



Charles Handy  
**Social philosopher**

“Philosophy and philanthropy are my two current concerns. I am just finishing a book, *Myself and Other More Important Matters*, to be published by Random House in Spring 2006. In it I have tried to work out what I have learnt from various episodes and periods in my life, to discover, in other words, what my underlying philosophy of life has been. My hope is that it will challenge or prod the readers, if there are any, to reflect on their own experiences and set of beliefs. It has been intriguing to write. I only hope that it will be as intriguing to read.

I was shocked to realise, for example, that some of the causes I embraced in my earlier life, such as business education, I no longer believed in. On the other hand it allowed me to air some of my hobby horses, the growth of the free agent economy, the waste that is development aid to the Third World,

the need for a new kind of Company Law and, not least, the changing definition of success as life progresses. As I grow older I find it easier to be honest about my beliefs and to be less worried by what others might think of them. That's why it has been fun.

The other book I am doing with my wife Elizabeth, a portrait photographer. We are profiling some twenty-five of the new philanthropists, entrepreneurs who have, in mid-life, turned their entrepreneurial skills to good causes. It is called *Beyond Success* and will, we hope, encourage more of the young and successful entrepreneurs to give of their time, their skills and their energy as well as a bit of their money to start up new initiatives for good.

There are some fascinating stories to be told, illustrated by Elizabeth's portraits and by something really innovative. She has asked each subject to select five objects and a flower to reflect the →

# Work in Progress

What issues and theories are the world's greatest business thinkers focusing their intellectual energy on today? **Stuart Cramer** presents the first in a series of regular work in progress reports.

→ major influences and priorities in their lives. She then arranges these as a still life and photographs it. The result is a modern version of the old Dutch still lives of the seventeenth century.

Our subjects include Jeff Skoll, one of the two founders of eBay, who is now turning his attention and his fortune to producing issue-raising Hollywood films; a Tibetan Australian who sold

got it down to about nine that have both superior long-term financial performance and have also made a strategic transformation.

With the third stage we're trying to understand how some of these companies have been able to make the transformation.

Another project is the International Competitiveness of British Companies. I'm working

## Learning to deliver more with less will be the challenge of the next ten years.

his chain of top restaurants to start cooking 400 meals a night for Sydney's homeless, ('It's so much more satisfying to cook for the poor rather than the rich'); and an Irish property developer who, each year, flies out an Airbus full of Irish volunteers to a South African township to build 50 stone houses in one week."

George Yip

**Lead Fellow, Advanced Institute of Management Research**

"One of the projects I am working on – with Professor Gerry Johnson – is called Successful Strategic Transformers. We are trying to explain why some exceptional companies are able to strategically transform themselves without going through the trauma of poor financial performance. You see, it's quite common for companies to transform themselves after they've had a crisis – after they've had a dip in performance. But it is far more unusual for companies that remain successful to change themselves at the same time.

There are also plenty of companies that maintain superior performance over a long period, say 20 years, without transforming themselves. That's not so interesting, either, because basically it usually indicates that their environment hasn't changed and they haven't needed to adapt. What we are interested in are those companies that have changed because their environments have changed but have managed to do so while maintaining superior performance over 20 years.

It's a three-stage research study. The first stage was to look at most public companies in the UK and compare their financial performance by industry sector, against everyone else in the sector including their international peers, and using multiple measures of performance – not just profits, but multiple measures. From that we got a list of about 30 companies which have this sort of steady superior financial performance.

The second stage was to see which ones also made a strategic transformation. That left us with about nine companies. So if you look at the several hundred British companies we started with, we've

on that with Professor Alan Rugman of Indiana University. He's an International Visiting Fellow for AIM.

We're trying to understand why some British companies are more successful than others in international competition. So the question is: in which types of industries are British companies more successful internationally? And this question matters to both managers and government policy makers. For managers the answer will indicate where they should concentrate their efforts and how to align their firms' capabilities within industry opportunities. So the answer may even indicate an underexploited gap. And for policy makers the answer provides guidance as to what kind of supportive investments to make.

This question has been addressed many times before but nearly all the prior research has focused on industry exports or on industry productivity as the measures of international competitiveness. We think that these measures are relevant but they're



George Yip: Transforming companies



Julian Birkinshaw: Nature or nurture?

only partial. First of all, in terms of exports, managers care much more about total revenues, regardless of source, rather than exports. So what we're looking at is worldwide sales from all subsidiaries, all international sales outside the home country.

