LEADERS BEHIND REMARKABLE TURNAROUNDS

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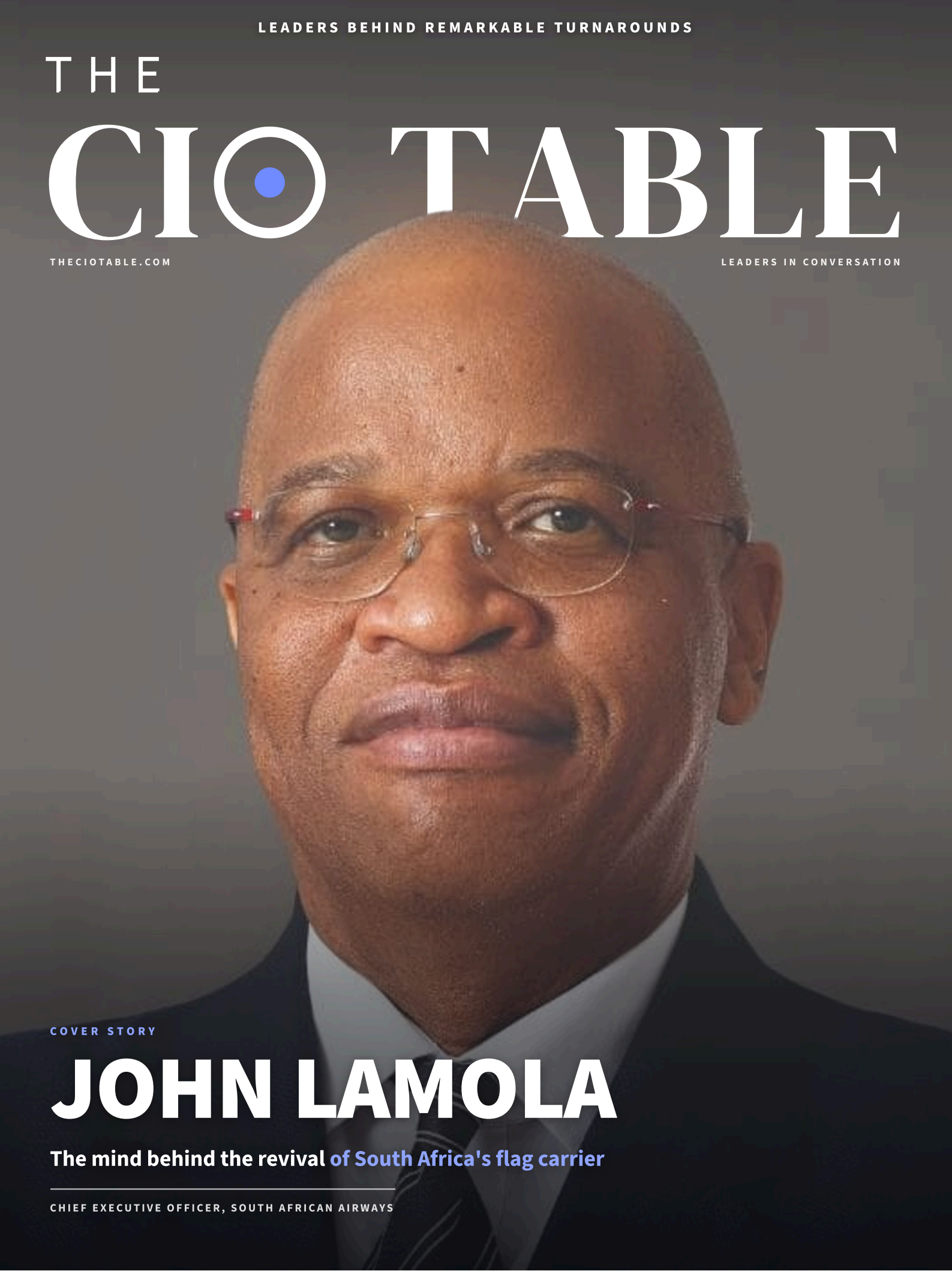

COVER STORY

JOHN LAMOLA

The mind behind the revival of South Africa's flag carrier

CHIEF EXECUTIVE OFFICER, SOUTH AFRICAN AIRWAYS

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THE CIO TABLE

FROM THE EDITORS

EDITOR'S NOTE

Leaders Behind Remarkable Turnarounds

Every edition of The CIO Table begins with one conversation. This time it is with John Lamola, Chief Executive Officer at South African Airways.

