

St.Gallen
Symposium



NIM Nuremberg Institute
for Market Decisions

PURPOSE BEYOND PROFIT

VOICES OF THE LEADERS OF TOMORROW
2019

About the Nuremberg Institute for Market Decisions (NIM)

The Nuremberg Institute for Market Decisions (formerly “GfK Verein”) is a non-profit and interdisciplinary research institute dedicated to the systematic investigation of consumer and market decisions. The institute is also the founder and anchor shareholder of GfK SE.

At the interface between science and practice, the NIM explores how market decisions are changing due to trends, new technologies, and new sources of information. Our goal is to deepen the understanding of consumer decisions as well as those of marketing executives, and to use this knowledge to help improve the quality of market decisions.

The NIM fosters the dialogue and cooperation with experts from science and practice, with innovators and startups who are particularly interested in market decisions and market insights. Research results are shared and discussed by the NIM through publications, conferences and lectures with its members, and the professional public.

About the St. Gallen Symposium

The St. Gallen Symposium is the world’s leading initiative for intergenerational debates on economic, political, and social developments. We bring together key decision makers, thought leaders, and brilliant young minds to address current challenges and opportunities on transforming ideas into action. Since 1969, we have fostered healthy debates and created an outstanding community for exchange. We are a student-run initiative combining excellence with innovation: A unique and extraordinary experience.

The Leaders of Tomorrow are a carefully selected, global community of the most promising young talents. Each year, 200 academics, politicians, entrepreneurs and professionals around 30 years or younger are invited to challenge, debate, and inspire at the symposium. By questioning the status quo and representing the voices of the next generation, the Leaders of Tomorrow are at the very heart of the St. Gallen Symposium, making the conference a unique experience. Leaders of Tomorrow qualify either through our global essay competition aimed at graduate students, or they attend based on their professional or academic merit through a strict hand-selection process. After the symposium, they join our Leaders of Tomorrow Alumni Community counting over 2,000 members worldwide.

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PURPOSE BEYOND PROFIT

“Leaders in every single institution and in every single sector [...] have two responsibilities. They are responsible and accountable for the performance of their institutions, and that requires them and their institutions to be concentrated, focused, limited. They are responsible also, however, for the community as a whole.”

Peter Drucker

Businesses encounter an accelerated pace and intensity of change. The traditional ways of doing business are disrupted by digitalization and the rise of AI. At the same time global factors such as climate change, geopolitical turmoil, and new regulations increase uncertainty. Nonetheless, to stay competitive, both in terms of markets and recruitment of talent, businesses must adapt to the cultural shifts brought by the digital generations demanding companies to take on new responsibilities and mitigate unwanted externalities.

This study gives a voice to a specially selected group of future top talent: the “Leaders of Tomorrow” from the network of the St. Gallen Symposium. More than 1,000 “Leaders of Tomorrow” from all over the world followed this year’s invitation to share their opinions about the role of companies in society and about their expectations and ideas for purpose beyond profit as part of doing business.

This report analyzes and aggregates the “Voices of the Leaders of Tomorrow” and discusses the results to illustrate possible implications that today’s executives should watch out for. It provides unique insights into the minds of a very special group of young top talent.

Our aim is to help foster a fruitful discourse and we are looking forward to a constructive dialogue about the issues at hand both during and after the 49th St. Gallen Symposium.

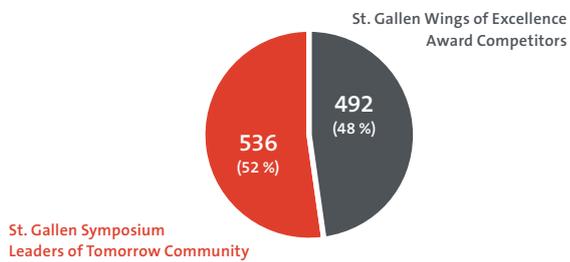
Dr. Fabian Buder
Head of Future & Trends Research
Nuremberg Institute for
Market Decisions

OVERVIEW: SAMPLE AND SURVEY METHODOLOGY

Online survey conducted in February 2019 with 1,028 Leaders of Tomorrow ...

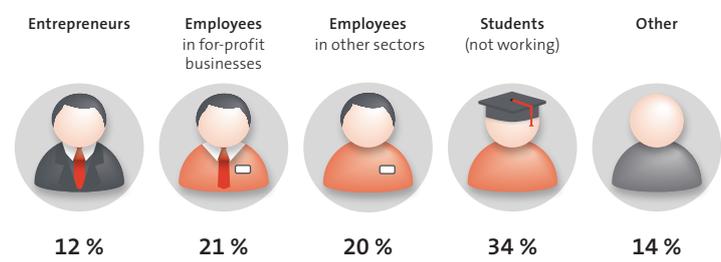
... personally invited through the network of the St. Gallen Symposium

Recruitment



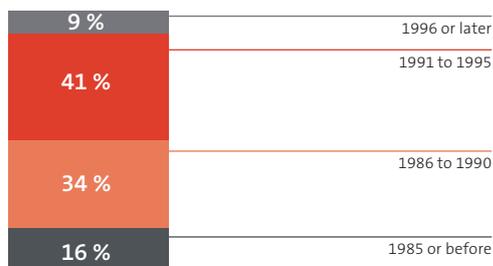
... both students and (young) professionals

Status



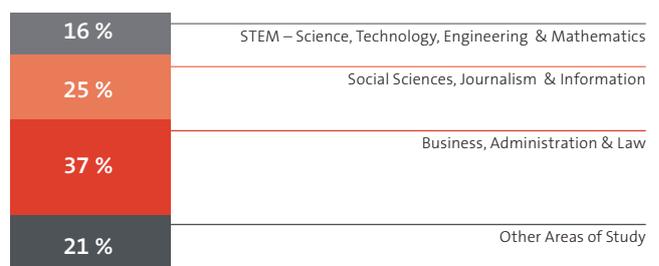
... mainly from Gen Y (Millennials)

Year of birth

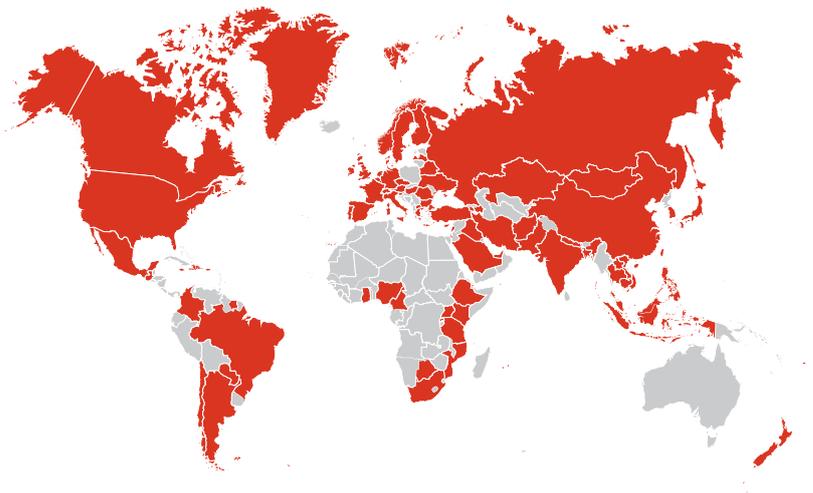


... with a great variety of academic backgrounds

Academic background



... from more than 80 countries all over the world



KEY INSIGHTS SUMMARY

40%

*of the Leaders of Tomorrow
with work experience
at least once decided not to apply
for a job because the employer
did not fit their values*

Focusing solely on profits can shrink a company's talent pool

Most Leaders of Tomorrow believe that businesses should consider employees, society and the environment above profits and they also see work life as an instrument for positive impact.

Pursuing a purpose beyond profit may be a decisive factor in the “war for talent”. The Leaders of Tomorrow look for values they can share and an engaging purpose in a job and they seem to “walk the talk”.

The Leaders of Tomorrow screen companies for the purposes they pursue. If the company does not fit their values, they may refrain from applying for job openings, turn down interesting job offers from companies, and pick more purposeful jobs at other companies – even at the cost of a lower payment.

Top 5 Most valuable activities to stay competitive in the future

- 1 Driving the development of sustainable technologies
- 2 Ensuring employee well-being and providing fair payment and benefits
- 3 Offering products or services that directly support social or environmental issues
- 4 Ensuring a sustainable and fair operation and production
- 5 Ensuring ethical and sustainable work conditions

Established companies should reinvent their products or services and their processes to stay competitive in the future

The Leaders of Tomorrow see pursuing a purpose beyond profit as a competitive advantage in future markets.

To get ready for the purpose-driven future that the Leaders of Tomorrow see, companies cannot simply “tack on” any kind of “good purpose” to their existing products or services. Instead, the Leaders of Tomorrow see the need for companies to fundamentally change how business is done today, with a focus on sustainability and fairness in all aspects of doing business.

The most valuable activities for established companies from the Leaders of Tomorrow's perspective can be summarized as: create products and services that make a difference for society and environment through the use of sustainable technologies and processes while treating your employees and other stakeholders well. In contrast, traditional CSR activities are considered to be much less important in the future.

Being a purpose-driven company requires new definitions of success and new, non-financial progress measurements

A difficult problem for those companies that have already defined a purpose beyond profit seems to be measuring progress and performance of this purpose and taking non-financial factors into account for strategic decisions.

According to the Leaders of Tomorrow, it often fails due to a lack of tools and techniques. However, the entrepreneurs among the Leaders of Tomorrow seem to be one step ahead – luckily, many of them shared their ideas for measuring a purpose beyond profit with us later in this report.

