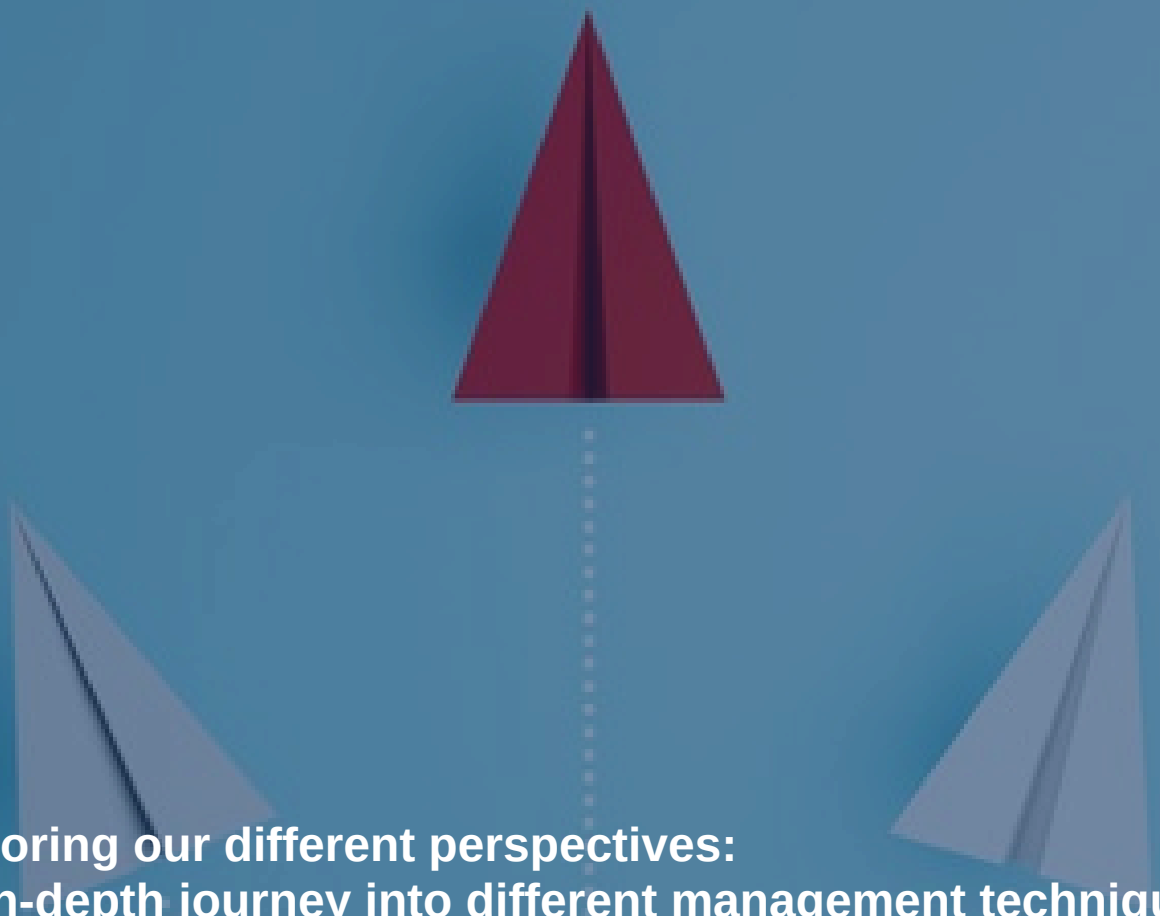
STRATEGIC INTELLIGENCE CIRCULAR
real thinking, better ideas.

Talent Tonic
Mixing talent with strategy.

Q4: Read it before your competitors do...

Is your business taking off?
Or stalled on the runway...



Exploring our different perspectives:
An in-depth journey into different management techniques

Managing the distribution of leadership

In this edition, we examine how capable managers feel with the concept of distributed leadership.
Can you control it?
Or is this a natural phenomenon?

Other deep-dives in this circular

- Are you considering net-contribution margins?
- Embedding Ikigai in your business
- What have we been reading, and why?
- Understanding your employees better.
- A.I., what could you use

Fresh content

In This Issue

03. The Hierarchy Trap: Why vertical structure is killing your innovation speed.
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25. Embedding Ikigai in your business
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40. Future Focus The coming litigation wave: Why AI will make suing cheaper than ever.


Shining a light
on distributed
leadership
Leadership
unplugged

The Hierarchy Trap: Why Vertical Structure is Killing Your Innovation Speed.

"Creativity drives change for the better."

Imagine a company where every employee, regardless of their position, feels empowered to contribute their ideas and expertise. A company where leadership isn't concentrated at the top but is distributed throughout the organisation, fostering a culture of innovation, collaboration, and shared ownership. This is the essence of distributed leadership, and it's transforming the way we think about organisational dynamics.

Distributed leadership is a paradigm shift from traditional hierarchical structures, where decision-making authority is centralised at the top. Instead, it involves sharing leadership roles, responsibilities, and influence across various levels and individuals within an organisation. By tapping into the diverse talents and perspectives of its workforce, an organisation can foster a more inclusive and adaptive work environment.



CHECKLIST FOR SUCCESS



Driving Innovation:

When leadership is distributed, it encourages diverse viewpoints and fosters an environment where new ideas can thrive. This diversity of thought fuels creativity and problem-solving, enabling the organisation to stay ahead of the curve.

Employee Empowerment:

In a distributed leadership model, employees at all levels are empowered to take ownership of their work and contribute meaningfully to the organisation's goals. This autonomy boosts morale, engagement, and overall job satisfaction, leading to higher productivity and retention rates.

Evidence in Action: The Distributed Advantage

A software start-up company

A software company implemented distributed leadership by encouraging cross-functional teams to collaborate on product development. This approach enabled employees from different departments to share their expertise, resulting in innovative solutions that better addressed customer needs.

Adaptability and Resilience: In today's rapidly changing business landscape, agility is key. Distributed leadership enables organisations to adapt quickly to new challenges by decentralising decision-making processes, ensuring flexibility and responsiveness.

Fostering Collaboration: When leadership is distributed, collaboration becomes an integral part of the organisational culture. Teams work cohesively towards common objectives, breaking down silos and fostering a sense of unity and camaraderie.

"Regularly evaluating your leadership span and structure is crucial. You need the right balance of oversight without overloading your managers. Get it right, and you unleash productivity across the organisation."
Carolyn McCall OBE, CEO of ITV plc



Case Studies: How Decentralisation Drives ROI.

A healthcare company

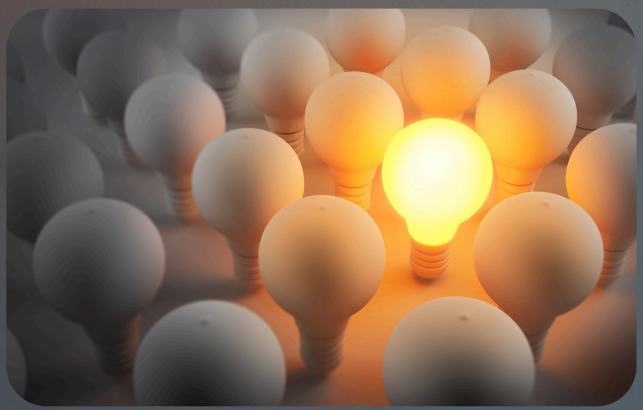
A large healthcare organisation implemented distributed leadership by forming cross-functional teams comprising doctors, nurses, administrators, and support staff.