Airlines are sustained by people passengers never meet. John Lamola on bringing South African Airways back, and the discipline and long memory that flight demands.

Our cover story follows John through the choices that shaped the work, from the early years to the decisions being made now, and asks what other leaders can take from them.

Also in this edition: What separates a lasting turnaround from a serial rescue. Japan Airlines, Alitalia and NatWest all needed public money to survive. What happened next depended on how fast each was made smaller, how close to the front line profit was measured, and whether the rescuer planned its way out.

Then: The board that cannot read a breach report. Most boards now receive a cyber briefing every quarter. Far fewer could say what would make them stop a product launch. An essay on the gap between being informed and being able to decide.

And: Satya Nadella and the culture reset behind Microsoft's cloud turn. Before the cloud deals and the AI partnership came a quieter change: how Microsoft argued, decided and learned. What a decade of Nadella's leadership shows about fixing culture before strategy.

As always, we would like to hear what you would have done differently. The conversation continues at theciotable.com. ■

The Editors





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COVER STORY

JOHN LAMOLA

The mind behind the revival of South Africa's flag carrier

Flight is a discipline shaped by collective effort, long memory, and unforgiving standards. Airlines are sustained by engineers who never meet passengers, crews who operate under constant scrutiny, planners who trade instinct for data, and leaders who must make decisions that ripple far beyond a single route or season. The field demands people who can hold multiple truths at once: commercial reality and public responsibility, heritage and reinvention, precision and empathy. Those who leave a mark are rarely defined by spectacle, but by their ability to bring alignment to complexity and purpose to pressure.

John Lamola is one of those leaders shaping contemporary aviation. As Chief Executive Officer of South African Airways, he occupies a role where strategy, ethics, and execution converge. What sets him apart within the industry is the perspective he brings to the task, a rare blend of academic depth and operational pragmatism.

THE LONG RUNWAY FROM EXILE TO LEADERSHIP

John's path to aviation leadership was anything but conventional. His entry into the industry, by his own account, was almost accidental, shaped by history, exile, and intellectual inquiry rather than an early ambition to run an airline. During the height of apartheid, he lived in exile in London and Edinburgh, where he completed a

PhD in Philosophy and Religious Studies at the University of Edinburgh in 1991. His doctoral work focused on social ethics, exploring the intersection of philosophy, economics, and theology, with particular attention to questions of economic justice in a future democratic South Africa. Central to his research was the philosophy of Karl Marx, which sharpened his understanding of the role technology plays in human development and social transformation.

On returning to South Africa in 1991, John began working as an economics researcher in the office of Frank Chikane at the South African Council of Churches. This period placed him at the heart of the country's transition to democracy. In the run-up to the first democratic elections in 1994, he worked closely with Beyers Naudé on voter education and election logistics. The work was complex and demanding, involving coordination with the defence force to airlift ballot boxes to remote regions and facilitating temporary identity documentation for citizens in former homelands such as the Transkei to enable them to vote.

It was through these interactions that John's aviation journey truly began. Contacts made within the Air Force later led to his recruitment into Denel, South Africa's national arms manufacturer. He joined Denel Aviation as a public relations officer and, within two years, rose to become chief executive of the Denel Aviation Transport Aircraft Maintenance Division. To deepen his sector expertise, he later completed a Master of Business Administration in Airline and Aviation Projects Management at Embry-Riddle Aeronautical University in the United States. His relationship with aviation would ultimately come full circle when he joined South African Airways in April 2021 as chairperson of an interim board, before assuming the role of interim chief executive in May 2022.

THE SCHOLAR IN THE BOARDROOM

John's years in academia continue to shape his leadership philosophy. Having spent a decade as a full-time university lecturer and later serving as an adjunct associate professor in the philosophy of technology at the University of Johannesburg, he carries academic discipline into executive decision-making. He credits philosophy with training him to prioritise evidence over opinion, welcome critique, and think in interconnected systems rather than isolated problems.

These principles are deeply embedded in how he leads the airline. Under his approach, speculative ideas are separated from practical solutions, ethical considerations are treated as foundational rather than optional, and assumptions are consistently tested. Communication is purposeful and persuasive, anchored in long-term strategy rather than short-term reactions. This mindset has informed decisions to modernise the fleet, optimise the route network, and elevate the customer experience, all while fostering a culture of resilience. Central to this philosophy is a clear belief that employees are not peripheral but essential to meeting customer needs and sustaining organisational recovery.