18%

of the employees vs.

41%

of the entrepreneurs

among the Leaders of Tomorrow say that non-financial factors are extensively researched and significantly influence strategic decision-making

Winning the war for talent while mastering digitalization and dealing with the consequences of climate change should “keep CEOs up at night”

Asked for the biggest challenges that established business will have to solve in the near future to stay competitive, the Leaders of Tomorrow consider first the rising, increasingly global competition for talent getting even more difficult due to changing priorities of employees regarding their jobs.

Second, digitalization’s transformational effects on business models as well as on the workforce, followed third by the growing number of challenges caused by environmental degradation and climate change.

Top 3: Biggest challenges for established businesses

1 Winning the war for talent

Rapid advancement of technologies and increasing globalization of labor markets lead to a rising competition for the right talent. At the same time, working environments and priorities of employees regarding their jobs are changing, demanding new approaches for attracting and retaining talent.



2 Mastering the digital revolution & AI

With regard to automation, AI and the advancement of other disruptive technologies, companies have to deal with transformational effects on their business models. The spread of AI and automation also triggers new management challenges and causes new social disruptions that companies are seen responsible for.



3 Adapting to climate change

Businesses face a growing number of challenges caused by environmental degradation and climate change. On the one hand, negative effects of environmental degradation and the scarcity of non-renewable resources are expected to affect business performance. On the other hand, companies are seen as being under pressure to respond to claims of consumers and regulators for more sustainable business practices.



PURPOSE BEYOND PROFIT – NEW PRIORITIES TO STAY COMPETITIVE

Key takeaways in this chapter:

- ▶ *The Leaders of Tomorrow see companies as an instrument for human well-being and emphasize their responsibilities for employees, society and the environment. A call to action for profit-oriented leaders and for businesses where profit is the top priority.*
- ▶ *The Leaders of Tomorrow strive for purposeful occupation – values they can share and an engaging purpose in a job. Thus, making a “purpose beyond profit” a decisive factor in the “war for talent” while financial rewards and benefits seem to be only secondary.*

The generations currently taking over responsibility in organizations are the so called digital natives, people born after 1980. What are expectations of top talent from this generation for the role and responsibilities of businesses in society? Are they really as purpose-driven as it is often said and if so, does it influence their behavior when it comes to job hunting? Ultimately, what does that mean for companies trying to hire today’s top talent?

New role of businesses: instruments to make the world a better place

Despite a long-standing corporate social responsibility debate, companies always seemed to be focused on profit and maximizing shareholder value.

For the surveyed Leaders of Tomorrow the role of businesses in society is clearly a different one: companies are rather seen as an instrument for advancing human well-being. The respondents see an obligation of businesses to use their power to improve the state of the world.

They emphasize businesses’ responsibility to create value not only for their shareholders but for all stakeholders, including employees, communities and, in a wider sense, even the environment. For the Leaders of Tomorrow, businesses should set out to achieve a broad balance of objectives focussing on:

- ▶ Improving society and protecting the environment
- ▶ Developing innovative new products and services, before driving efficiency
- ▶ Job creation and career development for employees

In comparison, generating profit for shareholders is not one of the most important responsibilities of companies from the Leaders of Tomorrow’s perspective (Exhibit 1).

The Leaders of Tomorrow consider their own focus on purpose beyond profit as a distinction from previous generations. From their point of view, the current generation of business leaders (those mostly 40-60 years old) is profit-driven, prioritizing financial gains and driving efficiency over creating a positive social impact (Exhibit 1).



“We are living a new revolution, one that is not characterized by the arrival of new technology like previous ones but by a deep concern for values. The hardest part for CEOs and managers is that in order to understand this revolution, in which for the most they are not taking part, they need to change their mindset.”

*Diego, 28, Bolivia
Social Entrepreneur and Project Engineer*

Exhibit 1

The Leaders of Tomorrow prioritize social responsibility of businesses and see the current generation of business leaders as “out of step” with these priorities

Question 1: What do you think are the top priorities of the current generation of business leaders (mostly 40-60 years old) in the country you currently live in?

Please select up to 3 items from the list. The current generation of business leaders (mostly 40-60 years old) sets the priorities on ...

Question 2: From your perspective, what are the most important responsibilities of businesses in the country you currently live in? Please select up to 3 items from the list.

In general, it is most important that businesses are ...



Numbers are percentages of cases | Multiple answers possible

n = 1,028; “Leaders of Tomorrow – Wave 2019”

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Individuals – at work and as consumers – are expected to improve the state of the world

The Leaders of Tomorrow believe in the power of individuals and try to make a difference in the world through their professional work life. Most of the respondents stated that individuals have to play the greatest role in making the world a better place, followed by businesses on rank two and governments just behind on rank three.



“I believe it is important for businesses to integrate a purpose beyond profit into business models because a new generation of consumers is quickly entering the market that is more aware of its social and environmental surroundings than ever before. Young people of today care about a company’s reputation, sustainability track record as well as ethical business practices and make economic decisions based on them.”

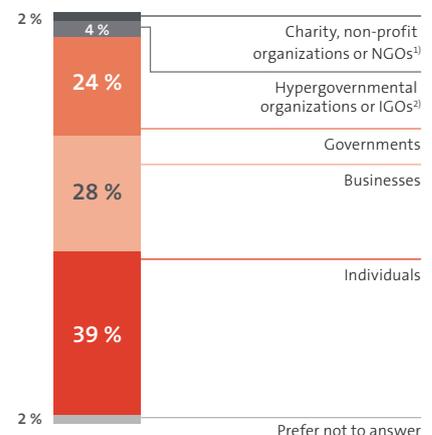
*Camila, 28, Argentina
Federal Director of Youth Inclusion
at the National Youth Institute of Argentina*

In comparison, international hyper- or intergovernmental organizations are placed lower in the ranking, followed by those organizations traditionally associated with aiming to change the world for the better, such as charity organizations, non-profits and NGOs on the last rank (Exhibit 2).

Exhibit 2

Individuals have the greatest role to play in making the world a better place

Question: Who has the greatest role to play in making the world a better place?



1) non-governmental organizations
2) intergovernmental organizations

Numbers are percentages of cases

n = 1,028; “Leaders of Tomorrow – Wave 2019”

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Regarding their own contribution to improving the sustainability and the state of the world, the Leaders of Tomorrow consider their professional work life as the most impactful area, followed by their consumption style and consumer habits. Traditional ways of influencing the world as an individual through social, environmental or political activism rank distinctly lower (Exhibit 3).

It seems that many of the surveyed Leaders of Tomorrow see work life as a platform for impact and social change. This may explain their need for meaning and purpose when it comes to choosing an employer to work for.

So companies have to find ways to take this responsibility and give their employees the opportunities to have an impact on society or environment. However, as we will show later in this report, having an impact should be an integral part of the way a company is doing business – not something “added on” like many rather traditional CSR activities.



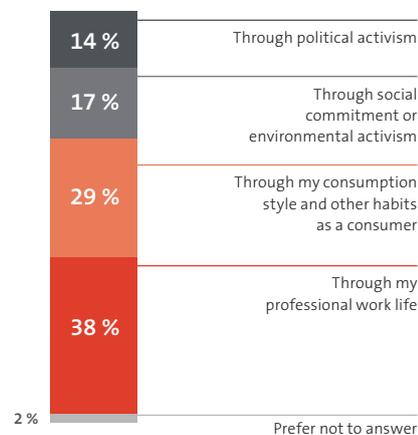
„The strongest guarantor for the success of a company is the workforce. Hiring and retaining brilliant and motivated individuals is the ultimate differentiator in a competitive market. How individuals approach their work has changed significantly with the millennial generation. Personal fulfilment and purpose rank higher than a fat check. If a company wants to set itself up for success with stellar employees, it needs to offer these employees an engaging vision beyond profit margins.“

Nora, 30, Germany
Entrepreneur

Exhibit 3

The Leaders of Tomorrow consider their professional work life as most impactful to improve the state of the world

Question: In your opinion, how can you facilitate the greatest impact or provide the biggest contribution to improving the sustainability and state of the world?



Numbers are percentages of cases

n = 1,028; "Leaders of Tomorrow – Wave 2019"
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The Leaders of Tomorrow look for values they can share and an engaging purpose in a job

A quite popular assumption about the generation of millennials is that they refuse to work for companies whose values they do not share – even for the price of lower earnings. This “myth” was underpinned by countless surveys that asked Millennials hypothetical questions about their job search criteria and their willingness to make sacrifices for the “perfect” job.

To get a more realistic impression of the importance of purposeful work and shared values with an employer, we asked the Leaders of Tomorrow what they have actually done when they were looking for a job or choosing a company to work for. We wanted to find out, which decisions were taken and which sacrifices were really made.

The results shown in Exhibit 4 are disillusioning for companies trying to attract talent mainly by offering competitive salaries and benefit packages. The top talent in our study are strongly committed to their values and ready to “walk the talk” when it comes to choosing an employer to work for.

It turns out this is not just a “myth” but – at least for the Leaders of Tomorrow – reflects their actual behavior.



“How do you keep your best talent from leaving and starting their own business? It’s a tough topic, because for a millennial it may seem more exciting to own a start-up than to wait 20 years in order to be the CEO of a big company. It’s not about the money but about creating meaningful enterprises that care for their employees, their concerns and their values.”

