



# A NEW LEADERSHIP MINDSET

**Ways of thinking that put people at the forefront are fueling digital transformation. So what new models are helping boards drive innovation?**

**One of the consequences** of remote work becoming mainstream as a result of COVID-19 is that leaders have had to extend more trust to their workforce.

Never have the upheavals to the way business is done come so thick and fast, nor has it been more challenging to lead or easier to blame external circumstances for our failures. In such an environment, the need to execute a seamless digital transformation is imperative; and indeed, our customers expect it. Yet many leaders lack the necessary mindset and fail to put people and staff at the centre of their transformation strategy.

## Empathetic leadership

In such challenging circumstances, empathetic leadership matters more than ever, says leadership adviser and founder/principal of The Alignment Partnership, Dr Peter Fuda.

“Whatever the end goal of the transformation is, it’s the people who need to implement it, articulate it, accept it. When people get to an acceptance... there’s a deep commitment,” he tells *Directors on Digital*.

The logic of putting people first is simple: take care of your people and they will take care of your customers, who will return again and again. This is even more necessary during transformation as the process of change can be challenging and uncomfortable.



Dr Peter Fuda, The Alignment Partnership

## A growth mindset matters

Organisations that have flourished during times of unprecedented change tend to be those led by individuals with a growth mindset. The concept was set out in the seminal book by Stanford psychologist Carol Dweck, *Mindset: The New Psychology of Success*. She argues that a growth mindset thrives on challenge

“There is no organisational transformation without leadership transformation.”

Dr Peter Fuda, The Alignment Partnership

and sees failure not as indicating a lack of intelligence, but as a welcome springboard for growth. By contrast, a fixed mindset assumes that our character and abilities are static givens and failure is avoided at all costs.

Microsoft’s managing director in Australia, Steven Worrall, agrees, saying that we must be hungry to learn everything possible about our markets, customers and partners. “Organisations that have been successful have been those that have had an inherent curiosity about what’s happening around them. They’re very open to ideas from the ecosystem and essentially want to be in our lingo, what we would describe as learn-it-all, not know-it-all.”

## Diversity on the board is key

Telstra also faces the need to transform. Once a hardware company with a physical network of state-of-the-art exchanges, it is now reinventing itself as a software company. Crucial to its ongoing success is its diverse board, with members that share a growth mindset, but play to distinctly different strengths.

“The other way of addressing [knowledge gaps] is to ensure you’ve got diversity on a board, where you’ve got people who are naturally attuned to some of those different influences,” says Telstra chair John Mullen.

## Leadership transformation

Microsoft’s Work Trend Index surveyed 30,000 employees from 31 countries. “One of the conclusions we’ve drawn is that talent is now everywhere,” says Microsoft’s Worrall. “Technology is making it possible for us to connect with people wherever they may be, which opens up all sorts of opportunities.”

Underpinning this, says Dr Fuda, is the need to focus on accountability and key management levers that reinforce behaviours. In his whitepaper, the *Seven Laws of Transformation*, Dr Fuda spells out why it is people who drive transformation, not organisations.

“There is no organisational transformation without leadership transformation,” he writes. “You can have a great strategy, a great structure and great systems, but leadership is the accelerator or the handbrake.”

## SEVEN LAWS OF TRANSFORMATION

Proven principles to accelerate the journey

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| <b>1.</b> Transformation is not a program. It’s a way of life.                     | from the aggregation of many small things.   |
| <b>2.</b> Organisations don’t transform. People do.                                | <b>5.</b> Very small changes can have an exponential impact.                           |
| <b>3.</b> Transformation is not a matter of intention. It’s a matter of alignment. | <b>6.</b> Action is the easy part. Accepting the need to change is where we get stuck. |
| <b>4.</b> Transformation does not result from one big thing, but                   | <b>7.</b> Transformation is 80 per cent science, 20 per cent art.                      |

Source: *Seven Laws of Transformation* whitepaper. More information at [peterfuda.com](http://peterfuda.com)

## LISTEN NOW



## PODCAST: EPISODE TWO

With culture, we know directors set the tone at the top. In this episode of *Directors on Digital*, we explore the challenges of ensuring employee wellbeing and performance. Joining host Alan Kohler are Steven Worrall, managing director Microsoft Australia, Dr Peter Fuda, leadership adviser, and John Mullen, chair of Telstra and Brambles. [aicd.com.au/directorsondigital](http://aicd.com.au/directorsondigital)

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