REBUILDING AN AIRLINE AT A CROSSROADS

When John joined the airline in 2021, it was emerging from a prolonged and painful business rescue process. The organisation faced a profound deficit of trust, both internally and externally, making confidence and stability his most urgent priorities. Securing sufficient funding and liquidity to restart operations was critical, particularly as the shareholder was pursuing partial privatisation, creating uncertainty around future ownership and control.

At the same time, restoring staff morale demanded immediate attention. John focused on transparent engagement with employees, settling outstanding salary obligations, and clearly articulating a credible and forward-looking strategic plan. Reassurance, consistency, and honesty became central tools in rebuilding belief within the workforce.

Operational readiness was another non-negotiable priority. The airline moved swiftly to re-certify its fleet and implement all required safety and regulatory protocols, ensuring both regulators and the travelling public had complete confidence in its fitness to operate. Alongside this, the airline strategically re-established key domestic and regional routes, signalling a return to reliability and relevance in the market.

Together, these measures laid the groundwork for a restructured and stabilised airline. For John, answering the call to lead the national carrier was never just a professional decision. He viewed the airline as a public asset that belonged to the people of South Africa and believed deeply that it could, and had to, be saved.

DEFINING SUCCESS IN A PHASE OF RENEWAL

For John, success at this stage of South African Airways' transformation is defined less by short-term wins and more by long-term financial independence and strategic growth as a state-owned enterprise. His vision is for SAA to operate as an agile, streamlined airline that unlocks the vast, untapped potential of the African aviation market while maintaining its stature as a premium intercontinental carrier. In this model, SAA connects South Africa to major global trade and tourism hubs while remaining disciplined, focused, and commercially sustainable.

One of the most significant milestones underlining meaningful progress has been the airline's return to profitability in the 2022–23 financial year, its first positive financial result since 2012. John views this achievement as a powerful signal that the fundamentals are being rebuilt correctly. While upcoming financial results for 2024–25, expected in early 2026, may not yet tell a full profitability story, he emphasises that they reflect a clear narrative of repair and measured growth rather than decline.

Equally important was the elimination of all long-term debt in the 2023–24 period, alongside unlocking the value of other assets held by the airline. This debt-free position has provided the certainty and flexibility required for confident strategic execution. Beyond financial metrics, progress is evident in operational stability and prudent expansion. Fleet growth and network planning are now guided by strict financial and economic analysis, with a disciplined approach aimed at expanding to 21 routes. By retaining skilled personnel and growing cautiously, John believes SAA is positioning itself to thrive sustainably rather than chase scale at the expense of stability.

KEEPING A PROUD LEGACY RELEVANT

With more than nine decades of aviation history behind it, John sees SAA's legacy not as a nostalgic relic but as a powerful launchpad for future relevance. His objective is to ensure that the airline's heritage actively informs and strengthens its position in an intensely competitive and rapidly evolving global industry.

This is being achieved through a clear three-pillar strategy. The first is re-establishing SAA as a strategic African hub carrier. The second focuses on targeted global reach, ensuring that international routes serve clear economic and tourism objectives. The third pillar is fleet modernisation, which underpins long-term commercial sustainability.

At the heart of this strategy lies SAA's historic role as a connector. John places strong emphasis on linking South Africa with the rest of the world and, crucially, connecting the African continent internally. He views this as central to supporting the African Continental Free Trade Area by enabling trade flows, tourism growth, and regional integration. The successful resumption of long-haul services to destinations such as São Paulo and Perth reflects this intent, strengthening ties with key global partners while reinforcing SAA's intercontinental relevance.

Modern relevance, in John's view, also demands efficiency and independence. The airline is being

At a glance

NAME
John Lamola

ROLE
Chief Executive Officer

ORGANISATION
South African Airways



Photo: Bao Menglong / Unsplash

reshaped into a world-class commercial operation, capable of standing on its own without compromising safety, service, or national significance. He repeatedly stresses that the SAA brand extends far beyond aircraft and routes. Its true strength lies in its people. By rebuilding the airline with experienced pilots, engineers, and managers, SAA is preserving its legacy of excellence in an era where skilled aviation talent is globally contested.

ENGINEERING THE AIRLINE OF TOMORROW

Technology plays a central role in John's vision for SAA's future. Innovation is not treated as an add-on but as a core driver of efficiency, safety, and customer satisfaction. Advanced data analytics are being deployed across operations to optimise flight planning, fuel usage, and maintenance scheduling. These measures reduce costs while also lowering environmental impact, aligning efficiency with responsibility.