*Diego, 28, Bolivia
Social Entrepreneur and Project Engineer*



“I believe companies will have to start looking at their employees as entrepreneurs and inspiring them to grow and expand their learnings in their particular fields. That way instead of viewing them as employees that you ‘own’ you begin looking at them as contributors to the growth and expansion of your company.”

*Aisha, 27, Ghana/Canada
Social Entrepreneur*

Companies that fail to establish a purpose beyond profit shrink their talent pool

The Leaders of Tomorrow see their work life as an “action platform” for positive change. Accordingly, they search for jobs with a meaningful purpose – and they are ready to “walk the talk”, for example by investing time in their search for purposeful employment and by being ready to reject even financially attractive offers if the company’s values do not appeal.

Companies, that do not stand for a clearly articulated purpose and values may never make it to the long-list of top talent job seekers.

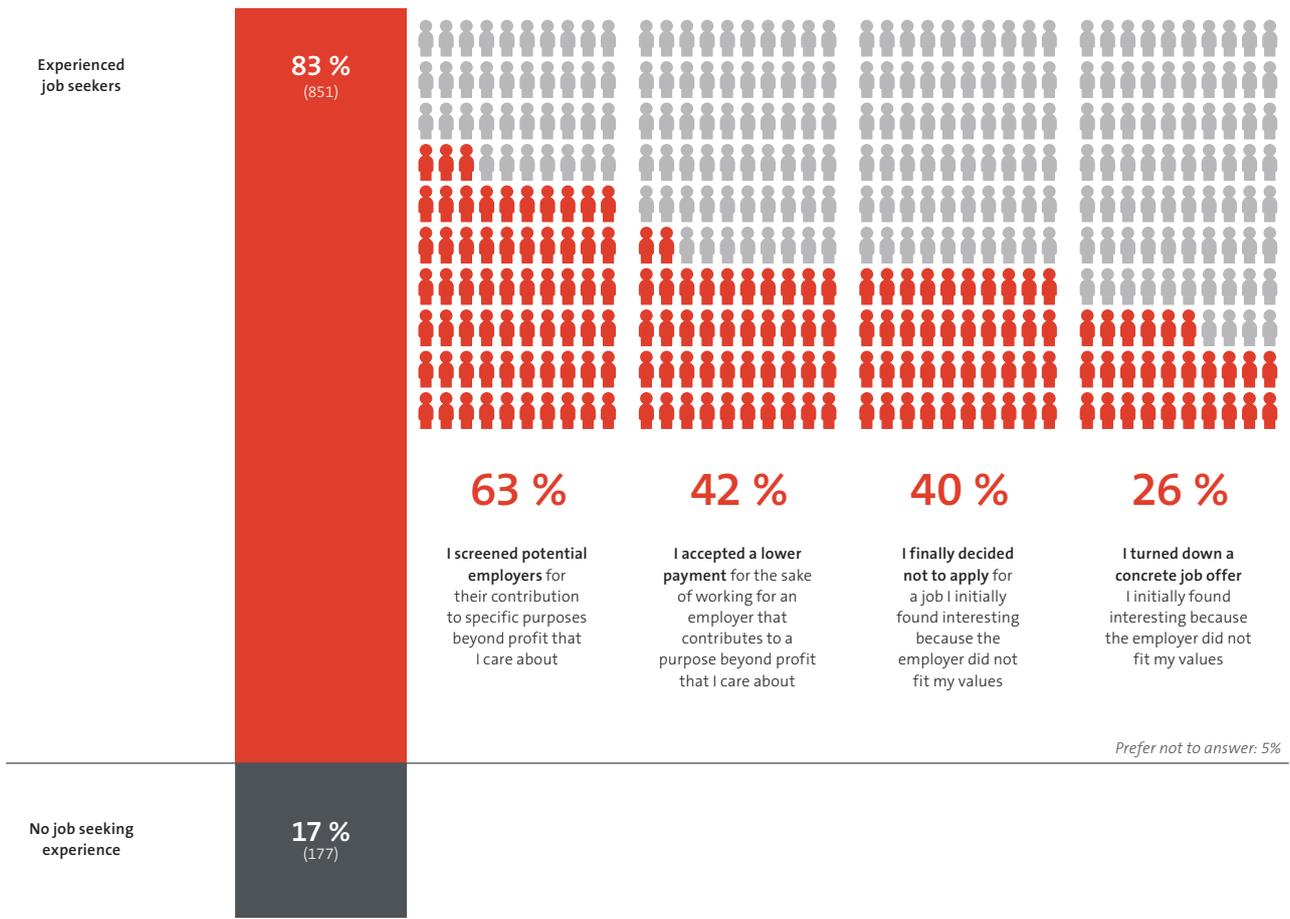
The Leaders of Tomorrow are genuinely acting to pursue their values. The majority of them has already some experience in job seeking, and reported that they screened potential employers for having a purpose beyond profit they care about. And the Leaders of Tomorrow use that knowledge for their decisions: A significant proportion of the

respondents said they decided not to apply for initially interesting job openings or even turned down interesting job offers if an employer did not fit their values. More than 40% of the respondents reported that they already accepted a job offer with lower payment for the sake of working for an employer that contributes to a purpose beyond profit and shares similar values.

Exhibit 4

The Leaders of Tomorrow “walk the talk” to find a truly purposeful job

Question: Please think back, when you were looking for jobs or deciding about job offers in the past, have you actually done any of the following things?
Please mark those things that you have actually done at least once.



Numbers are percentages of cases | Multiple answers possible

n = 1,028; “Leaders of Tomorrow – Wave 2019”

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Working for a purposeful company is the standard among the Leaders of Tomorrow

Looking at the Leaders of Tomorrow's current employers or – for the case of entrepreneurs – at their own businesses, provides evidence for the top talent's strive for purpose at work.

Those Leaders of Tomorrow who work for commercial enterprises tend to work for companies with a clearly articulated and communicated purpose beyond profit – or companies that are at least working to develop one.

For many of the entrepreneurs among the Leaders of Tomorrow, something they care about, a change that they wanted to see in the world, may even have been the starting point for their business endeavors: 41% of the entrepreneurs in our study reported their business was an impact business model, a term usually describing a business model that is designed to create positive social and/or environmental impact beyond the basic operational impact of the business. In addition, another 42% of the entrepreneurs reporting that their business is pursuing a clearly articulated purpose, this group seems to be clearly purpose-driven (Exhibit 5).



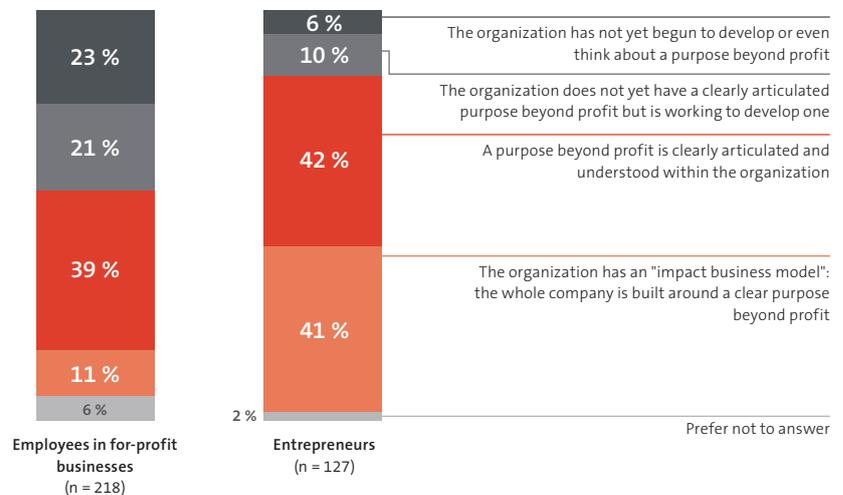
„There are three things I look at when considering a job: the pay, the people, and the purpose. I want to make enough money to live a decently comfortable lifestyle, but I also want to feel like I'm doing something meaningful with the 8+ hours a day I spend working, and to enjoy those I'm working with.”

Hannah, 27, USA
Ph.D. student in environmental engineering

Exhibit 5

Working for a purposeful company is the standard among the Leaders of Tomorrow

Question: Is your current employer/your own business pursuing a purpose beyond profit? Which of the following statements applies best to your current employer/your own business?



Numbers are percentages of cases

n = 345; "Leaders of Tomorrow – Wave 2019"

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LEADERS OF TOMORROW ON HOW BUSINESSES CAN BECOME TRULY PURPOSE-DRIVEN

In a world of increasing digitalization, marginal transaction costs and intensified global competition, “the main difference between companies today is the reason they are doing what they are doing, their purpose”, as one Leader of Tomorrow in our study pointed out. Almost all of them also agreed that integrating a purpose beyond profit into a business model is important for the future competitiveness of a company. To attract top talent looking for meaningful employment, organizations should discover and embed a purpose that is worth committing to – one that is socially responsible, human-centered, and ethical.

Yet, the challenge for established companies is to clearly define, communicate and particularly to actually pursue a purpose beyond profit both in day-to-day business operations and in strategic decisions.

This challenge may require established companies to fundamentally reconsider their present business practices. To become truly purpose-driven, businesses need to reinvent not only their products and their processes but the way they define success and measure progress from the Leaders of Tomorrow’s perspective.