These teams were empowered to make decisions on patient care, resource allocation, and process improvements across the organisation's network of facilities.

This approach fostered a culture of accountability, continuous improvement, and quicker response times to local challenges, while also developing future leaders through shared decision-making opportunities.

Key Positive Points: Improved patient outcomes and experience through localised, collaborative decision-making. Cultivated a strong leadership pipeline by providing opportunities for professional growth and development.

Pay heed to what your people say and think.



Distributed leadership without you?

A large healthcare organisation implemented distributed leadership by forming cross-functional teams comprising doctors, nurses, administrators, and support staff.

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Key Positive Points: Improved patient outcomes and experience through localised, collaborative decision-making. Cultivated a strong leadership pipeline by providing opportunities for professional growth and development.

They say that time changes things, but you actually have to change them yourself.
Andy Warhol



The hidden risks of tribalism.

- Encourage open dialogue, respect diverse perspectives, and actively work towards breaking down barriers that contribute to tribalistic behaviour.
- Provide training and resources to help employees understand and appreciate cultural differences.
- Transparent decision-making: Ensure that decision-making processes are transparent and inclusive, with opportunities for input from all stakeholders.
- Clearly communicate the rationale behind decisions to foster trust and understanding.
- Cross-functional projects, job rotations, and shared workspace can help bridge divides and foster a sense of collective purpose.
- Invest in leadership development
- Provide training on effective communication, conflict resolution, and change management. Measure and monitor

Sounds basic, right?

When this isn't the case, those departments, and the people within them, become secularised from the organisation. This can lead to the promotion of practices that are against your business interests.



Embracing distributed leadership.

In today's dynamic business landscape, embracing distributed leadership is not just a choice; it's an imperative for success. By unlocking the power of shared leadership and actively mitigating the risks of tribalism, organisations can cultivate a workforce primed for innovation, adaptability, and resilience.

Distributed leadership fosters a collaborative culture where diverse perspectives are valued, empowering employees at all levels to contribute meaningfully. This approach not only drives creativity and problem-solving but also enhances employee engagement, job satisfaction, and retention rates.

However, it's crucial to strike the right balance by promoting inclusivity, transparency, and open communication. Organisations that prioritise these values can navigate the potential pitfalls of tribalism, fostering a cohesive and unified workforce committed to shared goals.

In an era where agility and responsiveness are crucial, distributed leadership provides a competitive edge, enabling organisations to adapt swiftly to changing market conditions and customer needs. By decentralising decision-making and leveraging the collective wisdom of their workforce, companies can stay ahead of the curve and outpace their rivals.

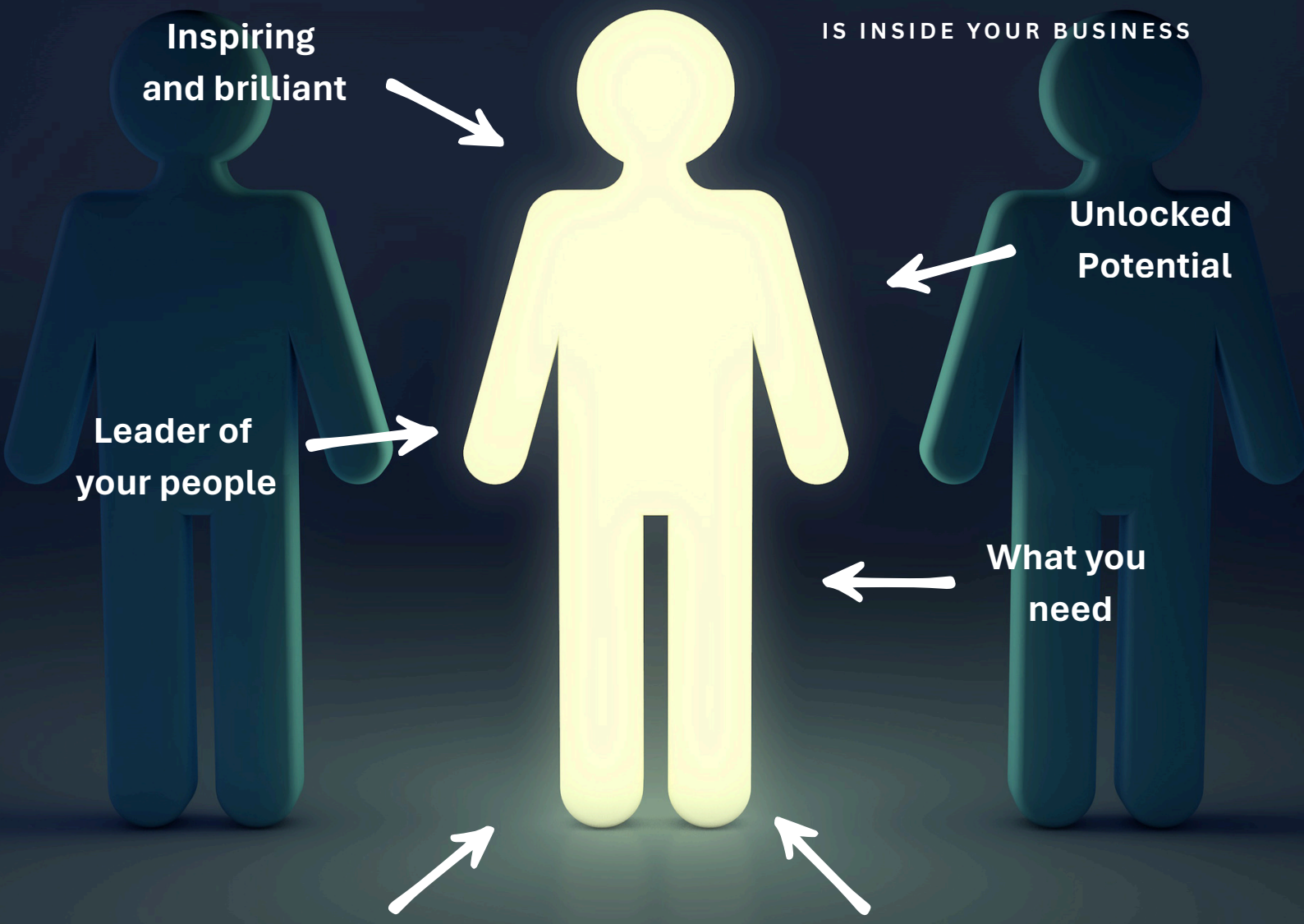
The path to long-term organisational success lies in embracing distributed leadership as a strategic imperative. By empowering their people, breaking down silos, and fostering a culture of collaboration, organisations can unlock their true potential and thrive in an ever-evolving business landscape.