Safety remains paramount. John has overseen the adoption of AI-driven training simulations for flight crews, enhancing preparedness and performance. At airports, sophisticated biometric scanning and security monitoring tools are improving security standards while reducing processing times for passengers. These investments allow SAA to maintain rigorous safety benchmarks without compromising operational flow.

From a passenger perspective, technology is reshaping the travel experience. Personalised digital platforms, including mobile applications and an upgraded website, provide real-time updates and self-service options. In-flight entertainment systems are being enhanced, and high-speed connectivity solutions are under exploration to deliver a seamless, modern journey that reflects SAA's ambition to remain a world-class African airline.

EXPANDING THE REACH OF SAA TECHNICAL

John also sees immense strategic value in the growth of SAA Technical. He envisions it becoming a dominant provider of third-party maintenance, repair, and overhaul services across Africa and beyond. This expansion is being driven by targeted investment in cutting-edge technologies such as advanced diagnostics, component repair capabilities, and predictive maintenance systems that support new-generation aircraft.

SAA Technical's role extends beyond supporting the

airline's own fleet. By aggressively pursuing MRO contracts with regional and international carriers, it is positioned to become a key contributor to the broader aviation ecosystem. John also highlights its importance as a skills development engine for South Africa. Plans to expand the training academy aim to produce globally certified technicians and engineers, strengthening the local aerospace sector while cementing SAA Technical's reputation as an indispensable, world-class MRO provider.

Together, these efforts reflect a leadership philosophy grounded in renewal, relevance, and resilience, ensuring that SAA's future is built with the same ambition and discipline that once defined its past.

A HUB THAT CONNECTS A CONTINENT TO THE WORLD

As a member of Star Alliance, John has positioned South African Airways to compete globally without the need to deploy its own aircraft to every destination. He views alliance membership as a strategic force multiplier, allowing SAA to significantly expand its reach while maintaining operational discipline. Through Star Alliance partnerships, SAA passengers gain seamless access to more than one thousand destinations worldwide, connecting via global carriers such as Lufthansa, Turkish Airlines, and United Airlines.

This extensive network effectively transforms Johannesburg into a world-class connecting hub for traffic moving between Africa and the rest of the world. By using carefully structured codeshare agreements and coordinated scheduling, SAA is able to sell tickets to cities it does not directly serve, increasing revenue opportunities while strengthening load factors on its core Southern African routes. John also emphasises the customer advantage of alliance membership. Through Voyager frequent flyer benefits, travellers can earn and redeem miles across the entire alliance and access more than one thousand airport lounges globally, reinforcing SAA's appeal to business travellers and premium leisure customers alike.

ADVANCING A GREENER AVIATION FUTURE

Sustainability sits at the centre of John's long-term vision for SAA, shaped by both environmental responsibility and commercial realism. The airline's approach focuses on sustainable aviation fuels and continuous improvements in operational efficiency. SAA has already established itself as a pioneer on the continent by piloting flights powered by biofuel derived from the nicotine-free Solaris tobacco plant. This initiative demonstrated the feasibility of a locally sourced sustainable fuel supply chain and its potential to reduce lifecycle carbon emissions.

While these trials proved technically successful and socially beneficial, John acknowledges that large-scale commercial production has not yet materialised. Most global sustainable aviation fuel currently comes from alternative sources, and South Africa's efforts remain focused on research and limited-scale initiatives. Nonetheless, the Solaris project stands as a landmark example of innovation and commitment, even if it is not yet part of mainstream operations.

> Africa does not lack demand for air travel. What it needs is coordination, discipline, and confidence in its own capability.
>
> JOHN LAMOLA

In parallel, SAA continues to modernise its fleet with new-generation, fuel-efficient aircraft such as the Airbus A350, which significantly reduce fuel consumption and emissions compared to older models. Beyond the air, the airline is reducing its environmental footprint through energy efficiency in ground operations, a goal of powering its head office with one hundred percent renewable energy, and ongoing recycling and waste minimisation programmes across the group. These efforts align SAA with global sustainability standards and the aviation industry's net-zero targets for 2050.

BUILDING A CONNECTED AFRICAN AVIATION MARKET

John sees regional cooperation as the single most important lever for unlocking Africa's aviation potential. Fragmentation, in his view, can only be overcome through deeper collaboration among African carriers. Strategic partnerships, codeshares, and joint ventures allow airlines to create economies of scale, improve connectivity, and operate more efficiently.