Key takeaways in this chapter:

- ▶ *Purpose beyond profit is essential to stay competitive in the future from the Leaders of Tomorrow’s perspective. Companies need to find the right purpose, clearly articulate, and communicate it.*
- ▶ *Traditional CSR activities lose importance. Companies should strive for a deeper integration of purpose beyond profit. The Leaders of Tomorrow think that a focus on sustainability and fairness of business activities is fundamental to stay competitive.*
- ▶ *Taking a purpose beyond profit into account in decisions requires measuring it. While most Leaders of Tomorrow agree on the importance of incorporating non-financial factors in decisions, it often fails due to a lack of tools and techniques. Companies may need to rethink the way they define success, measure progress – and likely even the way they take decisions.*

90%

of the Leaders of Tomorrow

believe that integrating a purpose beyond profit into a business model is very important or at least important for the future competitiveness of a business.

Question: “How important is it from your perspective, that businesses integrate a purpose beyond profit into their business model to stay competitive in the future?”; n = 1028

Finding a purpose worth to pursue – what the Leaders of Tomorrow care about

The first steps in becoming a purpose-driven organization are finding the right purpose to pursue, defining it clearly and communicating it within the organization.

A good starting point for setting up a purpose beyond profit is within the company itself. Promoting diversity and equality at the workplace, caring about employee well-being, and creating opportunities for personal and professional development are some of the examples the Leaders of Tomorrow named.

In addition, companies may work on enhancing basic issues in society like access to education, healthcare for everyone and starting to take actions to actively protect the environment.

Box 1 gives an overview over some of the topics and issues that the Leaders of Tomorrow consider worth working for – both as employees and as entrepreneurs.



“In today’s world capital without a purpose is an outdated concept. To thrive in the 21st century a well-defined purpose isn’t nice to have but critical to success. It makes us more resilient, it results in a company which is positively impacting the world, a company which people love and will stand the test of time.”

*Ahmad, 25, Ireland
Social Entrepreneur*



“I believe that companies won’t be able to survive if they do not have a motivation stronger than profit. Every market has a lot of competition and the main difference between companies today is the reason they are doing what they are doing, their purpose.”

*Pedro, 27, Brazil
Fintech Entrepreneur*

Box 1

Selection of ideas for purposes worth pursuing, provided by the Leaders of Tomorrow

Setting high standards for employee well-being

Being a purpose-driven company may start with setting above average standards for the treatment of employees. The baseline is to take actions to make existing employee well-being programs actually work. Important aspects of such programs are work-life balance and flexibility for employees to live and work the way they want. In addition, the Leaders of Tomorrow value measures for greater diversity and inclusion at the workplace and strive for more equality, between genders and different groups of employees, for example fair payment and benefits for everyone.

Better education – for everyone

Improving education is a huge issue for the Leaders of Tomorrow – not only for those in developing countries. On a very basic level, it means improving access to different levels of education – particularly for underprivileged groups of people. In addition, the Leaders of Tomorrow consider the provision of better ways of learning a purpose worth pursuing – particularly to make young people ready for the future by giving them better opportunities for updating their professional, technological, and soft skills.

Advocating for social change

The Leaders of Tomorrow see businesses as instruments for improving human well-being. Companies may pick up urgent issues in society and become advocates for social change. A topic moving many Leaders of Tomorrow is social inequality. In addition to promoting diversity and equality within the company, companies may take active roles by calling people's attention to causes of discrimination because of gender or ethnical background as well as fighting inequalities in society.

Improvement of local economies

The Leaders of Tomorrow attach importance to improving the infrastructure and economy in the countries they live in. They want companies to collaborate beyond classic business relationships to drive the development of new innovations for the benefit of the whole local economy. That includes for example the dissemination of knowledge and technologies for the greater good.

Products and services that actually improve customers' lives

A purpose worth pursuing may be inherent to the products or services a company offers – if these are truly designed to improve customers' lives. That includes giving new customer segments access to previously unattainable products or services which make their lives better, developing tools that improve well-being or "helping the helpers", allowing e. g. professional care or public services to be available for more people.

Improving healthcare

Improving healthcare for people is a topic driving engagement of the Leaders of Tomorrow. They are attracted by companies dedicated to improving medical care by giving more people access to healthcare, researching new solutions for medical issues, delivering innovative new cures and medical aids or simply providing more affordable products and services.

Protecting the environment

Companies taking an active role in protecting the environment and ensuring the sustainability of natural resources can probably count on the Leaders of Tomorrow. That starts within the business by ensuring the sustainability of business processes and activities but also involves taking care of the way consumers use products or services and making sure that resources are not wasted after usage. The Leaders of Tomorrow feel committed to recycling and waste reduction and look for better solutions to make processes more sustainable (e.g. using renewable energies).

Companies that want to become purpose-driven have to fundamentally reinvent their products and processes

From the Leaders of Tomorrow’s perspective, purpose cannot be simply “tacked on” to a product or service. It is not a feature but something that must be inherent in everything a company does, in every decision it takes and every interaction it has with its stakeholders.

The Leaders of Tomorrow are proposing nothing less than a shift from short-term to long-term thinking, and from focusing on financial capital to managing impact on a broader range of capitals.

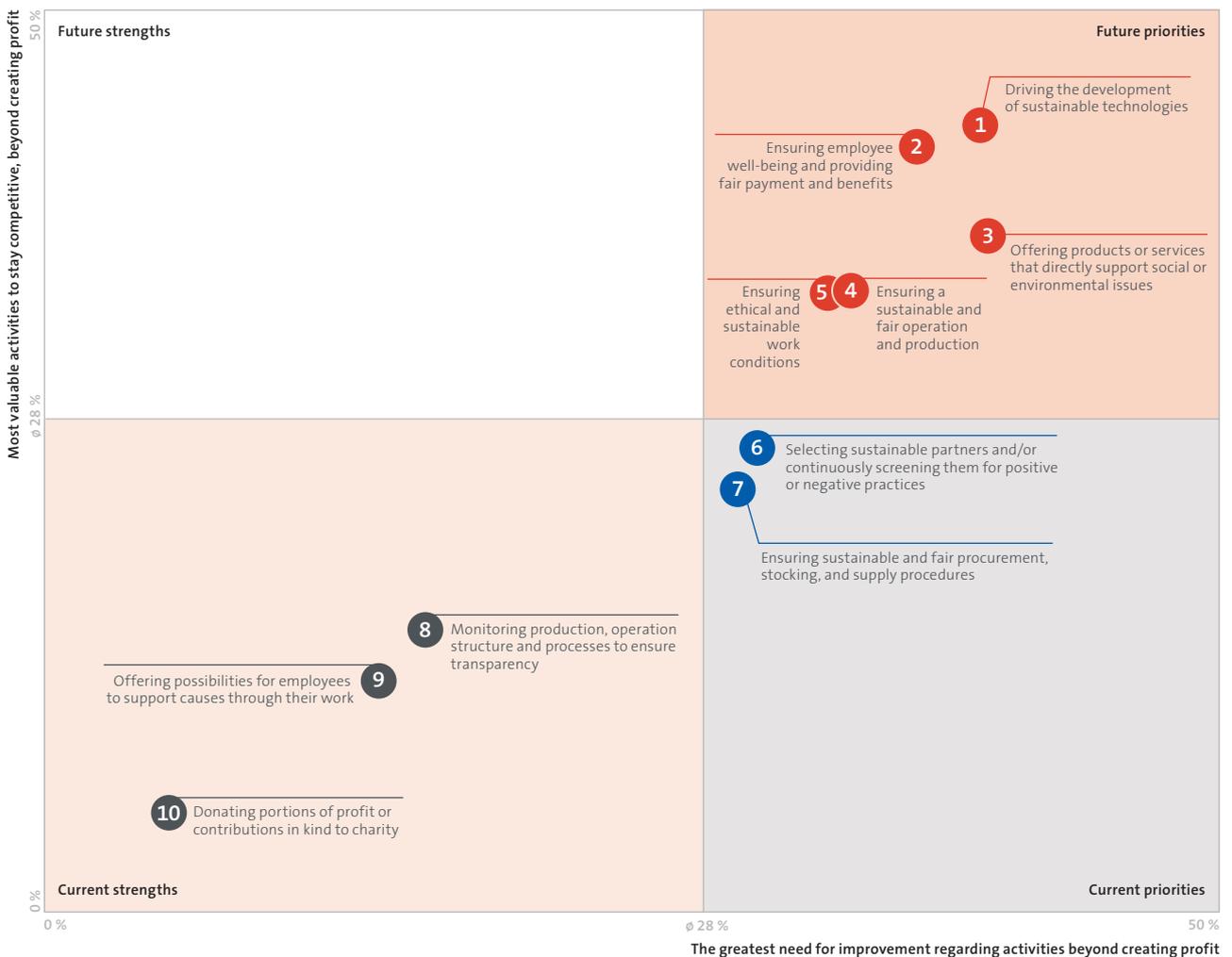
They consider those actions most valuable to prepare for future competition that may make a company truly purpose-driven even for the price of a fundamental change in how business is done today (Exhibit 6).

Exhibit 6

Future priorities: the most valuable activities for businesses to stay competitive in the future

Question 1: Which, if any, of the following activities beyond creating profit will be most valuable for businesses to stay competitive in the future? Please select up to 3 items from the list.

Question 2: In general, where, if any, do you think established businesses have the greatest need for improvement regarding activities beyond creating profit? Please select up to 3 items from the list.



Numbers are percentages of cases | Multiple answers possible

n = 1,028; “Leaders of Tomorrow – Wave 2019”

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Focusing on sustainability and fairness in all spheres of doing business is important to stay competitive in the future, from the Leaders of Tomorrow's perspective. According to them, businesses should take actions to develop sustainable technologies and offer products or services that directly support social or environmental issues. At the same time, it is necessary to improve employee well-being and offer a sustainable work environment.