And then secondly, in regards to productivity, economists like to study productivity but managers actually care much more about profitability than productivity. Productivity is just a component that feeds into profitability. So while exports and productivity are of great interest to economists, management researchers are much more interested in the question of the kinds of industries in which British management may provide an advantage."

### Julian Birkinshaw

#### **Research Fellow, Advanced Institute of Management Research**

"There are a number of projects I am working on. The first concerns management innovation and I am working on this topic with Gary Hamel. Researchers have traditionally paid relatively scant attention to the dynamics of management innovation – the processes through which organisational principles and practices evolve and, perhaps, advance over time. While many of the landmarks of management innovation are familiar to every business scholar – think of GE's development of the modern research lab or GM's development of the multi-divisional organisation – there is no general model of management innovation as a dynamic process.

The second area I am working on is an extension

of my earlier work on foreign subsidiaries. It is to do with the management of foreign subsidiaries with a particular interest in, what you might call, attention management. This is the idea that attention is a scarce resource and companies have to figure out ways of managing attention. So, from a subsidiary's point of view it is concerned with how do I get the scarce attention of headquarters when we're a long way from head office?

Another area I have been interested in for a long time is corporate entrepreneurship. Working with Susan Hill we're looking at where entrepreneurial ideas come from. We know a lot about how an entrepreneur takes her idea and moves it forward, but we don't know much about where those ideas come from in the first place. We are working with several large companies to try to figure out why some people have lots of ideas while others have very few. It takes us back to the nature versus nurture debate: are some people naturally richer in ideas, or is their rich idea set a function of the environment in which they work?"

### James Champy

#### **Consultant and co-author of *Re-engineering the Corporation***

"Customers benefit from dramatic improvements in productivity and the movement of work to countries of low cost production. Except for in the oil industry, costs – and prices – just seem to be going down. Customers expect more and more, while paying less. I call this the more-for-less economy. It's both the benefit – and the curse – that →

→ technology brings. The curse is the need for companies to learn to compete on more than just price.

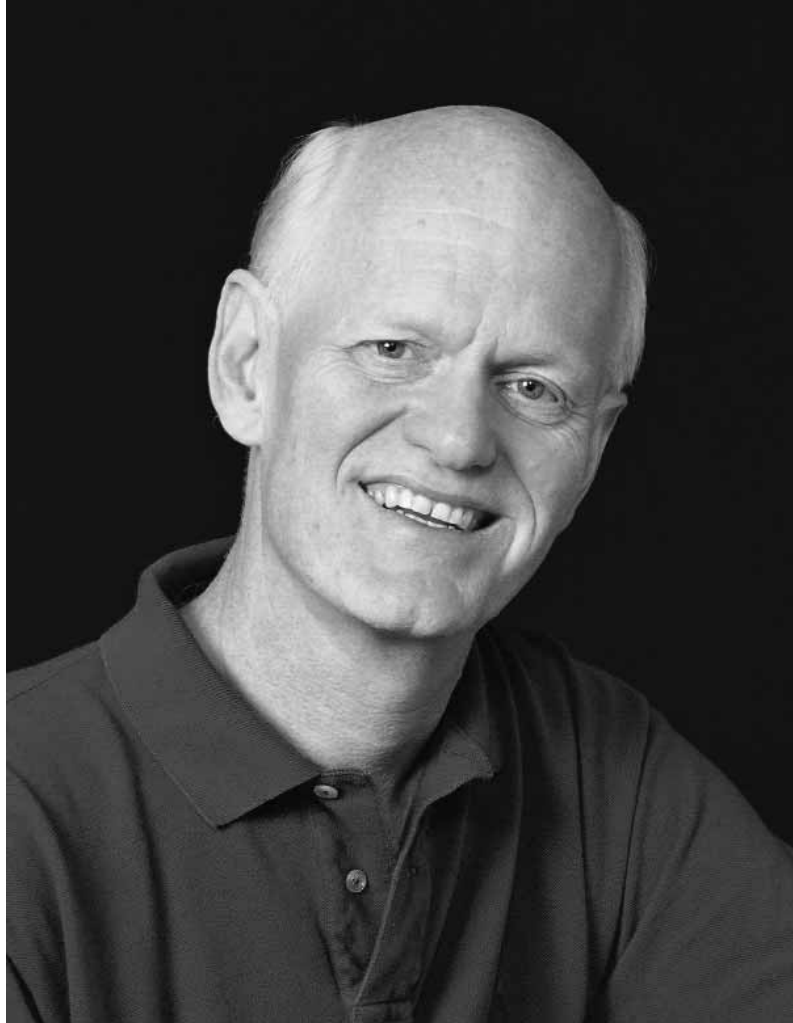
At some point, companies will not be able to reduce costs and prices further; and competitiveness will be based equally on the delivery of more value. This will require more innovation than simply a new product or service: it will require new ways of operating. Products will increasingly be accompanied by more services. In some industries, like retailing, combined products and services will deliver a wholly new consumer experience. Work will be organisationally and geographically redistributed, with not just a company's brawn moving off-shore, but also some of the company's brains. The choice of suppliers and how companies connect to their suppliers will become critically important to the quality of operations.