By aligning schedules and commercial strategies, airlines can reduce the prevalence of half-empty flights and instead pool demand to offer higher frequencies and more direct routes across the continent. This approach limits wasteful competition while enabling each carrier to focus on its strengths. Cooperation can also extend to joint procurement of spare parts, shared training programmes, and maintenance resources, significantly lowering operating costs.

John strongly supports initiatives such as the Single African Air Transport Market, arguing that full implementation would lower fares, increase travel volumes, and enhance the global competitiveness of African aviation. In his view, stronger regional integration will not only benefit airlines but also stimulate trade, tourism, and broader economic growth across the continent.

ETHICS, IDENTITY, AND CORPORATE RENEWAL

John's leadership philosophy is deeply influenced by African social philosophy, values, and ethics. He sees SAA as a product of African innovation and leadership, and its recovery as a source of pride not only for South Africans but for the wider continent. Driven by a strong sense of patriotism and pan-Africanism, he views the airline as a national asset that must be protected and grown for the benefit of the country and the region.

Under his stewardship, SAA's route network is deliberately positioned as a catalyst for African economic development, connecting markets and enabling opportunity. Integrity and ethical leadership are central to this mission. Conscious of the reputational damage the airline suffered in the past, John led its relaunch in 2021 under the banner of SAA V2.0, signalling a culture of renewal and zero tolerance for corruption. Governance, transparency, and accountability are treated as non-negotiable foundations for long-term success.

DESIGNING THE AFRICAN SKY OF TOMORROW

Looking ahead, John's message to young Africans aspiring to careers in aviation, leadership, and technology is one of confidence and urgency. He believes the sky is not the limit and that Africa represents one of the world's greatest growth frontiers, particularly in aviation. He urges young people to commit to lifelong learning and to embrace the technologies reshaping the industry, from artificial intelligence in maintenance to data science in operations.

Aviation, he notes, demands discipline, precision, and passion. John calls on the next generation to bring fresh perspectives, harness digital tools, and step into leadership roles with courage. In doing so, they can help realise the long-held vision of a fully connected, prosperous African sky. ■



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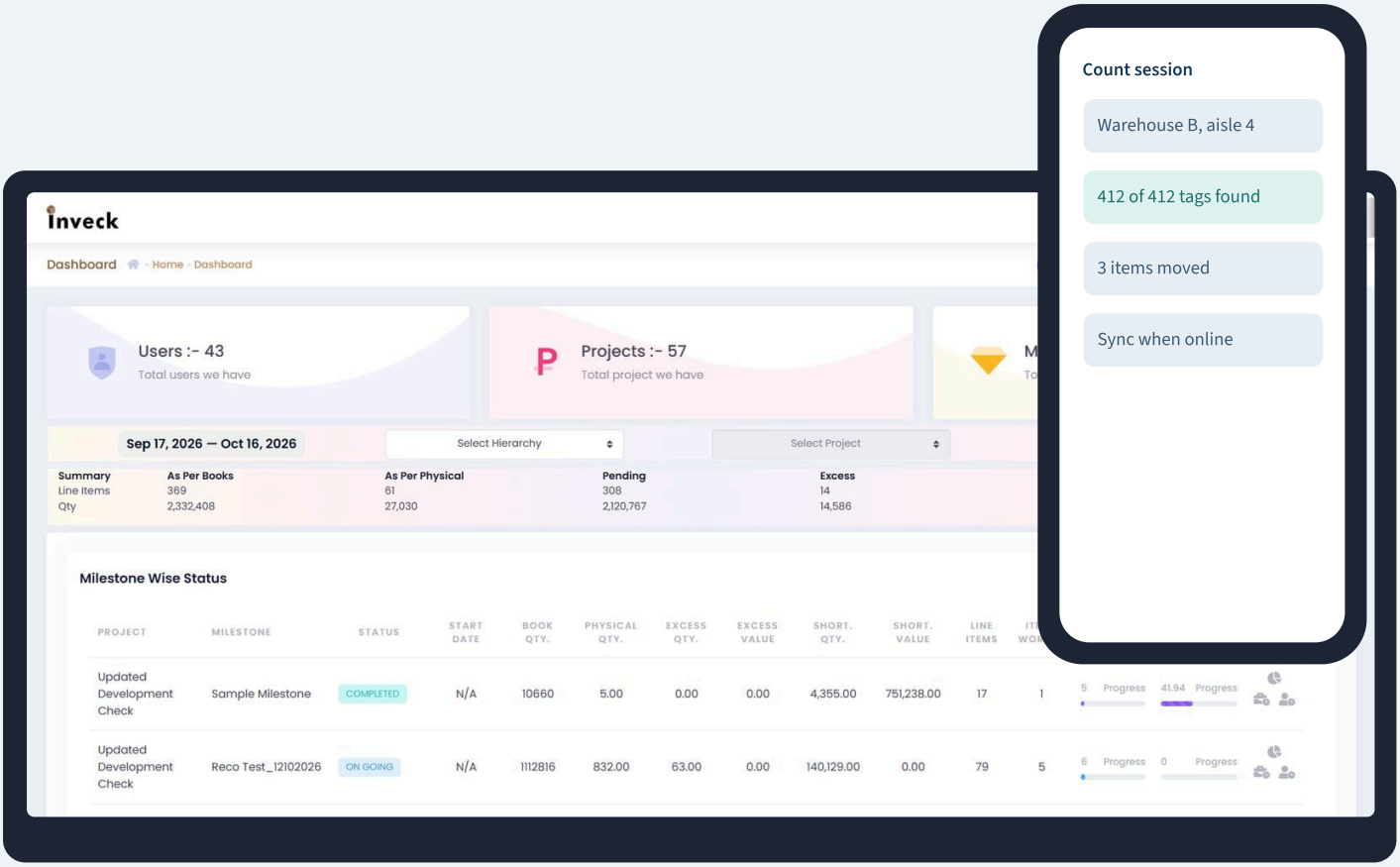