The bad news for established companies is that the Leaders of Tomorrow see the greatest need for improvement

especially for those important actions that would really require a change of business processes and models.

In contrast, traditional CSR activities, like donations or opportunities for employees to do volunteering work, may be current strengths of companies but are considered to be less important in the future.

Companies that fail to increase their efforts now, may risk "missing the boat" for the future. As Box 2 below shows, even such a fundamental rethinking of the way business is done may start with

first, smaller steps. And it seems that developing the right mindset is as important as starting projects and product development processes. It is necessary to get out of a "business-as-usual mode" – reinventing business is about culture and inspiring leadership. As an inspiration, we have listed some ideas of the Leaders of Tomorrow on how to improve those activities that have the greatest need for improvement (future priorities).

Box 2

Selection of ideas provided by the Leaders of Tomorrow on how to deal with the most urgent "future priorities"

1

Use new sources for ideas to develop sustainable technologies

Companies need to develop new sustainable technologies to stay competitive in the future. Thus, the Leaders of Tomorrow particularly see the need to open up new sources for innovative ideas. On the one hand, within the company by incentivizing employees to contribute their ideas – and letting people experience that their ideas are taken seriously and are realized. On the other hand, it means establishing new collaborations with other businesses, and in particular with universities and research centers – not only to get researchers' and scientists' ideas but also to get access to the creativity and abundance of ideas of students that may otherwise never be heard outside university.

2

Move the focus from traditional employee well-being to employee experience

Just having a traditional employee well-being program carried out by HR and annual satisfaction surveys is not enough for many Leaders of Tomorrow. They demand a true culture change towards an employee experience program – geared to the needs of the employees and constantly evaluated through an appropriate feedback system with appropriate measurements aside from traditional satisfaction scales. For the Leaders of Tomorrow, that would particularly include options for flexible work, opportunities for training and (personal) development and even responding to special needs of individual employees for example due to health issues or other reasons. Leadership that brings such a culture to life and leads by example may soon be a basic requirement.

3

Provide customers with truly socially and environmentally sustainable products and services

Adding some sustainable components to non-sustainable products or services or just talking about the importance of sustainability is not enough for the Leaders of Tomorrow. Instead, the Leaders of Tomorrow demand that products and services are originally designed with sustainability in mind. Companies should consequently drop unsustainable products or services and invest in the development of new technologies even for the price of "killing former darlings": it would for example be better to find new and environmental friendly ways of mobility instead of just reducing a car's exhaust gas by 10%.

Declaring to pursue a greater good is one thing – making sure that values actually guide strategic decisions often seems to be the real “wicked” problem

Companies traditionally measure business success on financial dimensions like sales, profits or market value of a company. Those numbers guide strategic and operational decisions and accordingly define the goals of managers, teams and individual employees. Pursuing a purpose beyond profit requires taking into account non-financial factors in decisions.

The results in Exhibit 7 give some good evidence that the Leaders of Tomorrow consider non-financial factors important for strategic decisions: Only 7% of the entrepreneurs and 23% of the employed state that their companies consider such factors as irrelevant in decision-making.

Nonetheless, taking them into consideration for strategic decision-making often seems to fail due to a lack of reliable tools and techniques to incorporate such non-financial factors in decisions: About 50% of the Leaders of Tomorrow from both groups, employees and entrepreneurs, say their companies consider non-financial factors important for strategic decision-making but tools and techniques are either lacking or currently still under development.

In comparison with the employees, the entrepreneurs among the Leaders of Tomorrow still seem to be one step ahead: 41% of them reported having incorporated non-financial factors into strategic decisions.



“It is not new for businesses today to consider the inclusion of social goals in their boardroom discussion, however, it still remains a challenge for CEOs to take strategic actions to ensure that social goals and financial objectives are not in conflict. It is not easy, it needs supportive organizational structures, constant open dialogues to discuss any trade-off of the two objectives, and CEOs who are capable of bridging the gaps.”

Yuxin, 27, China
Project Coordinator, NGO



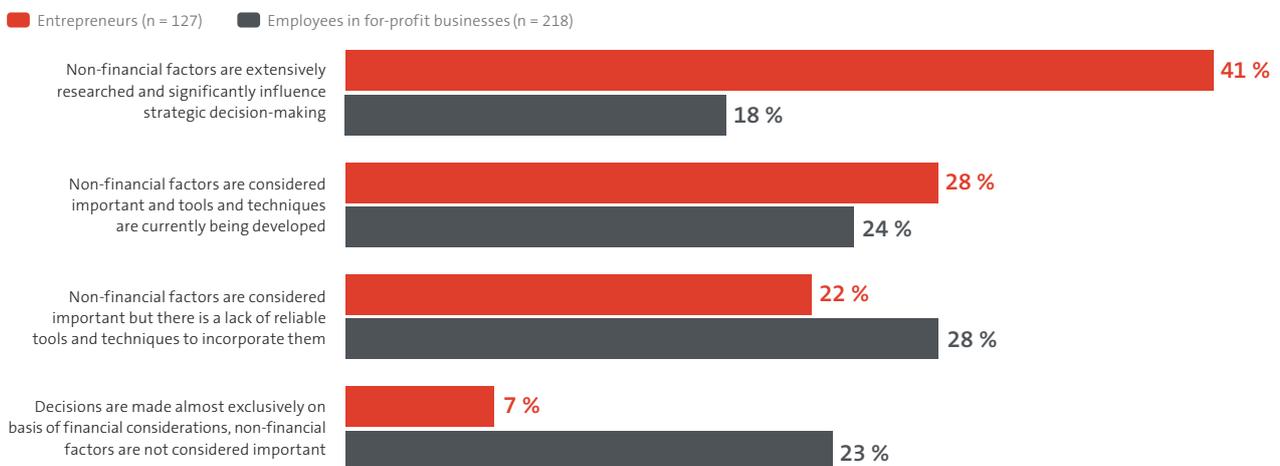
“To respect and align with the values of people internally and externally becomes crucial for making business decisions, as both are types of customers. The internal customer, your employee, needs to feel respected, valued and able to identify with the company, so that she/he will be able to deliver exceptional value to external customers. Only by keeping the internal structure agile and empowered, businesses can react to fast changes in the nature of consumers.”

*Joel, 27, United Kingdom
Graduate Analyst Hotel Investment Advisory*

Exhibit 7

Non-financial factors are considered important, but there is a lack of reliable tools and techniques to incorporate them in strategic decision-making

Question: To what extent is your company/your own business taking into account non-financial factors alongside traditional financial analysis regarding strategic decision-making?



Numbers are percentages of cases | “Prefer not to answer” = 2 % / 7 %

n = 345; “Leaders of Tomorrow – Wave 2019”

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Incorporating a purpose beyond profit in decisions starts with measuring it

A basic requirement for successfully incorporating a company's purpose beyond profit is measuring the performance on that dimension to track success and evaluate decisions.

Box 3 collects selected ideas for measures for purpose beyond profit from the Leaders of Tomorrow, including chosen quotes that seemed particularly inspiring.

Box 3

Selection of ideas for measuring purpose beyond profit, provided by the Leaders of Tomorrow

Society and community development

The Leaders of Tomorrow want to measure their contribution to social issues – to make sure the community is positively affected by the company's efforts in healthcare, education, and other topics. Therefore, they investigate the quality of life, living standards and other factors to ensure their work bears fruit.

"The company collects data from the supported community members to gauge the disposable income in the hands of the members, the outstanding loan obligations, the numbers of students passing their school exams and the health levels in the community."

(Employee, Languages background, India)

"The company has a strategy map that resembles a balanced scorecard where people engagement and other non-financial factors are included."

(Employee, Business and Administration background, Japan)

Protection of the environment

The sustainability of the environment matters a lot to the young leaders. They keep track of their use of resources and the amount of pollution to find the best balance between their business activities and the sustainability of the planet. For instance, they calculate their carbon footprint and the amount of materials they recycle. By calculating such numbers companies get a benchmark to see if they improve over time.

"We track the amount of plastic our technology has recycled."

(Entrepreneur, Engineering, manufacturing and construction background, Canada)

"Yes, we use climate metrics to track the impact of the investments we generate"

(Entrepreneur, Social and Behavioral Science background, Denmark)



“Businesses must do more to improve societal welfare. Every business has a right to make a profit, but their ability to do so depends on the existence of a stable society and the strength of the trust and institutions that bind us together. Businesses are hence obligated to give back to the community, whether by donating a percentage of profits to charity, minimizing environmental impacts, preferentially hiring people from underrepresented backgrounds, or in another way”

Hannah, 27, USA
Ph.D. student in environmental engineering

Employee well-being

The Leaders of Tomorrow stand up for lasting and, above all, working employee well-being programs. Therefore, communication with and feedback from employees is critical to them to measure their impact in this area. For instance, they use frequent and open satisfaction surveys and use personal meetings to gain deep insights into the employees perception of the working environment.

“Yes, we have a dedicated ‘fun officer’ on our payroll - whose duty is to conduct fun activities and ensure a happy office environment. The metrics are number of events conducted, number of participants (and thus how well the event concepts were received), attrition rate.”

(Entrepreneur, Business and Administration background, India)

“Yes, we have team meetings monthly, employee satisfaction surveys and we created an open culture where everyone finds what they need to live happy lives.”

(Entrepreneur, Business and Administration background, USA)

Positive impact on customers

The Leaders of Tomorrow want to provide their customers with products and services that have a positive impact on people’s lives. Therefore, they directly follow the tracks of their innovations and keep an eye on how those affect the individuals using them. For instance, they compare their products’ outcomes with those of common products of the same category to make improvements visible.

