

Leadership development as a competitive advantage

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Talent should be part of every conversation in an organization, says the CEO of Majid Al Futtaim Group.

Dubai-based Majid Al Futtaim Group has its roots in the asset-heavy world of real estate. Since opening its first mall in 1995, the group has become a leading developer and operator of shopping malls in the Middle East. It also owns VOX Cinemas, the region's largest movie-theater chain; several leisure and entertainment centers; and the Carrefour franchise in 38 countries.

Yet CEO Alain Bejjani believes the long-term success of the business depends on its ability to develop not only compelling retail and entertainment destinations but also effective leaders. "If we want to succeed in business we have to succeed in our people agenda," he says in this interview with McKinsey Publishing's Rik Kirkland. Below is an edited transcript of Bejjani's remarks.

Elevating human capital

Majid Al Futtaim is a lifestyle conglomerate. Our business is all about adding value to the customer from the lifestyle standpoint. What this means in practice is [developing and managing] shopping centers that are more like "experience centers" where we stage the whole experience, not just the act of shopping.

We spend a lot of time looking at the monetary/commercial aspect of our businesses. We manage it. We analyze it. We understand it. We try to read it in as granular and effective a way as possible. But the element that allows all of this to happen is people. And when you look at how much we spend on people versus how much we spend on the asset side of the business, you see a huge imbalance.

For example, we might spend three years looking at a project. By the time we decide to go ahead, we will have cut it, sliced it, and diced it in every possible way. We will have analyzed it, understood it, and it's under our skin. Then it might take us a week to determine who's going to lead the project. My point is that the element that is going to determine whether the project is a success or a failure takes up the least amount of time.

The problem is not what we're doing on the monetary side. We should continue to do it and do it better. But we should be at least as good on the people side.

Talent in every conversation

A very simple way to look at it is you need to get to a point where you have an ongoing conversation on talent in your organization throughout the year. You need to move from having a rigid schedule or timeline for talent: you hire someone, they go through training or leadership development, there are anniversaries through the year at which you review performance, have a performance dialog, and do 360s. These activities need to happen. But what's important is how these activities are driven and the mind-set behind them.

To shape this mind-set, you need to get to a point at which talent is an ongoing conversation. This is the role primarily of the chief executive—to make sure that talent is part of every conversation in an organization.

Developing leaders

If you look at the business community today, the amount of investment in leadership is not going up; it's going down. Yet the biggest issue [we are facing] is leadership, not technical skill set.

We have a whole generation (or generations) of business executives that are now living through a transformation. They are living in a world where the customer is becoming much more demanding, much more informed. In many cases, customers are better informed than the executives themselves about their own business because of digital technology. They are living in a world where the customer expectations are not shaped anymore by your industry. It's not good enough anymore to be better than your direct competitor. You need to be better than the sources of inspiration who are setting the standards for your customer. This is something that [most managers] have never been trained to master.

So, we're going through two or three tectonic shifts that are happening in parallel. This requires an amount of leadership and a level of sophistication that is much higher than it was ten or 15 years ago. This is true even for more junior business executives.

I don't think that the answer lies in who you hire. The reality is that whatever we know, whatever experience we have, is going to be obsolete in three to five years. So, experience is overrated. What's important is the capabilities that you develop in your business to accompany and support your talent during their tenure with you. How do we make sure that we accompany our people in their leadership development and career development so they can face the challenges of today and tomorrow, and steer our business in the right way?

Redefining leadership

We had to define what leadership means for Majid Al Futtaim, and one of the most valuable pieces of work we have done was defining and articulating our leadership model. Leadership is not about just leading others. One of the most difficult and daunting tasks is leading yourself.

We always look at leadership through the lens of leading teams, leading others, leading businesses, and leading change. But the most daunting task, for the most junior and the most senior among us, is leading ourselves. It's a duty we have, first, toward ourselves, and then toward our business and toward our people, to support them in their leadership journey and development.

Historically this was left to what I call "the hazards of life." In other words, it was left to personal initiatives and personal commitment. But I think businesses can shape their future by implementing their people agenda and making sure that their teams are like no other. It's not just about a senior person in the organization, whether the chief executive or the human-capital officer, doing it. It is about each and every one of us being a human-capital officer. The people agenda in an organization is everyone's agenda. ▣

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