Learning to deliver more with less will be the challenge of the next ten years and will require the fundamental rethinking of strategy (to deliver more for less or more for more); structure (the nature of relationships, internally and externally); and process (where, how, and by whom work gets performed). The changes will go well beyond re-engineering."

## Pat Kane

### Musician, columnist and author

"I have just been made Visiting Fellow at the School of Management at the University of York, which will allow me to pursue more intensively a history of play in work and organisations. I'm interested in how different enterprises have explicitly and increasingly invoked play over the last thirty years – from the hippie capitalists of the sixties, through the scenario-planning and team-oriented playfulness from the 1970s to the early 1990s, to the explicit play-is-productive values of certain digital and



Marshall Goldsmith: Give and coach

studying the reasons that behavioural change can be so difficult – so I can better help people make the changes they feel are most important.

In September 2006, my book, *What Got You Here – Won't Get You There* (Hyperion), will be published. This book is going to explore the challenges of changing behaviour. It will use lots of examples and case studies that I have acquired over

## It is astonishing how few annual reports and analyst briefings currently mention customers.

lifestyle businesses in the late nineties to the present. Apart from that, I am writing a novel about football, and a non-fiction book about Hollywood."

## Marshall Goldsmith

### Executive coach

"I am currently working on the challenge of figuring out why it can be so difficult – for even the smartest, most dedicated and most committed people – to make changes in behaviour that *they* know they should make. In my work as an executive coach I am hired to help very successful people to change their behaviour. Although what I ask people to do is often quite *simple* – it is far from *easy*. I am

my years of working with executives. It will combine the three major components of my professional life: coaching, teaching and writing.

I learn the most when I am coaching executives. Since I don't get paid if my clients don't get better, I have learned to become very practical. I have a great appreciation of the difficulty that we all have in changing our own behaviour – and the even greater difficulty in changing other's perceptions! I see my coaching practice as a laboratory that provides endless learning. I am currently working on translating what I have learned into my new book.

I have the most fun when I am teaching. Since I am a Buddhist – and my basic philosophy is to *be*



*happy now* – having fun is a big deal to me. As a teacher I have learned that good *content* is not enough to produce real learning. The *process* of learning has to connect with the learner. I am currently working on making my writing as fun and impactful as my teaching. ‘Just write the way you speak’ sounds easy. Any writer can tell you this is very hard to do!

I have the biggest impact through my writing. There are only so many people that I can teach – and only a few that I can coach. I just don’t have that much time. My writings have reached hundreds of thousands of people. Before I die I would like to make as much positive impact on people’s lives as I can. As part of this effort, I have decided to give away as much as I can. Almost all of my articles, columns, audios and even videos are on my website, (www.marshallgoldsmithlibrary.com). Thousands of people have visited my site. I encourage everyone who visits my site to read, listen, watch, download, copy and share whatever they wish with whomever they wish.

I don’t really need any more material possessions. I am currently working on trying to help people’s lives be a little better. If I can help any person achieve a positive, lasting change in any significant behaviour, as judged by any important group of people over any meaningful period of time – this makes me feel great!

I recently taught an executive education programme for one of the world’s most successful banks. One of the participants had been through my class two years before. When I asked her what she had changed, as a result of our time together, she



Bruce Tulgan: Under-managed

said, ‘To be honest, I am not sure that I have changed anything in my work at the bank. On the other hand, I have become a better mother – to me that is very important.’

That was good enough for me.

That is what I am currently working on.”

