

INSIDE THE LEADERS' CLUB

How top companies deal with
pressing business issues

MICHAEL SKAPINKER

- Discover the pressing business problems identified by high-level executives through the popular FT Forum events.
- Get practical business advice on the challenges of modern corporate life from experts and peers.
- Gain insights on how to lead your business better, from talent spotting to artificial intelligence, navigating your business through a crisis and creating a new workplace culture.
- Unlock leadership and practical advice from senior executives, expertly curated, analysed and presented by FT contributing editor Michael Skapinker.

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‘The reader leaves feeling more knowledgeable and with a clearer perspective they can take into their working life.’

LYNDA GRATTON, LONDON BUSINESS SCHOOL PROFESSOR OF MANAGEMENT PRACTICE, CO-AUTHOR OF *THE 100-YEAR LIFE* AND AUTHOR OF *REDESIGNING WORK*

Praise for *Inside the Leaders' Club*

'Leadership is the difference. And the more complex the world gets, the truer that is. This book codifies countless real examples of great leadership behaviour. If you're currently in charge, read this. If you think you'd be better than the person currently in charge, read this.'

Tony Danker, CBI Director General

'*Inside the Leaders' Club* is a rarity among management books: it contains all the wisdom of great leaders with none of the pomposity. Michael Skapinker has had access to some of the most interesting leaders on the planet and boiled their advice down into something wise, snappy to read and, best of all, useful. I defy anyone to read this without learning a lot about themselves, their organisations and how to make both better.'

Lucy Kellaway, FT columnist; co-founder of Now Teach; author of *Re-educated: How I changed my job, my home, my husband and my hair*

'During my lifetime, I have read many management books. Perhaps too many. Fortunately, *Inside the Leaders' Club* by Michael Skapinker is far from a typical one. In a very reader-friendly format (after all, he is an FT writer), "without fear and without favour" (the FT's slogan), he offers deep insights and much wisdom on how to lead an organisation. Offering a wealth of business examples, each chapter presents the readers not only with very thoughtful, but also highly challenging questions of how to create best places to work. I recommend this book unequivocally.'

Manfred Kets de Vries, Insead Distinguished Professor of Leadership Development and Organisational Change

'There are some absolutely crucial questions that all leaders need a point of view about. Questions like: "how should I embrace AI?" or 'how do I manage a multigenerational workforce?'. In this wonderfully informative book, Michael Skapinker brings a wide cast of CEOs, thought leaders and experienced practitioners to debate what this point of view might be. The reader leaves feeling more knowledgeable and with a clearer perspective they can take into their working life.'

Lynda Gratton, London Business School Professor of Management Practice; co-author of *The 100-Year Life*; author of *Redesigning Work*

While many observers have spoken about the deleterious impact of mobile phone and screen use on young people's mental health, University of Oxford research in 2019, based on data from the UK, Ireland and the USA, found that there was little evidence of a relationship between screen use and emotional well-being in adolescents, 'even if the use of digital technology occurs directly before bedtime'.⁶

This conclusion received support from a 2017 Unicef report, which found that 'moderate use of digital technology tends to be beneficial for children's mental well-being, while no use or too much use can have a small negative impact. In the arguably most robust inquiry to date, it was found that these positive and negative impacts were very small and not as relevant as other factors known to be of importance to children's mental well-being.'⁷

All the same, some people, bothered by how much time they spend on their devices, would like to use them less. Surveyed for the Deloitte report, 39 per cent of people said they either used, or probably used, their mobile devices too much. But that left the majority feeling that their phone use was about right. The issue for leaders is whether they should be worrying about their staff's digital use, or whether they should leave their employees, who are adults after all, to make their own decisions.

DIGITAL OVER-USE – THE LEADERSHIP CHALLENGE

The first thing many leaders have to confront when talking about digital use, or over-use, is that it is not just their employees and children who are inseparable from their devices. So are their customers – or at least they hope they are. Digital devices are, these days, vital to the success of many businesses, which rely on email, sales sites, customer service chat bots and corporate apps for their success. It's not just our lives that have been transformed by the online revolution; so have our organisations.

Let's take the *Financial Times* as an example. Back in 2005, when I gave that Bankside interview, the bulk of the *FT*'s revenue came from two sources: newspaper sales and print advertising. In fact, when I was *FT Weekend* editor, how many people bought the print newspaper became my obsession – because that was one of the metrics (the other was the quality of the articles) by which I was judged. I used to receive sales reports each week, telling me how many readers had bought the newspaper in locations around the world, from San Francisco to Seoul, from Perth, Scotland to

Perth, Australia. In the quest to increase our print circulation, I went to visit our best-selling newsagent in a posh area of west London to ask for his insights into what our readers – his shop's customers – were after. (Don't add too many sections, he told me. Buyers of the other bulky weekend papers grumbled about how much they threw away, unread, each week. I listened to him.)