“Impact is a very important metric for us. So various measures are used; for example, man-hours saved for healthcare workers because of the use of technology developed by my company. Another measure is the number of users in various projects who are using the relevant software and the number of beneficiaries who are benefitting from it as well. [...]”

(Employee, Business and Administration background, India)

PURPOSE BEYOND PROFIT FROM A STARTUP PERSPECTIVE: INTERVIEW WITH CLEARHEAD CEO DR. ANGELA LIM



Dr. Angela Lim
Chief Executive Officer
Clearhead

Dr. Angela Lim is CEO and co-founder of Clearhead. Clearhead is building a one-stop-shop online platform for mental health.

She was previously a doctor at Auckland Hospital, passionate about tackling inequality, and left clinical practice in order to focus on developing scalable innovative solutions.

She has conducted multiple research projects in this area, including during her sabbatical at the Harvard School of Public Health.

She also chairs the 2020 Trust, whose mission is to close the digital gap that exists in New Zealand through improving digital literacy in vulnerable communities.

For the Leaders of Tomorrow in our study, pursuing a purpose that goes beyond the creation of profit seems to be an important factor for the future competitiveness of a business. It seems you started your company Clearhead with a mission – not just for profit. Can you tell us some more about how you have done this and how this may differentiate your company from other, more profit-driven companies?

Angela Lim: “The main difference is what the starting point is. We started off with a problem we wanted to solve and a vision to work towards. Having understood that, we then designed the solution our company would deliver around it. However, we did also want to make sure that the company is financially sustainable so that we can continue to scale and deliver value, but that is secondary.

In contrast, profit-driven companies base the product or service they deliver and the decisions made with the lens of ‘how can I maximise my profit’, to the detriment of the people who work for them, the environment, etc.”

How do you define success for Clearhead? Do you measure specific non-financial factors?

Angela Lim: “Success for Clearhead is when we are able to help people overcome their mental health challenges and for the process to be as user friendly as possible. So we measure the number of people we have made a clinical difference in, in addition to being a financially sustainable company.”

How do you make sure your values and your mission are understood and shared throughout your company? How do you incentivise people to pursue your values, particularly when it comes to tough business decisions and a lot of money is at stake? In other words, how do you ensure that your mission is not falling behind profit?

Angela Lim: “It is important to regularly remind the team on why we do what we do, especially in the context of every decision we make. The values of the company are best shared when the leader practices them and leads by example and communicates about them.”

For the Leaders of Tomorrow in our study, shared values with an employer makes a huge difference when it comes to choosing a company to work for. Many of them reported they already turned down job offers or even accepted a lower salary to work for a company with a mission they care about. Do you think you have a competitive advantage when it comes to attracting talent? What is it that young, purpose-driven talent looks for in a company?

Angela Lim: “I know that as a startup we were able to attract talent to consider working for us because of our values and mission. However, in order to actually hire and retain them, there still needs to be sufficient financial reimbursement as these talented individuals know their worth and what they can get elsewhere.”

If you could give one piece of advice to the CEOs of established, listed companies, what would it be?

Angela Lim: “Have a vision to solve a real need in our society, put together the right team, be adaptable to feedback and execute quickly.”

PURPOSE BEYOND PROFIT FROM A CORPORATE PERSPECTIVE: INTERVIEW WITH AIRBUS DEFENCE AND SPACE CEO DIRK HOKE



Dirk Hoke

*Chief Executive Officer
Airbus Defence and Space*

Dirk Hoke is the Chief Executive Officer of Airbus Defence and Space and member of the Airbus Executive Committee as well as the Defence and Space Committee. Prior to Airbus, Dirk Hoke has held various executive-level positions at Siemens such as Chief Executive Officer of the Large Drives Business Unit.

Dirk Hoke began his professional career as R&D Engineer for process and software analysis in the automotive industry at Renault in Paris. In 2010, Dirk Hoke became a member of the Young Global Leader Class of the World Economic Forum and in 2013, member of the Baden Baden Entrepreneur Talks. He holds a degree in mechanical engineering from the Technical University of Brunswick, Germany.

For the Leaders of Tomorrow in our study, pursuing a purpose that goes beyond the creation of profit seems to be an important factor for the future competitiveness of a business. The defence and space industry isn't immediately attributed with purpose beyond profit. How do you see Airbus Defence in that context, is a purpose beyond profit part of your strategic decision making? And how does this purpose correlate with your business model?

Dirk Hoke: “Under our motto ‘We make it Fly’ we have a purpose of creating a better connected, safer and more prosperous world. We strive to protect democratic values and connect people around the globe through our products and services in a sustainable, respectful and fair manner. For a more secure world, skilled & inclusive workplace, a healthier environment and fair business practices we are highly engaged in our Responsibility and Sustainability (R&S) accountabilities contributing to 8 of the UN Sustainable Development goals.”

How do you define success for Airbus Defence and Space regarding those purposes beyond profit that you pursue? And how do you measure progress towards that success?

Dirk Hoke: “We are reporting our non-financial information in our AGM Report, showing all efforts and actions implementing on R&S. A strong network of employee resource groups called Culture Change Networks (Culture Drivers, Value Ambassadors, Passion For Growth, Shake and Shape) or Balance For Business strongly push inclusion, diversity, collaboration, leadership, values and innovation. We are proudly looking back on 10 years Airbus Foundation which is at the heart of Airbus, committed to bringing together the products and people of our global aerospace company to help address the challenges of today's society.”

How do you make sure, that the values and purpose beyond profit you are pursuing are understood throughout your organisation and appropriate metrics are incorporated in decision making?

Dirk Hoke: “The Culture Evolution Journey is at the heart of our transformation. Our values were chosen by more than 55,000 Airbus employees and are now the centre of our Leadership model. These values and our purpose change the way we do business. Ethics and Compliance are with our value ‘Integrity’ the baseline of all we do.”

Shared values with an employer makes a difference for the Leaders of Tomorrow. Many of them reported they even accepted an actually lower salary to work for a company that contributes to a greater goal that they care about. What do you do about the rising demands of young talent with regard to purpose within companies? Does it influence the way you attract fresh talent? Are there any learnings you can share with us?

Dirk Hoke:

- ▶ “We provide the outside world with the purpose of Airbus projects and business transformation.
- ▶ We promote our values including well-being at work & a safe and engaging workplace.
- ▶ We value how our projects connect the world and make it safer.
- ▶ We value learning journeys not only positions.
- ▶ We reinforce our digital footprint through social media and digital communication, boosting our diversity initiatives, going much beyond gender equality.”

If you could give one piece of advice to startup founders, what would it be?

Dirk Hoke: “The first advice we give to our employees in the company who wish to go forward in the startup adventure is to present their project to the BizLab. The Airbus BizLab is the global aerospace accelerator where start-ups and Airbus entrepreneurs turn their ideas into valuable business in just 6 months. For that, the BizLab will provide them with not only tools and knowledge, but also funding and access to a wide range of experts and mentors from inside and outside Airbus.”

“WHAT SHOULD KEEP CEOS UP AT NIGHT?”

BUSINESS CHALLENGES SEEN BY THE LEADERS OF TOMORROW

The biggest challenges established businesses will have to solve in the near future

We asked the Leaders of Tomorrow to name up to three challenges that established companies have to master in the next 5 to 10 years to stay competitive. For this report, we have categorized and clustered the answers.

The table on the right lists the challenges most frequently named by the Leaders of Tomorrow.

On the following pages we provide a deep dive for the Top 3 challenges.

Question: From your point of view, what are the biggest challenges, that today's established businesses will have to solve in the near future (5 to 10 years from now) to stay competitive? Please name and describe briefly up to 3 challenges.

Numbers are percentages of cases

Multiple answers possible

n = 1,028; “Leaders of Tomorrow – Wave 2019”

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Top 10

- 1 Winning the war for talent
- 2 Mastering the digital revolution & AI
- 3 Adapting to climate change
- 4 Setting a company's purpose
- 5 Adapting to accelerating change
- 6 Coping with political factors
- 7 Keeping ahead of the increasing global competition
- 8 Mitigating the effects of social inequality
- 9 Satisfying volatile and demanding customer needs
- 10 Ensuring sustainable long-term business growth



“The pace at which innovation moves – primarily due to technology allowing for trial and error rather than needing years of preliminary R&D – stands at odds to the pace in established businesses. Making decisions in large corporations can take months as working groups are formed to mull over optimal strategies. Disruptive start-ups don’t have a long chain of command tying them to the ground. They can move nimbly and pivot rapidly to meet consumer demands.”

Nora, 30, Germany, Entrepreneur

Biggest challenges for established businesses seen by the Leaders of Tomorrow

Percentage of Leaders of Tomorrow who named the challenge

Rapid advancement of technologies and increasing globalization of labor markets lead to a rising competition for the right talent. At the same time, working environments and priorities of employees regarding their jobs are changing, demanding new approaches for attracting and retaining talent.

43 %



With regard to automation, AI and the advancement of other disruptive technologies, companies have to deal with transformational effects on their business models. The spread of AI and automation also triggers new management challenges and causes new social disruptions that companies are seen responsible for.

42 %



DEEP DIVE

Businesses face a growing number of challenges caused by environmental degradation and climate change. On the one hand, negative effects of environmental degradation and the scarcity of non-renewable resources are expected to affect business performance. On the other hand, companies are seen as being under pressure to respond to claims of consumers and regulators for more sustainable business practices.