Clear path

TALENT WARNING

Your next hire

IS INSIDE YOUR BUSINESS

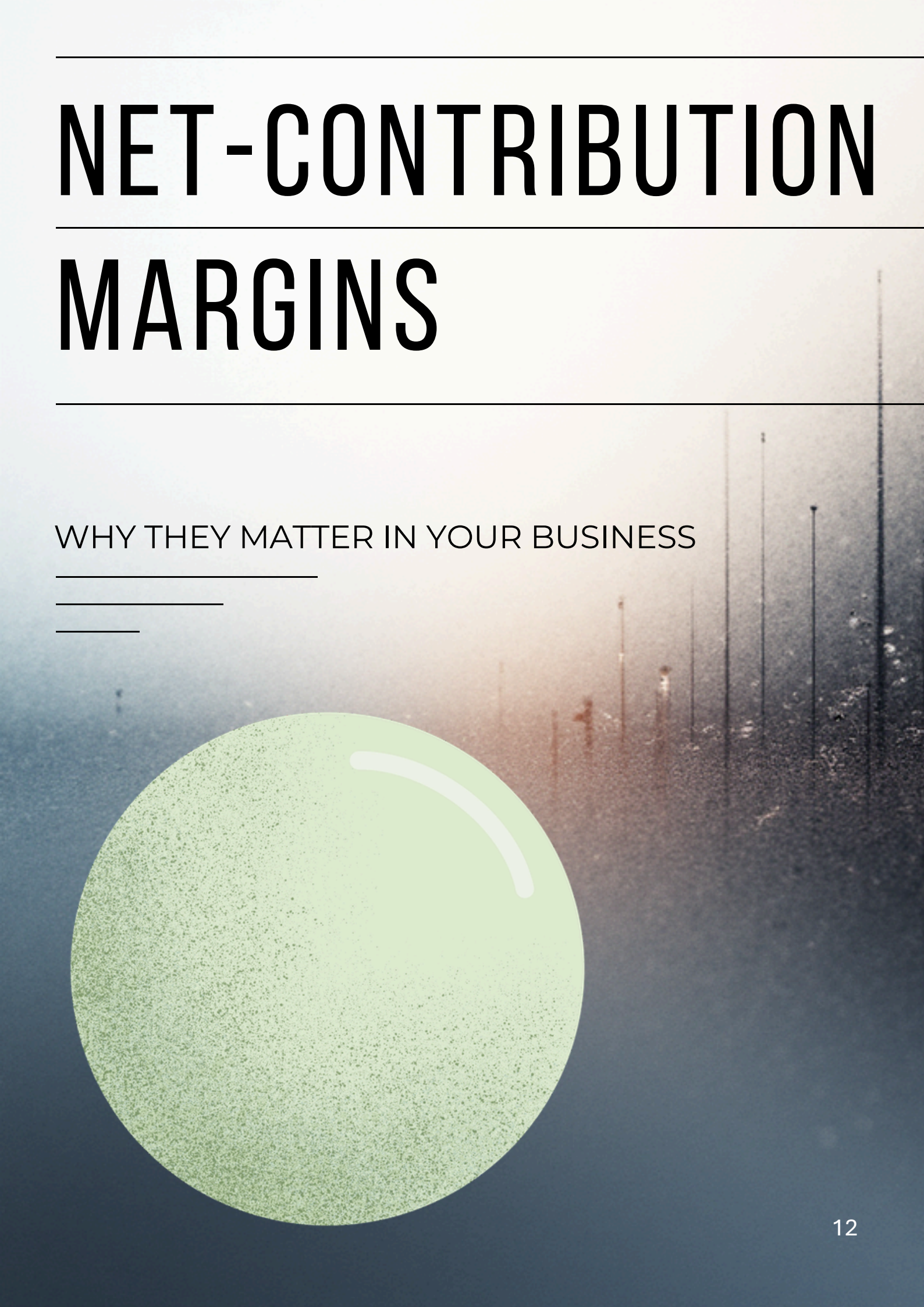


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NET-CONTRIBUTION MARGINS

WHY THEY MATTER IN YOUR BUSINESS



Stop Revenue Chasing. Start Profit Engineering.



In the intricate realm of business management, understanding and optimising financial metrics is paramount to achieving sustainable growth and profitability.

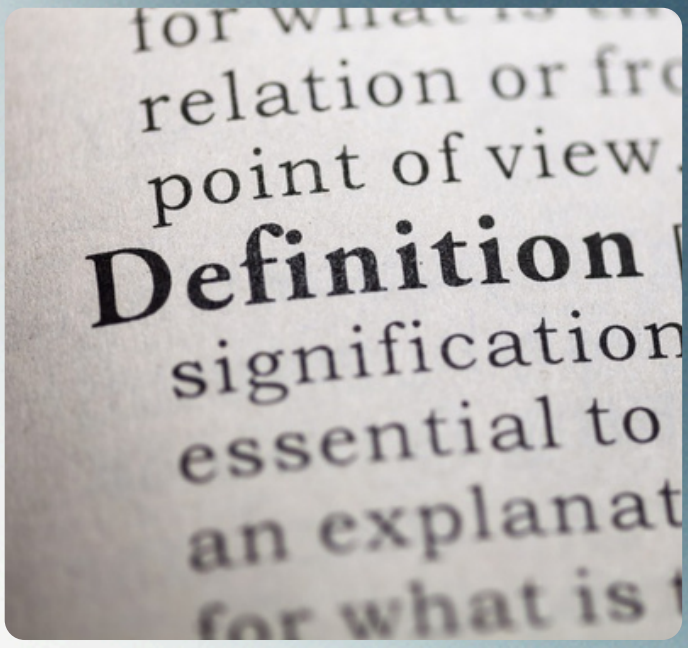
Among these metrics, the net contribution margin stands out as a fundamental indicator of a company's financial health and operational efficiency.

Let's delve into why net contribution margins are crucial to your business.

01

Defining Net Contribution Margin:

In simple terms, net contribution margin represents the revenue generated from sales after deducting variable costs directly associated with producing those goods or services.





02

Why Net Contribution Margins Matter:

Net contribution margins serve as a litmus test for the profitability of products, services, or business segments. By dissecting revenue streams and variable costs, businesses can identify which offerings are lucrative and which ones may be draining resources.

03

Strategic Pricing Decisions:

By understanding the cost structure and profit potential of each product or service, companies can set prices that strike a balance between maximising revenue and maintaining competitiveness





04

Optimising resource allocation:

Net contribution margins guide decision-makers in allocating resources—such as capital, people-power, and marketing efforts—towards high-margin products or services that yield the greatest returns on investment.

05

Performance evaluation and improvement:

Net contribution margins serve as a litmus test for the profitability of products, services, or business segments.





06

Risk management:

By understanding the cost structure and profit potential of each product or service, companies can set prices that strike a balance between maximising revenue and maintaining competitiveness

The C-Suite Verdict: Ruthless Prioritisation.

"Relentlessly driving higher net margins is paramount. You must ruthlessly prioritise your most profitable products and channels. That laser focus on the bottom line separates the winners from the also-rans."
Sir Martin Sorrell, Founder of WPP

"Thoroughly reviewing net margin contributions is vital. You must understand which products, services and channels are genuinely profitable. That clear-sighted analysis allows you to concentrate efforts on the money-spinners."
Satya Nadella, CEO of Microsoft

The Strategic Library

INPUTS FOR INNOVATION

For business

Black box thinking: Matthew Syed

An interesting read on how industries differ on health, safety and approach to corporate problems. A useful insight into what you can apply to your business.

For pleasure

The Ferryman: Justin Cronin

A dystopian thought process that challenges your thinking on what the world will be, can be and is. The world is not the world.