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ANALYSIS

What separates a lasting turnaround from a serial rescue

Japan Airlines, Alitalia and NatWest all needed public money to survive. What happened next depended on how fast each was made smaller, how close to the front line profit was measured, and whether the rescuer planned its way out.

Most turnarounds open with the same announcement: a rescue package, a new chief executive and a plan. What separates the ones that last from the ones that come back for another cheque is rarely the quality of the plan. It is whether the business is made smaller before it is asked to grow, and whether the owner, public or private, has decided how it will leave.

Airlines make a useful laboratory because their failures are public and their numbers are blunt. Two carriers and one bank show the pattern clearly.

SHRINK FIRST, THEN REBUILD

Japan Airlines went bust in January 2010 owing about 2.32 trillion yen. The rehabilitation plan approved by the Tokyo District Court that November was severe by any standard: 16,000 job cuts, route closures and a debt waiver of 521.5 billion yen. The state-backed Enterprise Turnaround Initiative Corporation injected 350 billion yen of capital.

The airline sold its inefficient jumbo jets and rebuilt the fleet around medium-sized Boeing 737s and 767s, scrapping regional routes along the way. The cuts came first, and the results followed quickly. An operating loss of 133.7 billion yen in the 2009 financial year became an operating profit of 204.9 billion yen in the 2011 financial year.

In September 2012 the airline returned to the Tokyo Stock Exchange in an offering of about $8.5 billion, less than three years after its collapse.

MAKE EVERY UNIT ANSWER FOR ITS NUMBERS

The more durable change at JAL was in how it measured itself. Kazuo Inamori, the Kyocera founder who took charge of the airline, replaced the old habit of judging income and costs across the whole network with a discipline of knowing what each individual route earned or lost. He also ran management training, particularly for senior staff.

This matters for any turnaround leader. A network-wide average hides the loss-makers that a business keeps out of habit or politics. Profit measured by route, product or branch makes those choices visible, and it gives managers below board level a reason to care about them.

It is also the part of a turnaround that lands squarely on the technology function. Unit-level profitability needs cost allocation rules, clean revenue data and reports that operational managers trust. Without them, the restructuring plan rests on the instincts of a handful of people at the top, and those instincts are often part of how the company got into trouble.

RESCUE MONEY NEEDS AN END DATE

Alitalia shows the opposite pattern. The Italian carrier had been in financial difficulty since 2007, lost access to credit markets in 2017 and entered bankruptcy proceedings that year. The government lent it €600 million and then €300 million. In September 2021 the European Commission ruled that the €900 million in loans was illegal state aid that had given the airline an unfair advantage over its rivals, and ordered Italy to recover it.

By then Rome had already chosen to start again. Alitalia made its final flight in October 2021. Its state-owned successor, ITA Airways, received €1.35 billion in capital that the Commission accepted as consistent with market conditions, and planned to hire only around a quarter of Alitalia's 10,000-strong workforce. In January 2025 Lufthansa completed a €325 million capital increase that gave it 41 per cent of ITA, with options to buy the remaining shares from the Italian finance ministry.

