



By James E. Leemann, Ph.D.

## Don't start the revolution without me A CEO survey shows how fast business is changing

*Life can only be understood backwards; but it must be lived forwards. — Søren Kierkegaard – Danish Philosopher*

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**M**y fellow safety professionals, we have been in the midst of a business revolution the likes of which we have never experienced before. It is imperative that we quickly recognize the characteristics of this revolution, or we will continue to be pushed to the curb when trying to become a part of this revolution. We need to rethink our purpose looking forward in the context of the dynamic world in which we work and live today.

The business revolution I refer to can be summed up in one word – COMPLEXITY.

In May 2010, the IBM Institute for Business Value published its biennial CEO study.<sup>1</sup> The study interviewed 1,541 CEOs, general managers and senior public sector leaders in 60 countries across 33 industries. This free, 71-page booklet is a must read for all safety and health professionals.

### View from the corner office

So what did these 1,541 CEOs have to say?

Seventy-nine percent stated their primary challenge is Complexity and that “they operate in a world that is substantially more volatile, more uncertain, more complex, and structurally different.” More than half “doubt their ability to manage it.”

Sixty percent of the CEOs cited Creativity as the most important leadership quality. Creativity comes in the form of “experimentation and inno-

vation, significant changes in strategic business models, more calculated risks, seeking new ideas and innovative means to lead and communicate.”

Regarding the top focus areas for CEOs, “88 percent stated ‘getting closer to customers,’ 81 percent stated ‘people skills,’ and 55 percent stated ‘risk management.’”

“Getting closer to customers” focuses on the ability of consumers to easily research purchase decisions. Consumers have become even more fickle when it comes to price, quality, and value. CEOs expect to “co-create products and services with customers and integrate customers into core processes.”

A majority of CEOs are managing complexity by “simplifying operations and products, and increasing dexterity to change the way they work, access resources, and enter markets around the world.” “Dexterous leaders expect 20 percent more future revenue to come from new sources.”

So, Jim, what does this business mumbo jumbo mean?

### Complexity

In today’s “new economic environment,” corporations are far more susceptible to failures, often from events over which they have no control. Safety and health pros no longer have the luxury of viewing the world strictly through the lenses of safety and health. We must learn and apply systems thinking approaches to the safety and



health messes we are facing each day; otherwise, we are doomed to drive into the future looking in the rear-view mirror and longing for the “good ole days.”

“In North America... eighty-seven percent of the CEOs anticipate greater government intervention and regulation over the next five years, compounding their sense of uncertainty.” How knowledgeable are we of the rules that regulate business and

have an antagonistic effect on safety and health?

### Creativity

For too long, the safety and health function has been fixated on what has happened versus what is going to happen. We need to master analytics to “see around corners” and “predict outcomes” before they happen. CEOs need to understand the consequences, unintentional and intentional, of their decisions before they decide. Rarely do CEOs modify their decisions based on after-the-fact incident reports or TRIR/LWC levels.

Safety and health management systems remain entirely too rigid and compliance-focused to effectively react to the pace of business. Capitalizing on complexity will require safety and health pros to create management systems that are agile and flexible enough to withstand continuous change. We need to learn how to anticipate, predict, test, tweak, and redesign safety and health activities continuously.

Creative safety and health leadership will require us to move away from the “tried and true” command and control

leadership style to one of persuasion and influence. Safety and health pros will need to “relinquish control in favor of building more trust throughout the organization.” Work with the organization and leadership to create a shared vision, and then equip leadership to communicate that vision.

## Reinvent customer relationships

In this “new social networking world” we live in, connecting with customers becomes extremely challenging. For most safety and health pros, “getting closer to customers” typically means “internal” customers. From a creativity standpoint, “getting closer to customers” for safety and health pros should include reaching out to external customers and providing safety and health expertise to intermediate and end-user customers. Means for communicating with internal and external customers have proliferated over the past several years. “Customer relationships” is certainly an area worthy of close attention.

Fifty-five percent of the CEOs stated “Risk Management” is one of their top

focus areas over the next five years. Here is another area for safety and health pros to deliver unprecedented value. Risk management needs to become far more mainstream in organizations through easier-to-use application tools, understanding results, and acting appropriately as opposed to being done by a select group of risk management experts.

## Building operational dexterity

Applying operational dexterity to address safety and health complexity involves: 1) redesigning management systems to tolerate and improve upon themselves by “expecting the unpredictable;” 2) simplifying safety and health processes and procedures; 3) for those complex systems that cannot be simplified, “mask the complexity to your advantage” by designing “intuitive – and easy-to-use – interfaces” for employees and customers; 4) analyzing all of your safety and health fixed costs and converting as much to variable costs to allow the business to scale up and down more quickly; 5) leveraging the safety and health function through a “shared-ser-

vices model” across the organization; 6) rebalancing global integration of safety and health with local relevance – Be “Glocal;” and 7) designing agility into the safety and health function to “expect 20 percent more revenue to come from new sources.”

It is clear to me, the IBM Institute for Business Value has provided a comprehensive platform for safety and health pros to capitalize on the complexity of their business and increase the relevancy of the professions. Thanks Mr. Palmisano.

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1 IBM Institute for Business Value. 2010. *Capitalizing on Complexity – Insights from the Global Chief Executive Officer Study*. Somers, NY. <http://www-935.ibm.com/services/us/ceo/ceostudy2010/index.html>