The 5% Club

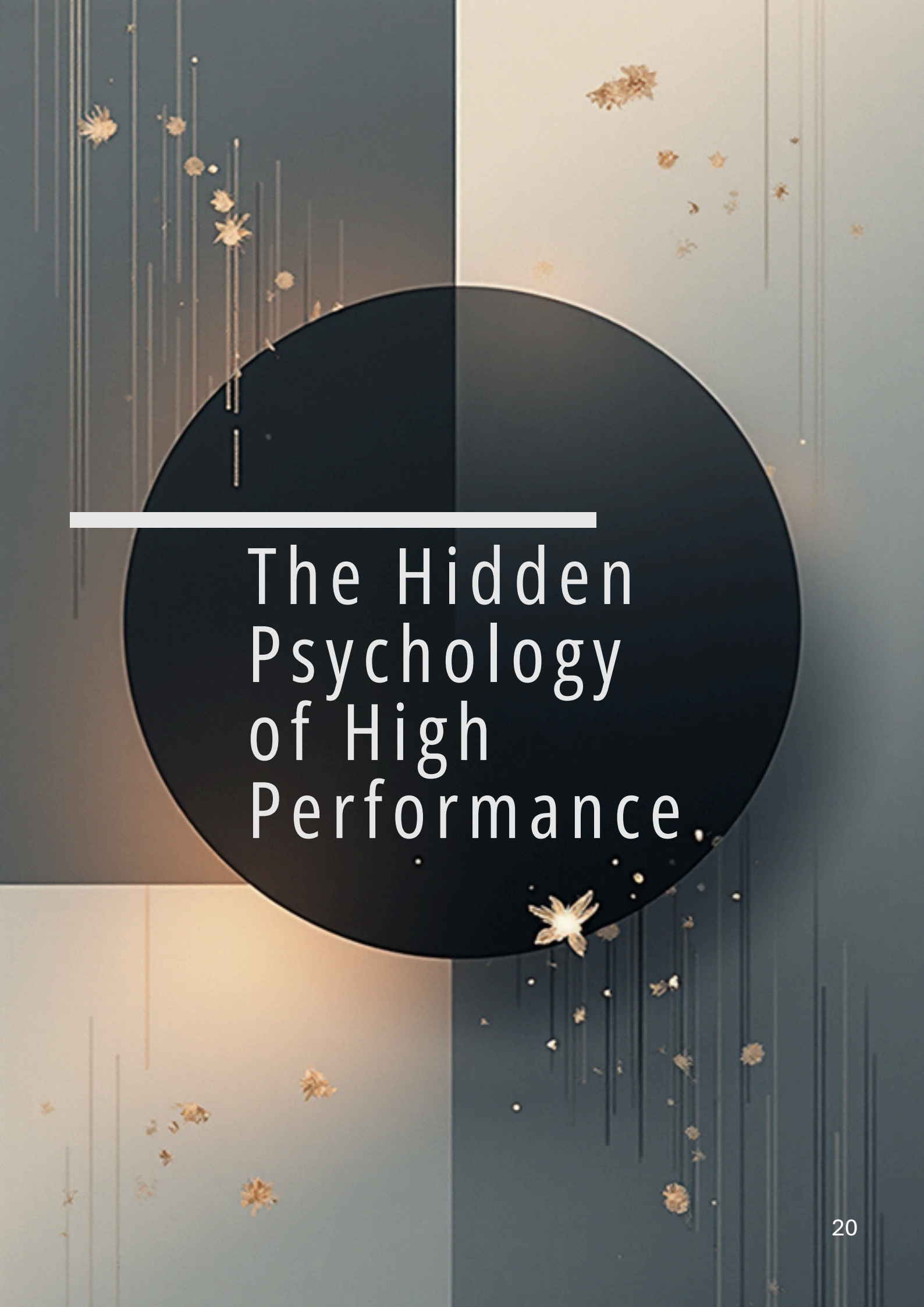
Everytime you work wtih us we make your world better.

Talent Tonic
THE 5% CLUB

Why we do, what we do.

Join our movement, business shouldn't just be about profits above people. It should be socially responsible for improving the lives around it

Our World	Goals	Actions	Analysis
Outreach Community engagement	To promote the interests of our customers for free.	To promote our customers in our advertising, referrals and magazines.	To engage with over 50 community and local heroes to support them.
Fundraising To improve our communities	To begin trends that encourage others to work with us on the projects we fund.	Call to action our stakeholders, friends and networks.	To raise over £100,000 for charitable causes.
Volunteering To lead by example	To promote our people to engage actively in volunteering.	To provide protected space for our people to work as volunteers.	To provide over 100 hours of volunteering per year per employee.
Community To foster a strong network	To bring people together to share experiences and foster collaboration.	To actively seek to bring people together through targeted events.	Arrange over 20 events that focus on improving commonality.
Expansion To grow with our customers	As our business grow so should our support for others.	Increase the numbers supported proportionate to the businesses growth.	Grow the 5% club by at least 5% each year when profitable.


The Hidden Psychology of High Performance



THE HIDDEN ASSET: WHAT THE CV MISSES.

> Hope is a waking dream.
> – Aristotle

Quite often, leaders do not look deeply enough at the people in their teams. Relying on personal, historic actions as opposed to their potential to grow.

There are people within your team who can do much more than you give them credit for. We explore how you can choose a different management path.

Have you ever considered that the personalities behind the people in your team are worth a lot more than you realise?

Let’s remove the mask on an often-missed powerful business exploit.

COLOUR matters

In the kaleidoscope of team dynamics, each member brings a unique set of strengths, perspectives, and contributions.

By understanding and leveraging these diverse attributes, teams can unlock their full potential and achieve collective success.

One popular framework for categorising individuals based on their strengths is the "Colours" model, which assigns different colours to represent distinct personality traits and preferences.

Let's explore how people within teams can be categorised into different colours aligned with their strengths, illuminating the vibrant spectrum of human potential.



<Operational DNA: Mapping Your Team's Drivers>

Using your people's strengths to your advantage.



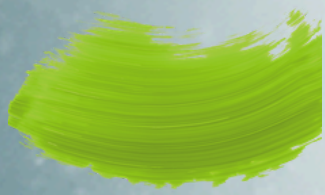
Red (Dominant): Red individuals are assertive, goal-oriented, and decisive. They thrive in leadership roles, excel at making tough decisions, and are driven by a desire for results and efficiency. Reds are natural leaders who value autonomy, authority, and tangible outcomes.



Yellow (Energetic): Yellow individuals are creative, spontaneous, and optimistic. They bring enthusiasm, energy, and innovation to the team, often inspiring others with their ideas and vision. Yellows thrive in dynamic environments where they can explore new possibilities and think outside the box.



Blue (Harmonious): Blue individuals are empathetic, diplomatic, and relationship-focused. They excel at fostering teamwork, building rapport, and resolving conflicts with sensitivity and tact. Blues prioritise collaboration, communication, and emotional intelligence in their interactions.



Green (Analytical): Green individuals are analytical, detail-oriented, and methodical. They excel at problem-solving, data analysis, and strategic planning, leveraging their logical thinking and systematic approach to uncover insights and drive informed decisions. Greens value accuracy, precision, and intellectual rigour.