The lesson is not that governments should never step in. It is that support without a reset in scale and cost base only delays the reckoning, and the delay is paid for by taxpayers and by competitors. A smaller successor with a private partner is a different business from one that kept borrowing to stand still.

PLAN THE EXIT AS CAREFULLY AS THE RESCUE

NatWest, formerly Royal Bank of Scotland, is the long version of the same story. The UK government

BY THE NUMBERS

521.5bn yen

Debt waived by Japan Airlines' creditors in its court-approved rehabilitation

RTÉ News, 2011

€900m

Italian state loans to Alitalia ruled illegal state aid

Euronews, 2021

£35bn

Recovered by UK taxpayers from the £45.5 billion NatWest rescue

HM Treasury, GOV.UK, 2025

provided £45.5 billion in 2008 and 2009, and its economic ownership peaked at 84.4 per cent. It sold down through three accelerated bookbuilds, a series of buybacks by the bank and a trading plan that began in 2021, completing its exit on 30 May 2025, nearly 17 years after the rescue.

The Treasury recovered £35 billion through share sales, dividends and fees, around £10.5 billion less than it put in. The government's case is that a collapse would have cost far more, and boards can debate the price.

The structural point is more useful. The exit was a defined programme with several routes to market, not a wait for the perfect moment. A proposed retail share sale was dropped in 2024 partly because selling at a discount would have added to the cost.

Taken together, the cases point to three tests for any rescue. Cut the business to a size its revenue can support before discussing growth, measure profit close to where decisions are made, and decide at the outset how the rescuer will leave. A plan that cannot pass all three is a refinancing, however it is presented to staff and investors.

Sources: rte.ie; nippon.com; taipeitimes.com; euronews.com; yahoo.com; newsroom.lufthansagroup.com; gov.uk; natwestgroup.com. ■

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ANALYSIS

The board that cannot read a breach report

Most boards now receive a cyber briefing every quarter. Far fewer could say what would make them stop a product launch. An essay on the gap between being informed and being able to decide.

BY THE CIO TABLE EDITORS

Boards across Asia-Pacific now hear about cyber risk every quarter, usually late on the agenda, after the dividend and before lunch. The chief information security officer has a fixed slot and a long deck: a heat map with a few amber cells and perhaps one red, a maturity score nudged upwards against a framework most directors could not name, and a page of acronyms defined in a footnote.

The questions that follow tend to be about the red cell. Why is it red? When will it be amber? Rarely does anyone ask what the board would do if it stayed red, or whether anything planned for the year ought to wait until it changed colour. The briefing is accurate and carefully prepared, and directors leave better informed. It is much harder to say what any of them is now better able to decide.

That is the gap. Most of what boards hear about cyber risk is built to inform them. Very little of it is built to equip them.



INSTRUMENTS BUILT FOR SOMEONE ELSE

The tools in a typical board pack were designed for the people who run security. A heat map shows where the risk register is most worried. A maturity score tracks a programme's progress against a framework. Counts of blocked attacks and patching percentages show whether the operational machinery is turning. All of these answer a management question: are we getting better? None of them answers the question that belongs to the board, which is what it is prepared to do, and when.

The distinction matters because regulators have already settled whose question it is. In Australia, APRA's prudential standard CPS 234, in force since July 2019, makes the board of a regulated entity

ultimately responsible for its information security. In Singapore, the Monetary Authority of Singapore's Technology Risk Management Guidelines, revised in 2021, expect the board and senior management to oversee technology risk. Responsibility has moved up the building. The briefings, for the most part, have stayed where they were.

A heat map tells a board how the security team is doing. It does not tell the board what the board is prepared to do. A director who must decide whether to delay a launch, take a payments system offline or accept that a critical supplier cannot be audited needs something different: a shared sense, agreed in calm conditions, of where the lines are.

THREE QUESTIONS

There is a simpler test of whether a board is ready. Each director should be able to answer three questions without opening the pack.

The first is what would make us stop or delay something. A product launch, a systems migration, the completion of an acquisition. If directors cannot describe that condition in advance, they will invent it under pressure, usually with the project's executive sponsor in the room and the press release already drafted.

The second is how long it would take to restore our most critical service, and who decides during that time. The useful figure here is the honest one, which is rarely the recovery time objective printed on a slide. The useful name is that of the person who can take a system offline, speak to the regulator or authorise emergency spending at three o'clock on a Sunday morning. Too often, the honest answer to the second half is a committee.

