



As I reflect on the articles in this collection, one thing stands out clearly: I am obsessed with how boards and management teams can look up from the day-to-day grind, escape the endless siren call of short-term initiatives, and have the courage and confidence to continue to position their businesses for long-term success.

All too often, though, long-term priorities get swept aside by short-term distractions. Time and again, business leaders find that their calendars are filled by a regular cycle of business-as-usual meetings. Where an 80:20 rule may apply in much of business, when it comes to the future, most businesses struggle to manage 95:5. In other words, they spend 95 per cent of their time, energy, and money on the immediate needs of the business, on preserving and refining the status quo. At best, no more than 5 per cent is spent conceiving and bringing to life the business that will be their growth engine in 10 years time.

This is, of course, understandable. Shareholders and financial markets often clamour for short-term results, and executives respond by chasing

you avoid the temptations that have led thousands of other CEOs astray, contributing to an untimely end to their executive careers? Here are six simple rules distilled from traits that we see in the most successful leaders around the world, whether in business, government, academia, or the not-for-profit world.

1. Do not spend 90 per cent of your management's time and your company's financial investment on attempting to preserve the status quo. Instead, you must invest much more heavily in the future. Do not assume that, since dramatic change has yet to impact your own industry, it will never happen. To twist a well-known quote: "The future's a foreign country; they do things differently there." The truth is that humans are almost immune to incremental change. They do not see it as it happens, and are shocked when after a decade of small changes, month by month, a new paradigm has emerged. Like the proverbial frog placed in a pan of cool water, they never wake up to the imminent risk of being boiled alive. Great if you like frog soup, but not so good if you want to avoid ending up as

making remains beholden to the idea that skills improve with age and experience. On one level, this is no doubt true—most people are much better at understanding the ramifications of alternative choices as they gain practical experience through their lives. But the application of advanced mathematical and statistical techniques offers a much more powerful, reliable, and precise way of making many decisions. Whether it is a question of predicting the future more precisely, or understanding objectively what the data is really telling you, the techniques behind big data offer a dramatically more reliable way of making choices. As an aside, it's worth mentioning that the rapid explosion in computing power over recent years (and dramatic falls in the cost of access to the most powerful computers through services such as Amazon) have made application of these techniques to all sorts of problems enormously more cost effective than ever before.

4. Do not assume that the oldest people in your business have the best ability to anticipate the future. Indeed, all too often, the older people may be more set in their ways, and may find it harder to imagine dramatic changes in the environment in which they are operating. To make matters worse, as executives reach the later stages of their careers, they may become less motivated to grapple with challenges and changes that lie over the immediate horizon, safe in the knowledge that they will soon have retired with a well-stocked pension fund. This is, incidentally, one of the rarely mentioned negatives associated with the end of defined-benefit pension funds. At least at the margin, the latter tied the fortunes of employees to the fortunes of the company over the long term, even after their retirement, something that cannot be said of a simple, transportable 401k-style pension plan. As one example of the power that youthful insight can bring, most people realise that the next US presidential election will be held in November 2016, following the age-old timetable. But the result of the election will very likely be known in barely 12 months

time. Remember that in 2012, Nate Silver gave a definitive prediction of the result some four months before the election and indeed got the result right in every single state. Importantly, it was not just that he had predicted the result correctly, but also how confident he knew he could be of the result that long in advance. Pollsters and pundits—the old and wise of election forecasting—dismissed his views out of hand. But youth and expert use of data triumphed dramatically, as it will most certainly do again in 2016.

5. Do not make financial decisions that rely on base-case assumptions. This is a huge statement, I appreciate. "How on earth can we run discounted cash flow models without a base-case forecast?" you might well ask. For a complete answer to this question, you'll have to wait for my next book. But in the meantime, the conceptual starting point is simple to describe. Your decision-making needs to take account of the full range of outcomes that are possible for every material driver of performance over the short, medium and long term. The latter is especially important. If you simply boil all the risks down to a single risk premium, then this has the immediate effect of discounting the future almost entirely. In other words, your models will tell you that what happens in year 10 and beyond won't matter very much. Look at Google's history, or think about justifying the construction of major civil or industrial infrastructure, and you will quickly realise the huge flaws in the traditional approach to valuation.

6. Finally, do not assume that 'simplicity' and 'focus' is the best possible approach. Many of the great new businesses of the past 20 years have been built with a singular focus on a very specific market, product, or service. Whether it is Airbnb, Uber, or hundreds of other technology businesses funded by the venture capitalists from the Sand Hill Road and elsewhere, there has been a very strong emphasis on ensuring the mission is very clearly and narrowly defined. But the bigger successes—Apple, Google, and the new emerging Tesla—have

addressed entire ecosystems of opportunity. And at a deeper level, as the world in which strategic decisions are made becomes more complex, there are strong arguments in favour of embracing that complexity, rather than attempting to simplify it or ignore it completely. The dramatic changes facing the media sector over the next decade are one example—there is no single, narrow point of focus that will enable incumbents to survive the white heat of the ongoing social media revolution. They need to look to build technology platforms and businesses that will be resilient in the face of change, and technology platforms which set them free to ride the wild seas of innovation. Where to from here? The most successful leaders around the world are playing to a different set of rules. They are not constrained by the past and they are not slave to the status quo. They are prepared to invest disproportionately in the future, and seek out ways of embracing its essential uncertainty. This allows them to make strong, apparently bold decisions, safe in the knowledge that their choices will prove wise in hindsight. Do you have the courage to join them?

The most successful leaders around the world are playing to a different set of rules.

Dumb Ways to Die

Incremental improvement is not enough. Are you really investing in your future, or are you writing your own epitaph?

a short-term agenda. But there's also plenty of evidence that this simply doesn't work. CEO tenure has got shorter as CEOs have followed a shorter-term agenda. Conversely, many of the most successful leaders are those who have been able to rise above the temptations of the three-month initiatives and media spin, and who have pinned their colours to a long-term mast. Nowhere is this more true than in Australian politics, where the nation's most successful political leader, New South Wales Premier Mike Baird, has focused very strongly on the long-term transformation of the state.

Politicians everywhere, take note: long-termism is the new black.

So what can you do if you want to emulate the great leaders? How can

another Polaroid or Kodak.

2. Do not assume that the status quo is safer than innovation. The strong preference for the devil you know is born of hundreds of thousands of years of evolution—of knowing that if you follow the same path to the same waterhole at the right time, you won't be eaten by the lions. But the accelerating pace of change has altered all that. Now innovation has become the safer path. As Mike Baird said (rather prophetically, when treasurer of New South Wales): "Change involves risk; however, it also may be the very reason that you remain in your job."

3. Do not rely on judgement, instinct, and experience to make decisions rather than on objective analysis of data. Human decision