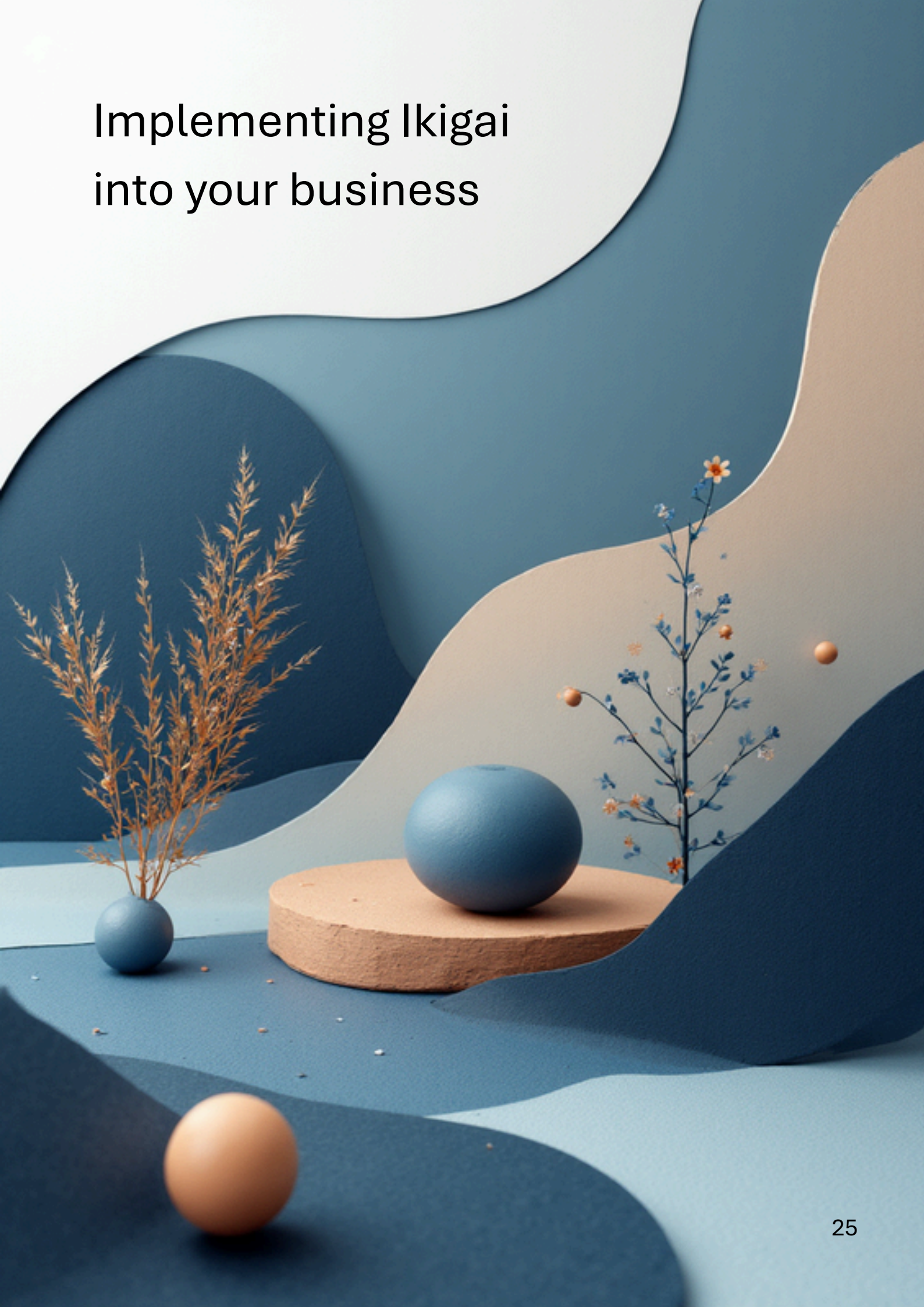


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Implementing Ikigai into your business



Beginning the journey





Our journey starts with the concept of Ikigai, an increasingly popular concept it focuses on making the world a better place through doing what you love, for the people that need it whilst defining it as a service.

Mapping Ikigai

How to make it purposeful for your business.

Embrace the theory

Understand the key elements that make Ikigai powerful

Align your culture

Give your people permission to think about their ideal dream



Prepare your network

Map the 4P process to the Ikigai model to maximise the most from your people

Deep dive the analysis

Create a full profile of your teams strengths, abilities and areas for development

The benefits of implementing Ikigai within your business.

Motivated, purposeful employees perform better.

Attracts purpose-driven talent and keeps them longer, reducing turnover.

Encourages creativity and a growth mindset as employees feel safe to experiment.

Promotes complementarity and better teamwork as skills are better utilised.

Helps businesses define their mission, ensuring alignment between staff efforts and organisational goals.



Making Ikigai Tangible

Our unique 3-step process helps you take the theory of Ikigai and turn it into a real and usable method. One which you can measure, employ and benefit from.

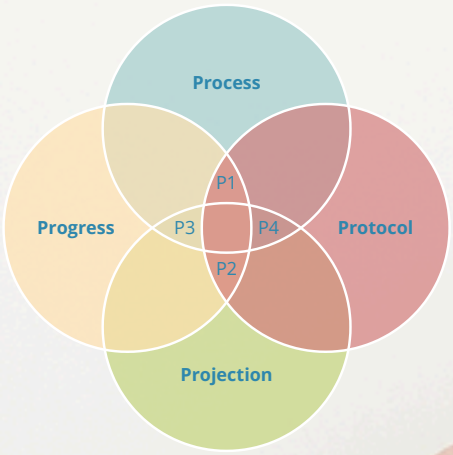
The 4P's

Step one:
Converting Ikigai into the real

The 4P methodology isn't designed to reinvent the wheel. It is a combination of different influences that work better together. Built from influences and ideologies such as Ikigai (the pursuit of perfection), combined with the traditional personality types. It also combines different behaviours into types of passions that act as 'drivers', which help motivate us.

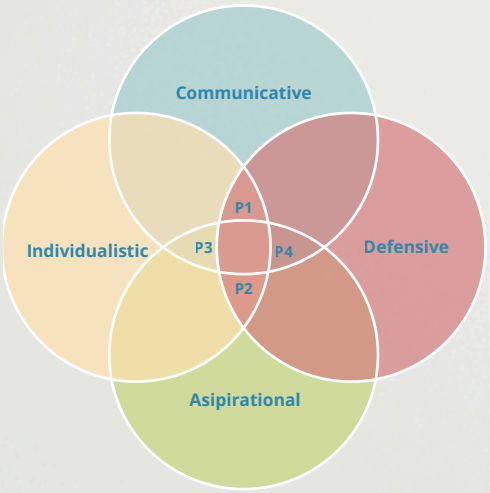
The 4P methodology works on interpreting the intensity of such drivers on the basis that all are required and at different times, the strengths will vary depending on the task and need.

The methodology starts by fundamentally compartmentalising every business activity into one of four categories, shown in the figure opposite. For example, policy management, either creation of or use, would fit into the protocol or process compartments. As such, there are overlaps between the categories.



Step two:
Have you mapped what your teams are truly capable of?

The methodology then adds a layer of drivers to each one of the components. These shouldn't be viewed as connected to a good or bad outcome. For example, defensive drivers are associated with protocol (P4). Defensive is a word that can hold negative connotations in some minds; however, in this instance, it can be positive as well. Can you think of a brand or business that was too radical in its approach, causing more injury than help? In this instance, a defensive element would be a good thing.



So, we need to take the positives and negatives out of the equation and instead look at intensity. This is what we measure, high intensity will make someone really good at fewer things or narrower. Whereas low intensity will usually mean someone is broader brushed.

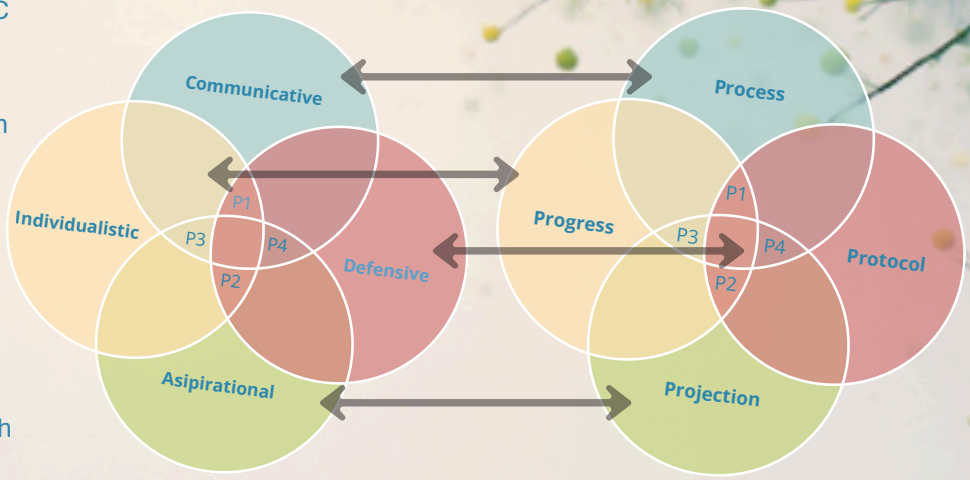
Step three:

Have you mapped what your teams are truly capable of?