## Karl Moore

### Professor of Management, McGill University

“I am continuing my research on centres of excellence in global multinationals. A critical issue for global firms is to more effectively manage and utilise their global knowledge creation and dissemination capabilities. In my latest study I am examining three organisational devices to help in this process. At one end of the continuum are Communities of Practice (COPs) which are self organised and self managed, in contrast are Centres of Excellence (COEs) which are resourced and managed by senior management, they are exclusionary and focus on defining and delivering excellence. My research at leading global multinationals, such as Motorola, Nokia and IBM, suggests a third organisational device, Accelerated Communities of Practice (ACOPs). ACOPs combine aspects of COPs and COEs and operate as a middle stage between the two. For many global firms a critical strategic question is how to choose which of their many Communities of Practice have the potential to morph into Centres of Excellences and secondly how to make this happen. ACOPs appear to provide answers to these two important questions.

Working with historian David Lewis, our third book on international business in the ancient world is coming out in Winter 2006. Thomas Friedman’s latest opus on globalisation, *The World Is Flat*, discusses Globalisation 1.0, 2.0 and 3.0., with Globalisation 1.0 starting with Columbus’ voyage to America. Our latest offering will be titled *Globalisation .5: Known World Globalisation in the Roman World*. In it we argue that the earliest stage of globalisation took place in ancient Rome and draw some interesting parallels to other ages of globalisation.”

## Bruce Tulgan

### Consultant, founder of Rainmaker Thinking

“Under-management is not a household word, like its opposite, the dreaded micro-management, but it should be. Under-management is far more damaging than micro-management and far more common. Though micro-management is extremely rare, the widespread awareness of it and nearly universal efforts to avoid it actually contribute to under-management. Among my main goals in writing my forthcoming book, *The Under-Management Epidemic*, is to help →

→ under-management take its place in the business lexicon alongside micro-management; to make under-management more dreaded and avoided than micro-management; to swing the pendulum back.

Of course, leadership is the sexier rubric for discussing these issues. I use the term *management* precisely to focus on the more mundane, but absolutely crucial, aspects of leadership: providing direction and guidance, holding people accountable, dealing with failure, and rewarding success. These are the basic elements of management that are way too often missing from leadership today.

Under-management is the cause hiding behind so many problems. You'll see examples everywhere you look: misbehaving children; problems in your workplace; corporate stars gone wild; widely reported problems in the military and intelligence community; and virtually all customer service failures you experience in your daily life. So many problems can be traced back to one or more leaders who are failing to take charge on a day-to-day basis; failing to tell people every step of the way what to do and how to do it; failing to monitor and measure performance constantly; failing to correct failure quickly and reward success even more quickly. Under-management is so widespread, it is epidemic. Its impact, especially in today's changing workplace, makes micro-management look like a molehill.

From our research, we've learned that leaders under-manage for seven reasons:

1. They don't want to micro-manage, so they fail to give enough direction and guidance.

2. They don't want to monitor and measure performance closely, so they let small problems fester and grow.

3. They don't want to single out individuals for special treatment because others might think it's unfair, so they are not as flexible and generous as they could be.

4. They think you have to be a jerk to be a strong manager, so they fall into 'false nice guy' syndrome providing no direction and enforcing no standards.

5. They are afraid to confront the people they lead and transform their relationships with them, so they are unable to take charge.

6. They don't study and practice proven techniques, so they remain stuck in bad management habits.

7. They are confounded by all the factors beyond their control (red tape, corporate culture, uncooperative senior management, limited resources), so they never focus on what they can control, which is themselves and their guts and their skill and how they spend their time.

Under-management is the latest turn in the research I've conducted on the front lines of the

workplace since 1993. In the last twelve years, we've conducted in-depth interviews and focus groups with thousands of managers, as well as thousands of hours of intensive seminars with managers every year. Since 2000, I've focused specifically on under-management in more than 2,000 hours of intensive seminars with more than



Lynda Gratton: Co-operating to compete

three-thousand managers, from CEOs all the way to the front lines. This ongoing research is the basis of this book and all of my work.

I believe I can show that under-management is an epidemic among leaders at all levels of the workplace and in all walks of life. What is the antidote? Good hands-on management: Real empowerment (telling people what to do and how to do it). Monitoring, measuring and documenting performance. Rewarding high performance and letting people know also when they fail to meet expectations, so you can help them improve."

### Lynda Gratton

#### Senior Fellow, Advanced Institute of Management Research

"I am working with Dr. Janine Nahapiet, Dr. Ann-Katrin Neyer and Dr. Modesta Gelbuda on a project entitled 'The Co-operative Advantage'.