I asked the local newsagent in my home neighbourhood if I could stand behind his counter one Saturday so that I could watch how people behaved when they bought the *FT Weekend* in his shop. I discovered that they picked it up without glancing at it and took it straight to the counter to pay. So much for the hours we spent carefully crafting the front-page headlines to grab readers' attention. I realised that the trick was to get them to buy the *FT* in the first place. Once they were hooked, they would pick it up from the newsstand without a second thought, whatever was on the front page.

The reason I had to do this legwork was that, in those days, we had no real idea what our readers wanted or which parts of the *FT* they were reading. We were always guessing. Our research methods were unsophisticated. We sometimes placed surveys in the *FT*, asking readers to cut them out and post them back to us. In the surveys, we would ask them to tick the titles of the articles they remembered reading. Beyond those who took the time to reply, we didn't know what the rest of our readers thought of our journalism, unless they took the trouble to write a letter to the editor, which only a minority did.

Today, the *FT* is a very different business. Online advertising has grown; print advertising has shrunk. The company's primary focus is making money through reader subscriptions, the overwhelming majority for FT.com. The *FT* no longer needs to guess what people are reading. It has precise metrics on how many people click on each article online, how long they spend on it, what they read before that article and what they go on to read next. In comments underneath each article, hundreds of readers give their opinions of the journalism, and the journalists.

News organisations worldwide have done the same. News is an industry transformed, and often damaged. Few news organisations have matched the *FT*'s success in its move to digital subscriptions and its reduced reliance on advertising. Many news organisations, notably local newspapers, have gone bust. In 2021, the media mogul Rupert Murdoch wrote down the value of *The Sun* newspaper, once the hub of his global empire, to zero.⁸

The upheaval in the news business, with its victors and casualties, is reflected in dozens of other industries. Sector after sector has been

upturned by digitisation – and by people's use of their mobile devices to consume goods and services. The music companies once made their living selling vinyl records and, after that, cassette tapes and compact discs. In the 1990s, their main worry was illegal factories that turned out pirated CDs. In the early years of the millennium, as the internet began to grow, the music companies anguished over the teenagers who were illegally downloading music. The companies even sued some of these youngsters. When, in 2004, I challenged the then-head of the International Federation of the Phonographic Industry about the wisdom of suing a 12-year-old girl, he said: 'Could I point out to you that that particular 12-year-old had a credit card, a broadband connection and thousands of illegal files?'⁹ A broadband connection. Imagine.

Look at the situation today. Digital piracy is still a problem for the music industry. But the arrival of legal streaming services, such as Spotify, Apple Music and Deezer, has handed the industry a lifeline. Legitimate downloading helped drive 2020 worldwide music revenues to their highest level since 2002, up 7.4 per cent to \$21.6 billion. This is a huge turnaround from the early online years when the music business appeared to be in a death spiral. It is people downloading music to listen to on their mobiles – legally – that has driven the revival. Streaming accounted for as much as 62 per cent of music business sales in 2020.¹⁰ (The music industry makes the rest of its money from physical products, such as CDs, the fashion for vinyl records, performance rights and music used in adverts and games.)¹¹

Other business sectors have also changed enormously. The film and television industries have been transformed by streaming services such as Netflix. The books business, and many other areas of retail, have come up against the behemoth that is Amazon. Companies such as Ocado have driven the growth of online supermarket delivery, which enjoyed a particular boost during the coronavirus pandemic when many were reluctant to go into stores.

The ranking of the world's most valuable listed companies indicates how prominent online businesses have become. The world's 10 leading companies by market capitalisation, as detailed by PwC in March 2021, show seven that were propelled to their heights by the digital revolution of recent years: Apple, Microsoft, Amazon, Alphabet, Facebook, Tencent and Alibaba (although tech stocks tumbled in 2022).¹² So, while music industry executives, and those in many other businesses, may worry about their children's, and their own, over-use of digital devices, those whose businesses have survived and prospered know that their industries would not be in their current healthy states without it.

ON YOUR LEADERSHIP AGENDA

- *How many hours do you spend on your mobile device every day? How much of this is business-related?*
- *Do you worry that you, and your children, are spending too much time in the digital world and too little in the real one?*
- *Could your business prosper, or even survive, if your customers spent less time on their devices, interacting with your company?*

THE WORK–WORLD BALANCE

‘Auf wiedersehen, post – Daimler staff get break from holiday email’ was the headline on an article in the *Financial Times* in 2014. The vehicle manufacturer told its 100,000 German employees that they could sign up for ‘Mail on Holiday’, which automatically deleted all their incoming emails while they were on holiday. The sender received a message saying that the email had not been delivered to its intended recipient. They were told they could contact a nominated replacement instead. ‘Our employees should relax on holiday and not read work-related emails,’ Wilfried Porth, Daimler’s board member for human resources, said.¹³

The Daimler announcement won wide publicity and raised an important question. We have been discussing how much companies depend on customers downloading news, music and films, and making online purchases on their screens and mobile devices. But how much time do leaders want their own employees to spend on their phones and computer screens? We are not talking about the amount of time they spend on their devices in their private lives. That is their concern (although how much of their work time they spend on private digital business, such as shopping or communicating with Facebook friends, may be yours). The real issue for leaders is how much time employees spend on their devices when they are working for you.