33 %



Companies are seen as facing an increasing pressure from customers to incorporate a purpose-beyond-profit mindset into their organizational setting. Thus, companies need to balance profit with purpose and create purpose-driven businesses, considering their impact on the community, on society, on the world.

21 %



Quickly adapting operations, products and services or even the entire business model to rapidly changing markets to stay competitive is considered a challenging task for businesses. Companies must enhance their agility since the importance of speed as a competitive factor is increasing. To stay relevant in the long run, businesses must incorporate innovation in their organizational DNA.

16 %



An increasingly globalized world depends on international affairs and diplomatic ties between countries. Therefore, the recent geopolitical instability and uncertainty are perceived as challenges for businesses. Companies need to find solutions to cope with the consequences of the spread of protectionism, including trade barriers and restriction of free labor movement.

14 %



Companies increasingly have to deal with more difficult competitive environments. On the one hand, competition is enhanced by the ongoing globalization bringing up new competitors. On the other hand, the formation of tech monopolies, driven by network effects, is fundamentally changing the rules of markets.

11 %



The shrinking of the middle class and growing wealth inequalities are considered as main indicators for an increasing social inequality. Companies will need to find solutions to cope with the effects of this development on their operations and face the task to take actions themselves to counteract social injustice.

8 %



Customer needs and preferences are expected to become increasingly volatile and demanding. Consequently, consumer behavior becomes less predictable for businesses, making it challenging for companies to constantly adapt to recent customer needs in order to create maximum value for clients and to enhance customer retention.

5 %



To ensure a company’s success in the future, it is said that businesses must pay increasing attention to the achievement of long-term profits. A big challenge given the highly uncertain business environments and the traditional evaluation of employees and managers by performance measures strongly focused on the achievement of short term gains.

5 %



DEEP DIVE

1 WINNING THE WAR FOR TALENT



Rapid advancement of technologies and increasing globalization of labor markets lead to a rising competition for the right talent. At the same time, working environments and priorities of employees regarding their jobs are changing, demanding new approaches for attracting and retaining talent from companies, according to the Leaders of Tomorrow.

Empowered and flexible employees take charge of their careers and live their values

Decreasing loyalty and rising demand for meaning and growth

Retention and motivation of the workforce in the face of a decreasing loyalty of employees and in consideration of a growing number of employees that place importance on personal growth and a purpose beyond profit in their job.

“Retaining Competent Staff: The future is more centered around individuals who are competent to work for multiple organizations and work from places of their choice. The concept of office places and full time employees is becoming less and less attractive, however, not all companies are organized to accommodate that and hence lose key employees who prefer changing jobs to continue learning new things and growing.”
(Employee, Social and behavioral sciences background ,Fiji)

Fall of the 9 to 5 culture

Promotion of a work-life balance for employees by facilitating more flexibility regarding working hours and remote work. The “9 to 5” office culture is increasingly transformed into a so called “laptop lifestyle” facilitating an increase of out-of-office working arrangements and more flexible working environments.

“Employee Expectations. When speaking with my friends, a lot of people from my generation want more flexibility from their jobs in terms of when, how and where they work. Many people are rejecting the 9-5, stay-with-the-same-company-forever path.”
(Employee, Social Innovation background, Vietnam)

Rising demands for equality and diversity at the workplace

Creating a diverse & inclusive culture

Promotion of inclusion and diversity within the workforce to meet the demands of society for equal treatment of all employees. This includes particularly the facilitation of gender diversity and equality e.g. in leadership positions.

“Inclusive business - society has started to demand more and more vocally that people with diverse backgrounds have the right to be acknowledged more in the workplace. This includes women, people of color, etc. Companies need to address this in their hiring policies, promotion strategies and company activities.”
(Employee, Netherlands)

Rising awareness for income inequality

Reduction of income inequality by cutting down the gender pay gap as well as the income gap between management and employees.

“Income inequality and how that is expressed within corporate cultures in terms of CEO vs employee pay”
(Entrepreneur, Business and administration background, USA)

Preparation of employees for the future of work and its disruptive changes

Need for investments in training and development of employees

Providing appropriate reskilling opportunities for employees to keep up with the rapidly changing working environments and technologies.

“Automation and the need for continuous reskilling. Since a lot of jobs will be automated or will become obsolete, CEOs should encourage the continuous reskilling of their employees and the enhancement of their adaptability.”
(Employee, Engineering, manufacturing and construction background, Netherlands)

Amortization of training investments

With high investments necessary in the training of employees, companies face the risk that talent leave the organization before training investments really paid out.

“Continuous training and skills development. [...] Considering how specialized and ‘creative’ most jobs will become, this will be a considerable expense for the company. But how can the company invest so much in an individual, if he/she might leave for a better company tomorrow? This will be a particular challenge for startups and SMEs, who don’t have either the backing or the budget of the multinational company.”
(Entrepreneur, Social and behavioral sciences background, France)

2 MASTERING THE DIGITAL REVOLUTION & AI



With regard to automation, AI and the advancement of other disruptive technologies, the Leaders of Tomorrow say that companies have to deal with transformational effects on their business models. To stay relevant, companies need to ride the tech tsunami wave by constantly adapting to the latest technologies that impact their business model. The spread of AI and automation also triggers new management challenges and causes new social disruptions that companies are seen responsible for.

Dealing with the transformational effects of automation and digitalization on business models

Digitalizing traditional offline business models

In the face of the proceeding digitalization, traditional businesses face challenges regarding the transformation of their offline business models into digital ones in order to stay competitive.

“Digitization. Established business needs to adapt quickly to stay relevant. They also must work hard to provide the customer with their desired experience. Start-Ups often focusing on one specific area of business are able to act quicker and are able to compete with established companies for customers.”
(Student, Social and behavioral sciences, United Kingdom)

AI disrupting the business landscape

Artificial intelligence is changing the competitive landscape in many industries as well as the way companies are conducting their business.

“Narrow Artificial Intelligence will transform every industry. The new industry leaders will leverage its power. Companies that dismiss its potential impact will find themselves in a difficult spot competing with more productive rivals.”
(Entrepreneur, Economics and Finance background, Germany)

Moving towards data-based business models – with all implications

Enhancing data utilization capabilities

Strengthening of competencies in the area of data analysis to increase data utilization capabilities.

“Data Analytics - All companies irrespective of their field of operations will need to invest in Data Analytics to really deep-dive into understanding what the business is saying!”
(Employee, Business and administration background, India)

Dealing with cyber security threats

Creation of more effective solutions to ensure data security with regard to the increasing dependence of businesses processes on data. Secure data processing and handling is also necessary to maintain the trust of customers in data based business models.

“Personal (customer) and corporate data security issues continue to scale with increased reliance on Big Data. Trust and privacy impacting customer base and leading to regulatory pressure, indeed the need for clear regulatory frameworks where none exists.”
(Other, Business and administration background, Canada)

Coping with the impact of automation and AI on the workforce

Managing the mixed human-robot workforce

Businesses need to value the differing strengths of machines and humans to keep employees engaged and facilitate synergies.

“Being able to effectively make use of both human capital and automation in the work force.”
(Entrepreneur, Engineering, manufacturing and construction background, Canada)

Societal consequences of automation and AI

Companies have to mitigate negative societal consequences caused by the replacement of jobs by robots and AI technologies.

“Automation of low-skill jobs and the social discontent it'll cause.”
(Employee, Business and administration background, Spain)

DEEP DIVE

3 ADAPTING TO CLIMATE CHANGE



According to the Leaders of Tomorrow, businesses face a growing number of challenges caused by environmental degradation and climate change. Extreme weather conditions and destroyed infrastructure as well as the scarcity of non-renewable resources affect business performance. At the same time, companies are seen as being under pressure to respond to claims of consumers and regulators for more sustainable business practices.

Increased risks to business operations

Increased business risks

Businesses have to cope with increasing risks caused by negative effects of the progressing environmental degradation (i.e. extreme weather conditions or pollution of natural resources) on business operations.

“Environmental impact – climate change is affecting more and more businesses and their supply chains. Companies need to evaluate their role in mitigating this development and adapting to the new reality it creates.”
(Employee, Netherlands)

Scarcity of non-renewable resources

Corporations need to respond to the increasing scarcity of non-renewable resources (i.e. by creating circular business models)

“Scarcity of non-renewable resources”
(Student, Social and behavioral sciences, India)

Rising consumer and society awareness of the impact of businesses on climate change

Changing demands of consumers and regulators

Companies need to adapt their business models to the changing demands of consumers and regulators who become increasingly aware of environmental degradation and climate change.

“Environmental Sustainability. As both regulators and consumers become increasingly concerned about environmental degradation and climate change, business models will need to change to accommodate new demands. Current models seem insufficient to address the scope of this challenge.”
(Employee, Social Innovation background, Vietnam)

Reducing negative environmental impacts

Development of business models that enable companies to reconcile profitability and environmental sustainability.

“Have a sustainable business model from an economic and ecologic point of view. Reduce environmental impact without going out of business.”
(Entrepreneur, Business and administration background, Sweden)



“Climate Change is the biggest challenge for established businesses today. It isn't a short term issue with a quick fix but rather the new context for all businesses. Every business decision should be made with sustainability, both in an ethical and environmental sense to ensure the planet is secured for future generations.”

