currently led.

In doing so, we must also look to our education system and address how we can better prepare those who are faced with leading organisations into the future.

- Businesses must recognise that existing levels of leadership capability in Australia need to be improved;
- Organisations should be encouraged to cultivate a longer-term orientation and to consider how they create value for all stakeholders in the short, medium and

long term ;

- Continue reform of leadership and management education in particular through context specific programs. Equally, organisations must commit to a more complete approach to the development of their workplace culture and the leaders within them;
- Collaboration between our schools, academic institutions and business will be fundamental to innovation and sustainability. Increased and earlier exposure to businesses by the future workforce, together with appropriate development frameworks will allow organisations to build capability relating to an organisation's culture, orientation and ethics in the operating environment. This in turn will help shape both individual and collective leadership capacity and the leadership development required to support our future leaders;
- Culture impacts on strategy and in the case of Australia it is impacting on our ability to innovate. We need to better understand how our culture at both an organisational and national level is impacting on Australia's ability to remain competitive.

Ai Group is committed to helping Australian industry and its leaders thrive in a competitive environment. We are doing this by:

- forming alliances with relevant education partners to cultivate a longer-term outlook across businesses at the Executive

and Board level and encouraging collaboration between business and education through a coordinated network that provides coherent links via:

- a matching process for businesses and education providers
- information on types of placement models
- developing a leadership community where we can collaborate, offer insight, listen and discuss leadership challenges and important issues with industry;
- working with Government to advocate and support further reform in the education sector as it relates to management education;
- seeking out opportunities to collaborate in areas of practical leadership research relevant to Australia that will provide further insight into cultural barriers that exist to leadership and our ability to innovate;
- continuing to develop leadership tools and information to support leaders and the businesses they lead; and
- Sharing and promoting leadership success stories from across our membership to celebrate exceptional leadership and recognising its importance to innovation and sustainability.



Gain the leading edge with
a global perspective

AI GROUP PRESENTS THE

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This unique event gives you access to the foremost experts in the world on leadership capability and innovative business models and the very latest Australian research on innovation and collaboration. Become energised and reinvigorated by challenging conventional thinking, and be part of the conversation that drives Australia forward.

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- Access to fresh research into business innovation and transformation not seen anywhere else

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ENQUIRIES TO:

Claire Summerer
Principal Adviser - Leadership Programs
Address: 51 Walker St,
North Sydney 2060
Direct: (02) 9466 5453
Mobile: 0408 195 585
Email: claire.summerer@aigroup.com.au
www.aigroup.com.au

Anne Younger
General Manager,
Education and Training
Address: 441 St Kilda Rd
Melbourne 3004
Phone: (03) 9867 0172
Mobile: 0448 852 722
Email: anne.younger@aigroup.com.au
www.aigroup.com.au

Megan Lilly
Head of Workforce
Development
Address: Level 2,
441 St Kilda Road,
Melbourne VIC 3004
Email: mlilly@aigroup.com.au
www.aigroup.com.au



AUSTRALIAN INDUSTRY GROUP METROPOLITAN OFFICES

SYDNEY 51 Walker Street, North Sydney NSW 2060, PO Box 289, North Sydney NSW 2059 Tel 02 9466 5566 Fax 02 9466 5599

CANBERRA 44 Sydney Avenue, Forrest ACT 2603, PO Box 4986, Kingston ACT 2604 Tel 02 6233 0700 Fax 02 6233 0799

MELBOURNE Level 2, 441 St Kilda Road, Melbourne VIC 3004, PO Box 7622, Melbourne VIC 8004 Tel 03 9867 0111 Fax 03 9867 0199

BRISBANE 202 Boundary Street, Spring Hill QLD 4004, PO Box 128, Spring Hill QLD 4004 Tel 07 3244 1777 Fax 07 3244 1799

ADELAIDE 45 Greenhill Road, Wayville SA 5034 Tel 08 08 8394 0000 Fax 08 08 8394 0099

REGIONAL OFFICES

ALBURY/WODONGA 560 David Street, Albury NSW 2640 Tel 02 6041 0600 Fax 02 6021 5117

BALLARAT Suite 8, 106-110 Lydiard St South, Ballarat VIC 3350, PO Box 640, Ballarat VIC 3350 Tel 03 5331 7688 Fax 03 5332 3858

BENDIGO 87 Wills Street, Bendigo VIC 3550 Tel 03 5440 3900 Fax 03 5444 5940

NEWCASTLE Suite 1 "Nautilus", 265 Wharf Road, Newcastle 2300, PO Box 811, Newcastle NSW 2300 Tel: 02 4925 8300 Fax: 02 4929 3429

WOLLONGONG Level 1, 166 Keira Street, Wollongong NSW 2500, PO Box 891, Wollongong East NSW 2520 Tel 02 4254 2500 Fax 02 4228 1898

AFFILIATE: PERTH Chamber of Commerce & Industry Western Australia

180 Hay Street, East Perth WA 6004, PO Box 6209, East Perth WA 6892 Tel 08 9365 7555 Fax 08 9365 7550