Daimler made it clear that it did not expect staff to deal with their work emails while they were on holiday. But what about the evenings, the early mornings and the weekends when they aren’t on holiday? The arrival of email, Slack messages and other ways for organisations to keep in touch with their staff has blurred the boundary between work and home life. And the great work-from-home that began with the coronavirus pandemic of 2020 often erased that boundary completely. If you are sitting in your spare

bedroom or at the kitchen table, when does your work stop – and cooking dinner or helping kids with their homework begin?

People who worked from home in 2020 put in 6 hours of unpaid overtime on average per week, compared with 3.6 hours for those who did not work from home, according to the UK Office for National Statistics.¹⁴

Even before the pandemic, governments began stepping in and laying down rules on the boundary between work and home. On New Year's Day 2017, the French Government granted workers a 'right to disconnect'. The government in Paris ordered companies with more than 50 employees to draw up a charter of good conduct, setting out the hours when staff should not send or answer emails.¹⁵

In 2021, the Portuguese Government passed a law prohibiting companies from contacting staff outside normal office hours (and forcing them to meet their employees' work-from-home extra energy and communication costs).¹⁶

In the same year, Leo Varadkar, Ireland's Enterprise, Trade and Employment Minister (and former prime minister), announced that his country's workers would also have a right to disconnect, effective immediately.

Not only did Irish employees have the right to refuse to work outside normal working hours, they had the right not to be penalised for exercising that right. They also had the obligation, the Irish Government said, to respect other people's right to disconnect, by not emailing colleagues outside working hours.

Varadkar's statement acknowledged that worldwide lockdowns had changed the context for the right to disconnect. 'The pandemic has transformed working practices and many of those changes will be long-lasting,' he said. While many people had lost their jobs and companies had been forced out of business, working from home had been an improvement for others. They could spend more time with their families, and their working hours could be more flexible.¹⁷

This meant that, for some, the ability to send or receive emails in the evenings or on weekends had been a boon; they may have been supervising home schooling during their office hours. For others, it seemed intrusive that they should be expected to answer emails outside normal hours just because they were working from home. If the email came from someone more senior, or even from an ambitious equal that you feared might outpace you, you may have felt it was best to reply.

After a few months of lockdown, a colleague with senior management responsibilities and a young child sent me an email on the weekend with

a note appended to it. It said: 'Please be aware that I do not expect a response to my emails during the weekend or evenings – this is simply the time when I am sometimes able to get aspects of my work done but I do not expect others to have the same work style!'

I found this considerate and did not reply until the Monday morning. Other, more junior colleagues may have felt it politic to reply immediately, whatever the message said.

These ad-hoc arrangements about out-of-hours responses may work for some, but not all. Should companies follow Daimler and lay down rules, particularly if their governments have not yet said anything? And even if their governments have set out rules, governments like Ireland's still leave companies with room to manoeuvre: the Irish announcement said employers and employees should work together to decide what was best. Many organisations discovered one advantage of online meetings: they widened the circle of participants. Discussions often involved people from more countries than in the past, even if they were in different time zones. This flexibility, the Irish Government said, 'reflects the fact that many Irish employees are part of a global network, requiring contact with colleagues around the world'.

Some observers of digital life have proposed that companies deal with constant online meetings by introducing the idea of a 'tech sabbath', one day a week when we turn off our phones and take a break from Slack, email and LinkedIn, behaving as we did before the smartphone was invented. Tom Kegode, who is the future-of-work strategy leader at Lloyds Banking Group, told the FT event that a team at the bank had tried the digital sabbath. They saw the benefits of 'recharging and looking at how they are using technology'. There were business as well as personal advantages to doing this, Tom Kegode added: 'We need to take the time to recharge because, if we are stretching ourselves too thin, our productivity is affected. We are not doing our best work.'

Tim Harford wrote that something even longer than a tech sabbath might be a good idea: some experts have suggested a 30-day, or 6-month, break from digital devices. Tim Harford said we needed to rethink our entire relationship with our mobiles. 'There is no intrinsic benefit to taking a month off from computers any more than one might recommend a brief, invigorating break from smoking or opiates,' he wrote. 'The aim is to change the status quo to allow a reassessment. It's only after you put down the electronic rucksack overflowing with digital possibility and stroll off unencumbered that you're in a position to make a sensible decision about whether you really want to carry it around all day long.'