Our framework doesn't dive deeply into a psychological assessment; instead, it builds on previous work such as that of Carl Jung and the DISC process.

In our model, we reframe the situation into positive passions, which are split into the following categories:
Communicative passion (blue)
Aspirational passion (green)
Individualistic passion (yellow)
Defensive passion (red)

This helps us cross-reference this with our 4P process, which enables you to start mapping how your people interact.



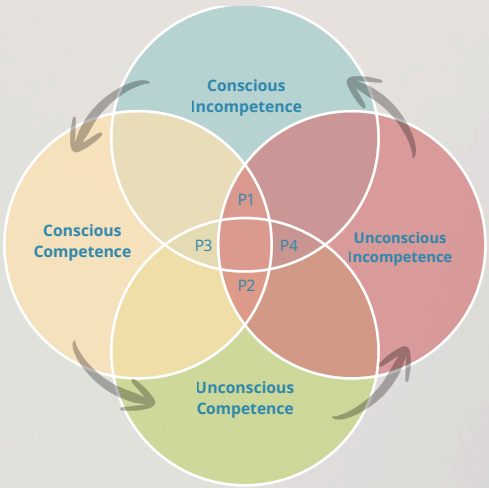
Step four:

Linking competence and development

There is a continuous cycle in developing and improving an individual's competence that we explore in the model in below. We can link this well to the two previous models we introduced you to. For example, someone who is not competent, but doesn't know it (Unconscious Incompetent) will usually be highly defensive and will over-rely on protocol. Whereas someone who is unconsciously competent is highly likely to be aspirational and project this due to the ease with which they can comprehend the ideal. However, do not fall into the trap of using measurement in isolation.

You are aware of the skill but not yet proficient.

Performing the skill still takes a sizeable amount of effort.



You are unaware of the skill and you lack proficiency.

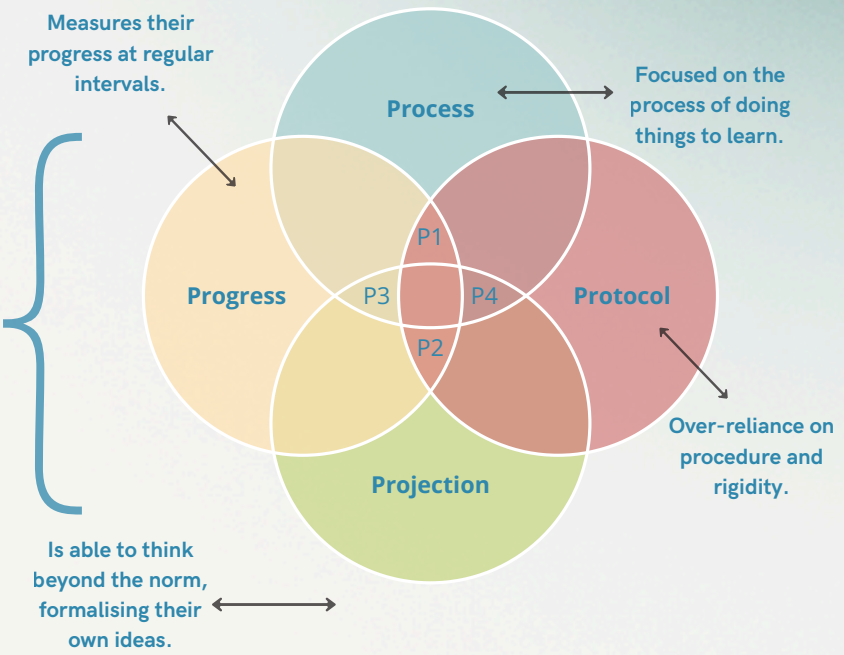
Performing the skill becomes automatic.

You need to combine multiple measurements before you can declare someone highly competent or incompetent. For example, someone who is highly competent may be quite defensive about a policy decision they see as a direct problem with the way the business operation works, and they are likely to be correct.

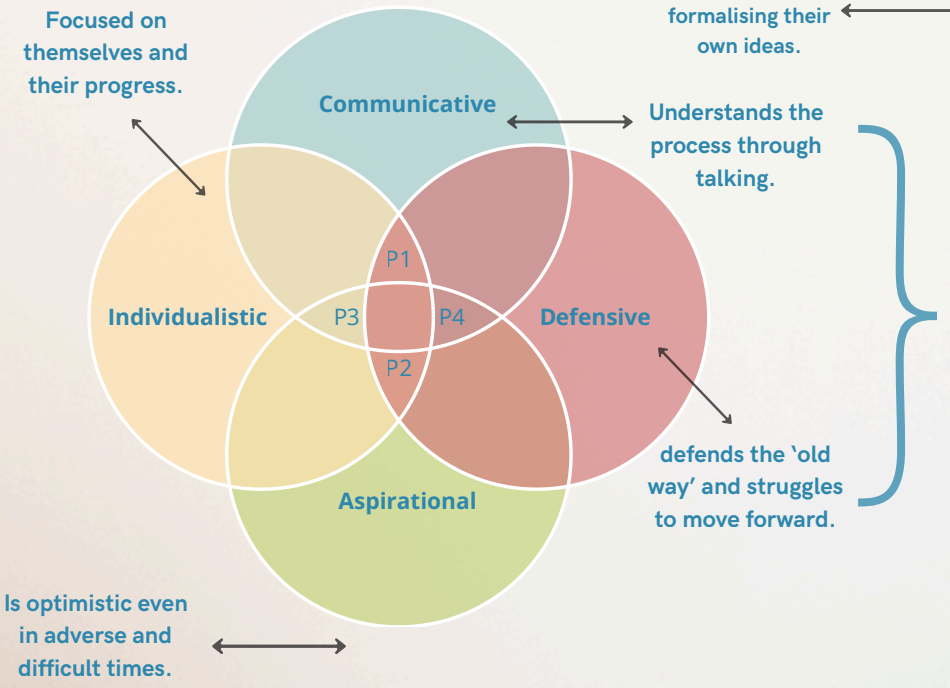
4P's applied

Using the model.

A person moving in the right direction



Someone requiring additional help and support to get them on the bus.