The third is which risks we have knowingly accepted, and who signed. Every organisation runs with some unsupported software, some suppliers it cannot inspect and some systems that cannot be patched without stopping the business. That is normal. What matters is whether each was a decision, taken by someone with the authority to take it, or a drift that nobody chose.

The second question is the easiest to test in advance. Take a rehearsal scenario to the point where someone must decide whether to shut down the customer portal. If the chair looks to the chief executive, the chief executive looks to the chief information officer, and the authority turns out to rest with an operational risk committee that meets monthly, the board has learned something about itself that no heat map would have shown. Better to learn that on a quiet weekday than on the night it matters.

A PAGE, A REHEARSAL AND A DIRECT LINE

None of this requires a new committee. It requires a few changes to what boards ask for and how they spend the time they already have.

Start with a one-page decision log: every risk the board has accepted, the date it did so, the condition that would make it look again, and the name of the person who signed. It should come before the heat map in the pack, and a director should be able to read it in five minutes. If the page is empty, that is itself a finding. It means the organisation has been accepting risks without telling the board.

Next, run tabletop exercises in which directors play themselves. Many boards watch management rehearse an incident and come away reassured. It is more useful, and much less comfortable, for the chair to sit in the chair, with the real phone list, and be asked forty minutes in whether to pay, disclose or switch off.

Third, hear from the chief information security officer directly from time to time, without the briefing passing through two layers of management on the way up. This is no comment on the reporting line. Material edited for a board tends to be edited towards reassurance, and directors should know what the unedited version sounds like.

Finally, change what director education is for. Most of it teaches vocabulary: what ransomware is, what lateral movement means, how a phishing campaign works. Directors do not need fluency.

They need to understand the handful of decisions they may face, how long each one takes, what they will know at the moment of deciding, and how little of it will be certain.

The result should be a shorter pack and a longer, less pleasant discussion, with the decision log first and the heat map in an appendix. The test of whether it has worked is simple: when a shareholder or a supervisor asks what the board decided about cyber risk last year, the chair should be able to answer from a single page, with a name against every line. ■

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LEADERS IN FOCUS

Satya Nadella and the culture reset behind Microsoft's cloud turn

Before the cloud deals and the AI partnership came a quieter change: how Microsoft argued, decided and learned. What a decade of Nadella's leadership shows about fixing culture before strategy.

Photograph: Brian Smale and Microsoft, Wikimedia Commons, CC BY-SA 4.0

When Satya Nadella became Microsoft's third chief executive in February 2014, the company was profitable, enormous and widely described as having missed the move to mobile. A decade later it was one of the most valuable companies in the world, built around cloud services and artificial intelligence. The products changed, but the more instructive part of the story is what changed first: how the company decided, argued and learned.

AN ENGINEER WHO CAME UP THROUGH THE BACK OFFICE

Nadella joined Microsoft in 1992 and spent much of his career in the businesses customers rarely see: servers, developer tools and, later, the cloud and enterprise group that ran Azure. That background matters. He arrived in the top job already convinced that the company's future lay in infrastructure sold to other businesses, rather than in defending the Windows desktop.

CULTURE BEFORE STRATEGY

His best-known early move was not a product but a vocabulary. Nadella borrowed the psychologist Carol Dweck's idea of a growth mindset and asked a famously competitive company to value learning over being right. Internal rivalry gave way, at least in part, to collaboration across divisions. In his 2017 book Hit Refresh he described the cultural shift as the precondition for everything else.

The practical consequences were visible quickly. Microsoft put Office on rival platforms, embraced Linux and open-source software it had once fought, and treated partners as partners. Each of those decisions made commercial sense only if the company stopped measuring itself by Windows.

BETS THAT COMPOUND

The acquisitions followed the same logic: LinkedIn in 2016, GitHub in 2018 and Activision Blizzard, completed in 2023 after a long regulatory review. So did the early and much-enlarged investment in OpenAI, which put Microsoft at the centre of the generative-AI boom and turned Azure into the platform many enterprises use to run it. Nadella became chairman of the board in 2021.

WHAT OTHER LEADERS CAN TAKE FROM IT

- Fix how decisions are made before choosing what to decide. A strategy that depends on teams sharing work will fail in a culture that rewards hoarding it.
- Let go of the measure you grew up with. Microsoft's turn required treating its most famous product as one business among several.
- Make partnerships do real work. The OpenAI relationship gave Microsoft speed it could not have built alone, at the price of depending on another organisation's choices.

For technology leaders inside large organisations, the lesson is uncomfortable and useful: the platform you modernise matters less than whether the people around it are allowed to learn in public. ■

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