Ahmad, 25, Ireland
Social Entrepreneur

CONCLUDING REMARKS

Insights into the minds of global talent

Perhaps the most important job of a CEO is to prepare a company for the future – to set the right strategy, for its long-term survival and prosperity. This requires taking important decisions about changes in markets, technology and society, with limited and often contradictory information. In essence, CEOs have to take large bets under high risk and uncertainty.

Successful CEOs know that they are living in a bubble of assumptions created by their company's past successes, and try to systematically pierce that bubble by reaching out to people with different perspectives, from different industries and different generations. This allows them to expand the radar of potentially relevant shifts and disruptions that affect their company's future.

The “Voices of the Leaders of Tomorrow 2019” study provides highly condensed insights into the minds of an outstanding group of young talent, the Leaders of Tomorrow.

They have shared with us their thoughts on the importance of a purpose beyond profit for businesses, the way they would define, pursue and decide on such non-financial factors and they told us about the biggest challenges they see for businesses in the near future.

Even if perhaps no company can perfectly fulfil all the expectations that the Leaders of Tomorrow have stated in this report - and some may not even be

advisable in practice – they have raised important points that should encourage companies to critically rethink the way they do business and take decisions – especially those towards the future. We hope this report helps to start a dialogue about what doing business in a purposeful way means and how purpose and profit can be integrated – as these are two sides of the same coin.

Regarding the challenges that the Leaders of Tomorrow see for the future, it is not the time to take a break and wait for the things to come but it is the time to take bold decisions to set the right priorities and directions for the future.

It will be the conversation across the generations of leaders, the challenging of existing concepts, the exploration and experimentation with new solutions from which the future will be built.

We invite everyone to take part in this dialogue on jointly shaping a positive future.

Let's get to work.

Main messages of the “Voices of the Leaders of Tomorrow” 2019:

- ▶ *Focusing solely on profits can shrink a company's talent pool, risking its future.*
- ▶ *Established companies should reinvent their products or services and their processes to stay competitive in the future.*
- ▶ *Being a purpose-driven company requires new definitions of success and new, non-financial performance measurements.*
- ▶ *Winning the war for talent while mastering digitalization and dealing with the increasingly obvious consequences of climate change should “keep CEOs up at night”.*

SAMPLE AND SURVEY METHODOLOGY: RECRUITMENT OF THE LEADERS OF TOMORROW

1,028 Leaders of Tomorrow from around the globe

The study was targeted at “Leaders of Tomorrow”, a carefully selected, global community of the most promising young talents.

Each year, 200 academics, politicians, entrepreneurs and professionals around 30 years or younger are invited to challenge, debate, and inspire at the St. Gallen Symposium.

Around 100 Leaders of Tomorrow every year qualify to participate in the St. Gallen Symposium through the St. Gallen Wings of Excellence Award, a prestigious essay competition. Every year, since 1989, the St. Gallen Symposium invites students from all fields of studies and corners of the world to share their views on a topic of greater magnitude. During the last 30 years almost 30,000 thought-provoking essays from more than 1,000 universities in over 120 countries have been submitted.

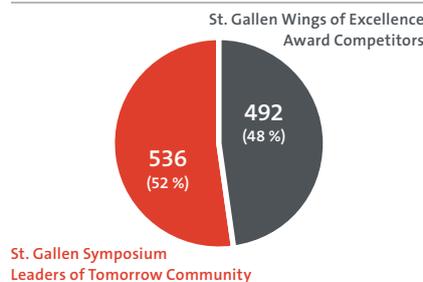
The other half of the Leaders of Tomorrow are hand-selected exceptional young entrepreneurs, politicians and professionals who, together with the students qualifying through the essay competition as well as former attendees, form the Leaders of Tomorrow Community of the St. Gallen Symposium.

St. Gallen Wings of Excellence Award Competitors

For the Voices of the Leaders of Tomorrow report, students from 244 universities, who have competed in the “St. Gallen Wings of Excellence Award”, were personally invited to take part in the study by the St. Gallen Symposium.

St. Gallen Symposium Leaders of Tomorrow Community

The St. Gallen Symposium team selected participants through their worldwide community of young talent who attended past symposia as Leaders of Tomorrow.



Conducting the Survey

The online survey was conducted in English, in February 2019. A total of 1,028 Leaders of Tomorrow participated in the survey. With an interview time of about 15 to 20 minutes and many open questions the survey demanded an intensive reflection of the issues at hand from the respondents. As an incentive, all participants will receive a digital copy of the report. Participants from the St. Gallen Symposium’s Leaders of Tomorrow Community, who already at-

tended past symposia, additionally had the chance to win one of three fully paid visits to the 49th St. Gallen Symposium.

Giving voice to a unique group of global talent

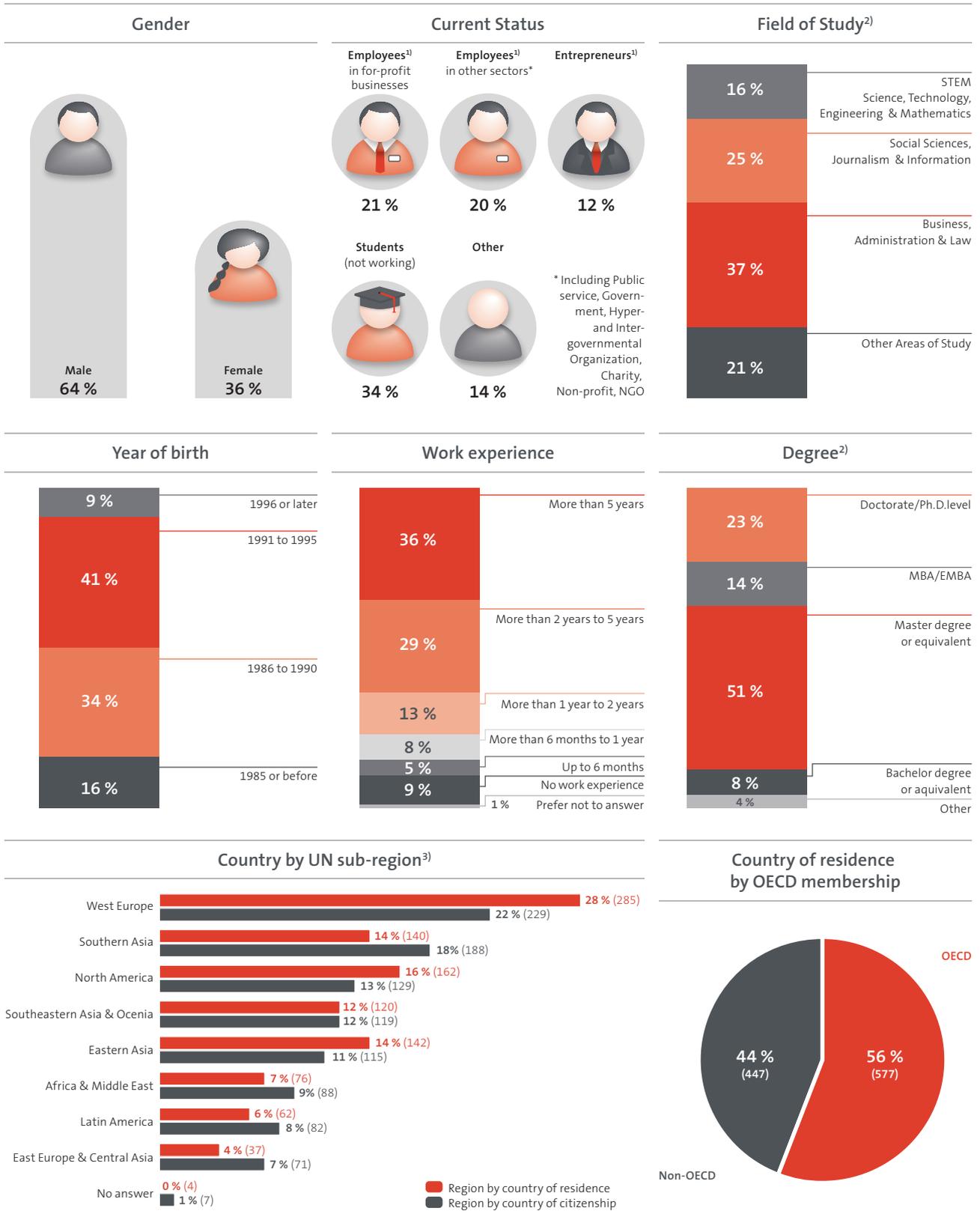
Since we cannot know for certain today who will take on relevant positions of leadership and responsibility in the future, this survey cannot claim to be “representative” in the traditional sense of population sampling – neither of all future leaders in general, nor of the regions in which the participants live.

However, we captured a broad and international group of participants from the Leaders of Tomorrow community that allow a very interesting and unique snapshot of a carefully selected group of young and qualified individuals from more than 80 countries around the world.

To understand how an increasingly globalized world is developing, it is important to have this broad participation from across regions and countries, and from both developed and emerging or developing economies.

With active and very vocal participants coming from all around the world, this study can certainly give a voice to a culturally and economically diverse set of contexts, values, desires and mental models. Something that is necessary to reflect the truly global and increasingly multi-polar world we live in.

Leaders of Tomorrow – Wave 2019



1) Possibly studying in parallel | 2) Current field of study/degree for students or field of study of highest degree/highest degree held for non-students

3) Regions follow United Nations sub-region scheme; the more common term "Middle East" was used for what is formally called "Western Asia"

Numbers are percentages of cases

n = 1,028; "Leaders of Tomorrow – Wave 2019" | © Nuremberg Institute for Market Decisions & St. Gallen Symposium: Voices of the Leaders of Tomorrow 2019



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