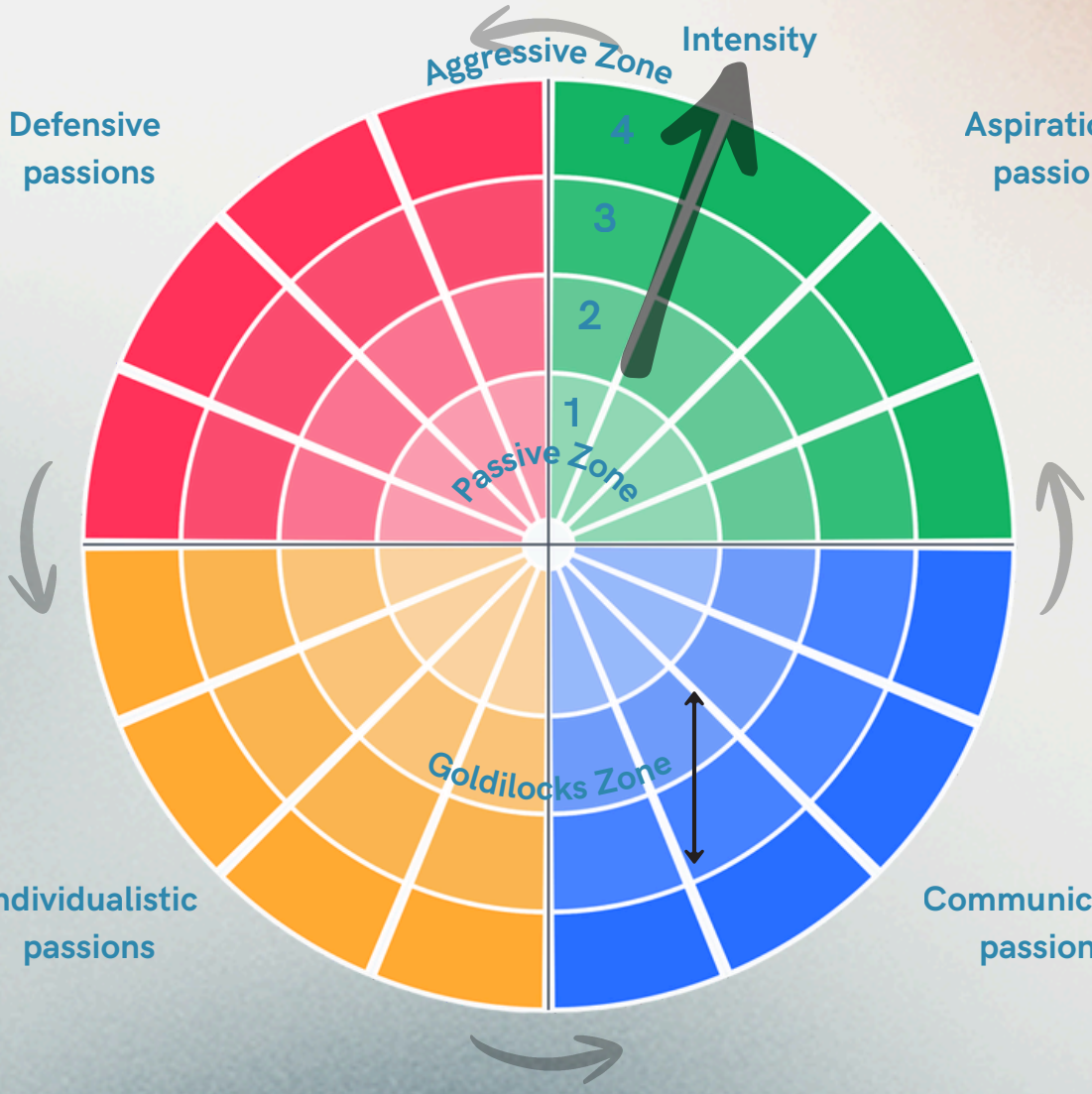


> Excellence is not a skill. It is an attitude.
> **Ralph Marston**

Don't get too hung up on the need to get every single action within your business into a neat order in the beginning. Instead focus on iteration towards excellence.

HELPFUL TIPS

Personality
Measuring intensity



Now that you have a clearer picture on measuring the natural organisational orientation you can begin to map the impact of this effect. Measuring the intensity of the personality drivers with the the 4P process helps you understand the level of risk presented to you by your people. An intense organisation will usually perform really well until something goes wrong.



The AI Reality Check:

You Are Already Late.

If you are just starting your AI Strategy" today, you are playing catch-up. Here is the cost of ignoring the signal.

The "Pilot Purgatory" Trap

Most businesses are stuck in a dangerous loop. They are buying AI tools, but they aren't changing their workflows. They are treating AI as a "plugin" rather than an infrastructure change.

The result? Chaos at speed.

The barrier isn't technology. It is Leadership Inertia. While boards debate governance, the workforce is already moving. We are seeing a massive rise in "Shadow AI"—where employees use unapproved tools to automate their own admin.

You cannot manage this shift with "gut feeling." You need a forensic audit of your Operational DNA.

The Hard Truth: You might think the solution is to hire "AI Experts." But the data suggests that is a gamble you cannot afford to take.

Why Hiring "AI Talent" is a 44% Risk.

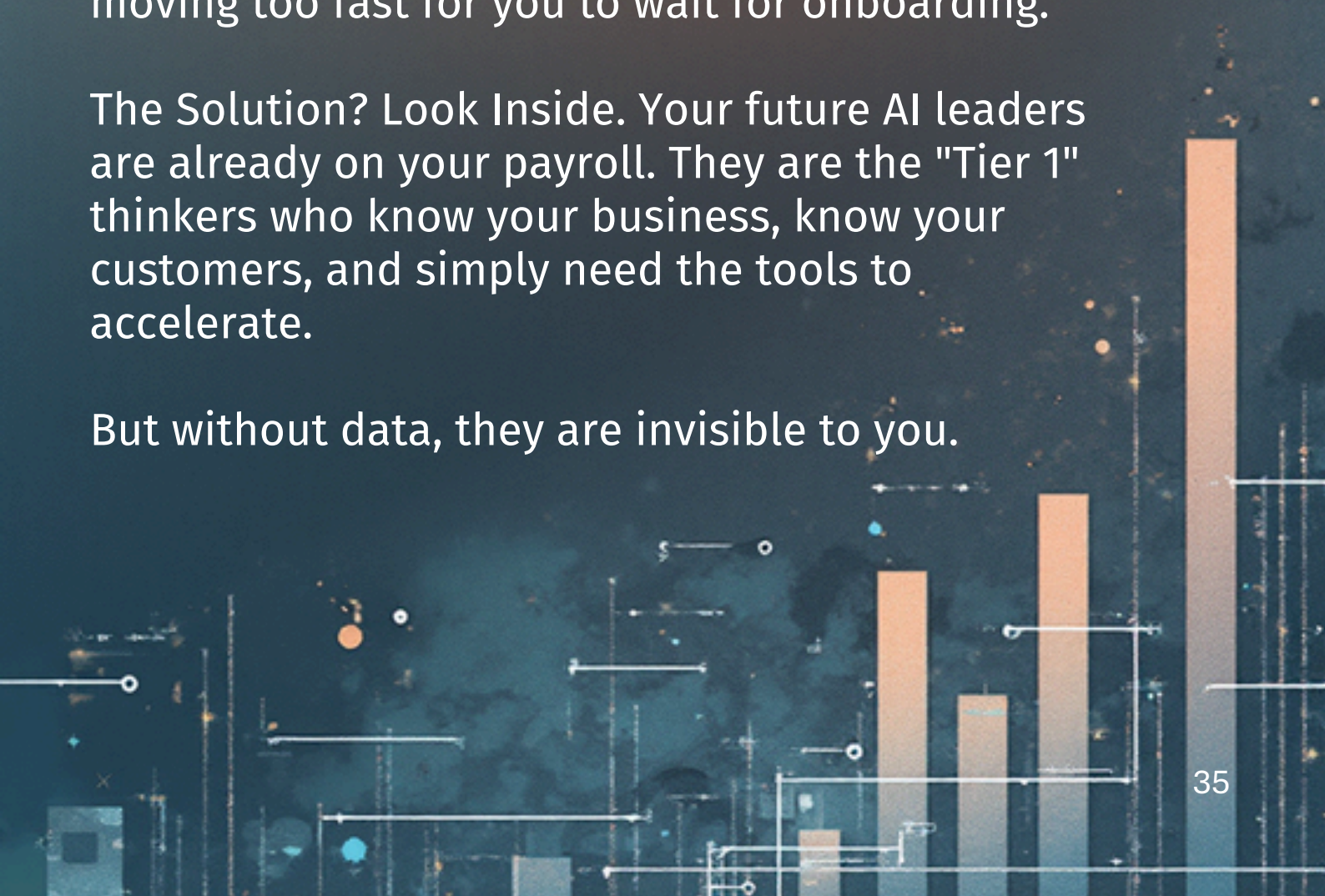
The instinct is to look externally. To hire a "Head of AI" or a "Digital Transformation Lead." Stop.