Co-operation is about the way an organisational culture is designed to create goodwill. It's about the way that the practices and processes are developed. The reason I'm working on this is that I believe that as knowledge development intensifies, and as you've got to be much smarter about being innovative, so old-style competition becomes too

slow, too bureaucratic, and too uninteresting. As a consequence of that, organisations will need to become more co-operative and they will need to develop higher collaborative skills.

In our research we've identified some co-operative hotspots – places where co-operation flourishes. The question is what drives co-operative hotspots? What is it that organisations need to do to create places where they have co-operation which is capable of building innovation, capable of building knowledge, capable of building initiatives? That's the fundamental question of the whole research.

There has been a lot of research done on co-operation across companies. My basic argument is that co-operation is important wherever the boundaries are located. So, one of the papers that we're writing is on boundaries – and that boundary could simply be between you and somebody in another function. Or it could be between you and somebody in another company. As organisations become more diffuse, so the boundaries become more commonplace, and of course, more complex. So, what I'm arguing is that the practices, the processes and the habits which I believe to be critical are important wherever the boundary is located."

Sydney Finkelstein

**Professor of Management, Tuck School of Business Management, Dartmouth College**

"After completing my book, *Why Smart Executives Fail*, and speaking about it around the world, it became clear that there was another part to the story that was not yet told. How, exactly, does a leadership team, and an organisation, become immune to the failure syndromes I documented in

to the importance of such key organisational attributes as open-mindedness, accountability, a high-performance culture, and learning from mistakes. These diagnostics continue to be tested on several companies as part of the research process, and offer a set of hands-on, focused, and actionable tools to help reduce strategy and leadership risk. In the post-Sarbanes-Oxley world greater attention than ever is being directed toward managing risks, but our research suggests that the most severe consequences are associated with risks than emanate from executive and organisational breakdowns. This research is designed to address precisely this challenge."

Philip Kotler

**Professor of Marketing, Northwestern University**

"I am working on three research projects that will hopefully turn into books.

1. Marketing in the public sector: challenges, strategies and rewards.

Nancy Lee and I initiated this research project as a result of observing the growing need for public sector agencies to employ modern marketing thinking and planning in order to accomplish their objectives more efficiently and effectively. We are applying more innovative, market-oriented solutions to the provision of public services.

2. Strategic marketing for health care organisations: building a customer-driven health care system.

Joel Shalowitz, Bob Stevens and I initiated this research project to determine how the health system could be better designed to produce healthy citizens. The health system is racked with conflicts between various stakeholders – physicians, hospitals, health maintenance organisations,

## As I grow older I find it easier to be honest about my beliefs and to be less worried by what others might think of them.

that book? Of course, full immunity is never possible, but I am currently developing new ideas on what executives can do to protect themselves from large-scale failure. Remarkably, very few companies have something approaching an early warning system, and this new work is designed to identify companies that have reduced their strategy risk and describe what executives can do to reduce their own risk.

The research to date has helped create a set of diagnostics that can be used both with executive teams and boards of directors to probe areas of potential weakness, and to provide some tools to address those weaknesses. These diagnostics cover leadership, strategy, and process issues, and point

government agencies, insurance companies. We want to describe appropriate marketing mindsets for each major player in the health system that would work in the customers' interests.

3. Helping the world's poor succeed: creating poverty solutions through market analysis and social marketing.

Ned Roberto and I initiated this research project to apply marketing segmentation thinking to the problem of alleviating poverty. The poverty marketplace has been insufficiently segmented and the result is that standard social service treatments are applied to highly diverse situations. Our purpose is to improve the match between a poverty segment's problems and the appropriate remedies." →



→ Peter Cohan

### Consultant, author and venture capitalist

“Venture capital backs companies – such as Google, Yahoo!, Microsoft, and Cisco Systems, and Genentech – that create jobs, revenues, and high investment returns. Specifically, according to the National Venture Capital Association, venture backed companies spawned 10.1 million jobs and \$1.8 trillion in revenues between 1970 and 2003. And during the two decades ending in September 2004, venture capital funds returned 15.8 per cent per year to investors, compared to the S&P 500’s 12.4 per cent return.