According to Harvard Business Review data, 44% of new hires do not work out as intended. In a high-stakes AI transition, flipping a coin on leadership is a strategic error.

Furthermore, the "learning lag" of a new hire means they won't be effective for months. AI is moving too fast for you to wait for onboarding.

The Solution? Look Inside. Your future AI leaders are already on your payroll. They are the "Tier 1" thinkers who know your business, know your customers, and simply need the tools to accelerate.

But without data, they are invisible to you.



Don't Guess. Calculate Your Tier 1 Talent.

In the face of economic pressure, many firms will instinctively use AI as a cost-cutting mechanism. The logic seems sound: if an algorithm can write code or draft emails, why pay a human to do it?

This is the "Efficiency Trap."

Efficiency is doing things right. Effectiveness is doing the right things. AI is excellent at efficiency, processing data, generating text, and automating workflows. But it lacks "Contextual Intelligence." It cannot read the room, navigate internal politics, or discern a "good" strategic decision from a merely "logical" one.

The Future is Hybrid The businesses that excel in the next decade won't be those with the fewest employees. They will be the businesses that successfully hybridise their workforce.

This means restructuring your teams into two distinct operating layers:

1. The AI Layer: Handles Process (Data entry, first drafts, scheduling, diagnostics).
2. The Human Layer: Handles Judgment (Strategy, ethics, negotiation, complex problem solving).

The Rise of Critical Thinking As AI lowers the barrier to creation (anyone can write a report now), it raises the premium on curation.
Right now, the single most valuable asset in your organisation is Critical Thinking. You need employees who can audit the algorithm, question its bias, and apply its output to generate revenue.

The Strategic Pivot The goal for 2026 shouldn't be "How many posts can I remove form the establishment?" It should be: "How much faster can my people move now that they aren't bogged down by administration?".

Don't use AI to shrink your business. Use it to scale your capability.

Eventually, everything returns to the mean.

Be wary of the temptation to react before the real impact is felt. The world is full of examples of following the herd, to lesser results.

This isn’t to say that avoiding AI is the answer; it isn’t. Wholesome embrace is key, but AI is still some way off affecting the world in such a revolutionary way.

Legislation, bureaucracy and people will mould its approach and fit with society.

Be different, be bold, be brave.



Future Focus

We at SI&C would like to extend our gratitude for taking the time to read our publication. We sincerely hope you found the content insightful and useful. And to leave you with a thought-provoking consideration:

As artificial intelligence capabilities advance, there is potential for substantial cost reductions in professional services such as the legal sector. If AI enables more affordable litigation and legal proceedings, businesses across industries may face a surge in cases brought against them.

Whilst the timeline remains uncertain, we are confident this issue will become an eventuality firms need to prepare for.



Thank you

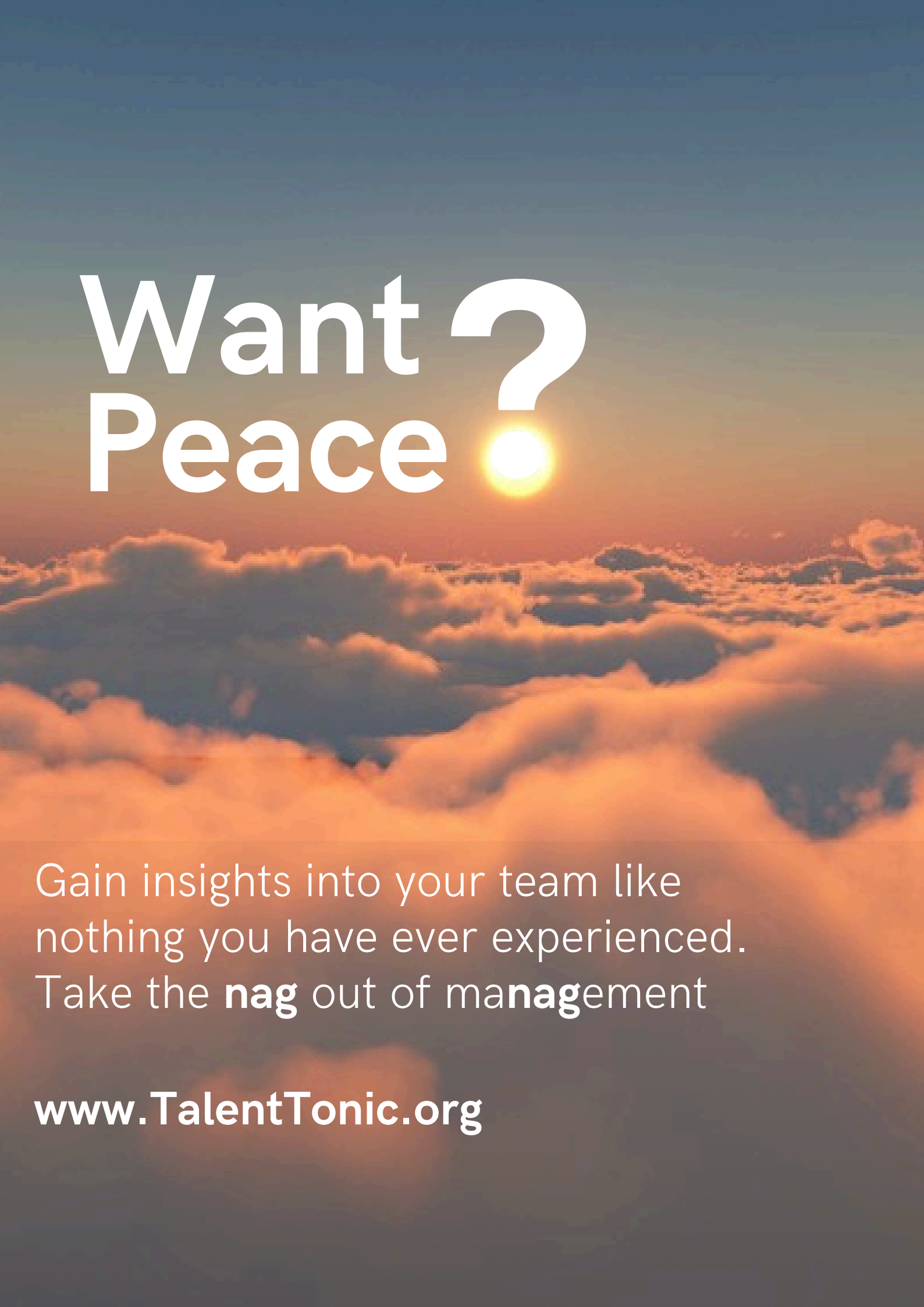
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- **Food and clothing banks**
- **Any registered charity of your choice, such as Cancer Research UK.**

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