The object of my current research is to understand why some venture investments increase in value and others don’t. To gain insight into this question, I have partnered with Barry Unger, a professor at Boston University, entrepreneur, and venture investor. Based on our initial interviews with venture capitalists, we plan to research and write papers on the following topics:

- **Different styles can lead to venture success.** Some venture investors focus on generating high returns by creating companies whose financial results improve under their tutelage; while other venture investors strive to lead the world in introducing groundbreaking technologies, letting the financial results emerge later. Venture investors also tend to differ in the extent of their control over the companies in which they invest – those with dominant holdings adopt strategies that differ from those with minority interests.
- **Effectiveness varies depending on how well venture capitalists perform four critical activities.** Venture capital returns tend to be higher if venture capitalists excel at screening, structuring, monitoring, and exiting from their deals. Excellence at screening deals relates to several factors such as the quality of a firm’s deal flow network, the fit between its deal screening

and resolving critical business problems, and making needed adjustments – such as replacing a non-performing CEO – in a timely fashion. Finally, a successful exit depends on picking appropriate exit channels.

- **To increase venture investment value, the CEO must create an organisation built on success cycles.** The CEO must build an organisation that can deliver on investor expectations. Such an organisation is capable of creating success cycles in which the achievement of positive outcomes creates the capital and insight needed to rise to the next challenge. Success cycles emerge from organisations which employ four sources of advantage: entrepreneurial leadership, open technology, boundaryless product development, and disciplined resource allocation.
- **The better the control system, the better the chances of venture investment success.** The specific objectives that investors set for the CEO must be communicated clearly to the CEO and to all of a portfolio companies’ employees. A control system that generates accurate and timely information on progress can enable investors to know whether or not the portfolio company is on-track to achieve its objectives. If the portfolio company is off-track, a good control system will let investors know early enough to take corrective action. If the control system is weak or investors are not willing to act on information that does not confirm their expectations, then investors may become aware that the company is off-track only after it is too late to take corrective action.
- **Industry focus can increase the odds of venture investment success.** Industry focus provides several sources of advantage. First, if a venture investor picks a specific industry, it can communicate specific investment criteria to intermediaries who provide deal flow. Second, if a venture investor concentrates on a specific industry, it gets a better reputation among portfolio companies in the industry. Third, industry concentration gives a venture firm the

Strategy workshops are a managerial practice which is very common but very little understood or researched.

criteria and its expertise, the soundness of its deal selection process, and the thoroughness of its due diligence. Deal structuring success depends on picking a control position – dominant or minority – that fits with the firm’s skills, setting a reasonable valuation, and linking managements’ incentives to the achievement of specific goals that will increase the long-term value of the investment – importantly this can include articulating the conditions under which the CEO can be dismissed. Monitoring investments effectively results from establishing specific, relevant milestones, building control systems that produce timely warning of problems, holding regular board meetings which focus on identifying

skills needed to monitor a venture more effectively. Finally, industry focus enables a venture firm to attract the most talented people in that industry because the venture investors’ financial success enriches its partners and attracts new ones.

### Andrew Kakabadse Professor of Management, Cranfield School of Management

“My wife, Professor Nada Kakabadse, and I, have been sponsored to undertake a five year global study of leadership and governance both in the private sector and with government. Having



Gary Hamel: Jamming

completed the first year, Nada and I are putting the finishing touches to one of our first surveys on the characteristics and qualities of world class chairmen contrasting and comparing the US, UK and Australia.

The next two surveys will focus on the challenges, qualities and characteristics of international non-executive directors (NEDs) in their role as members of international boards. Some progress has already been made in this area and the study will continue into early 2006. Parallel to the international NED study will be an examination of governance considerations for government with particular emphasis on studying the minister/civil servant relationship, the effect and influence of political advisors on such a relationship, the influence of organised corporate interests in determining policy, the future of democracy in both the European and Anglo American world.”

**Gary Hamel**  
**Consultant and co-author of *Competing for the Future***

“The thing I’m working on at the moment is around management innovation – and something we call the Management Innovation Lab. For me, management innovation is innovation in management principles and processes that ultimately change in some major way, the actual practice of what managers do, and how they get it done. Basically, the Management Innovation Lab is

an experiment in itself. So let me start with our hypotheses.

The first is that we can invent a methodology that will allow us to be much more purposeful about management innovation, and thereby will allow us to dramatically accelerate the evolution of management itself.

Let me try to give an analogy. If you go back a millennia or two there was scientific discovery before we invented the scientific method in Europe a few centuries back. But it was pretty disorganised. If it happened, it happened by accident. Then somebody invented the scientific method. This says you have a hypothesis, test it in a way that can be verified later, capture the learning in ways that can be transmitted to others, and so progress takes off. And then GE learns how to turn scientific progress into commercial success.

Well, there’s been a lot of management innovation over the last 100 years, there’s no doubt about that, but nobody has really asked, well, so how do you build a methodology that can do this on a consistent basis, in the same way GE said, how do you build a methodology, and a setting, an institutional setting, and a methodology, and a set of incentives, that allow us to make scientific innovation a highly repeatable process? So, that’s what we’ve been trying to do. And, of course, what that requires, is going back into the history of management innovation, and understanding how it happened. It’s a little bit like understanding how →

→ scientific enquiry happened in the Middle Ages. Understanding how it happens gives you some glimpses on how it might be done better, but, basically, I think our contribution is going to be, and I think we've made a lot of progress already, because we've been testing this in organisations, inventing a methodology that allows people to be as explicit and creative about how they re-engineer their management processes, as they are about how they re-engineer their business processes.

But that is our first hypothesis, that you actually can create such a methodology. You can create a set of tools that, if you put a set of managers in a room for a few days, you can start to get them to unpack and challenge 100-year old management assumptions to dramatically rethink the way they do critical management tasks, like allocating resources, and creating strategies, and making decisions.

The second hypothesis is that we can help companies learn how to experiment with new management principles and processes in ways that won't disrupt current success, because, obviously, no company is going to just one day blow up all the plumbing, or tear up all the track. The challenge is, then, how do you get companies to conduct low cost experiments? We have this wonderful new idea on how we allocate resources, or how we do something else. Well, how will we test that without putting the whole organisation at risk? Our hypothesis is that you can bring, just like we've learned to experiment, let's say, with a new product, or with a new technology in the labs, that we can bring that same experimental mindset to management itself. We can, if we have a new conversation system, think about how do we run a simulation, or how do we test it in one corner of the business?

So our two hypotheses are, A, you can start to systematise management innovation, and, B, you could experiment with all new management ideas in a way that doesn't put current success at risk. That's what we've been testing. Last autumn, in California, we ran our very first management innovation jam. We had about a dozen companies, each company sent five or six people, and we spent a couple of days taking them through this methodology."

## Rosabeth Moss Kanter

### Harvard Business School professor and author of *Confidence*

"*Confidence* was published so recently that I am still working on its applications and implications – such as tools to diagnose the culture of a business and identify a winning streak or losing streak in the making, or to analyse the elements of a culture for accountability, collaboration, and innovation. I



Rosabeth Moss Kanter: Confidence and citizenship

continue to be interested in exemplary leadership actions that empower innovation. I am deeply inside new cases of successful merger integration that demonstrate how confident leaders can share power and avoid creating winners and losers.

I am also looking ahead at the next set of global challenges confronting economies and people. I think that the demographic revolution presents a tremendous opportunity. There's a large population of experienced leaders who want to devote the next 20 productive years of their life to service, to making a difference in the world. And the second element to this is that there is an enormous leadership gap in dealing with significant societal challenges that cut across sectors such as health, education, economic prosperity and the environment, to name a few.

A group of colleagues and I are working on the early stages of an initiative at Harvard for established leaders who are very skilled in the sector they come from – often business – but who now want to work a major societal or global challenge that affects business, such as saving rain forests or eradicating a disease. These people want to apply what they know but, at the same time, they recognise that there's also a great deal to learn. We think this is a new stage of higher education.

A second new area of interest for me is corporate citizenship. This is now an integral part of the strategy and the branding of a number of leading companies. How are companies addressing the

challenges of corporate citizenship effectively, not just trying to sell the consumer on their values, but to actually make a difference? I'm seeing a new wave of innovation that will come from the recognition by businesses of the opportunities in creating new products that solve social problems (whether drugs or hybrid vehicles) and the huge market for 'quality of life' services that generate both financial and social value.

I'm also interested in the best management practices in countries that are not necessarily known as being at the vanguard of management practices but must innovate because of the setting in which they operate. For example, I have been working with a Brazilian bank which is taking a tremendous leadership role in Brazil, guiding companies towards making environmental sustainability and responsibility to communities integral to their practices. As a business strategy, it has been highly successful. And of course, there's India and China, which I'm watching as they not only adapt Western practices but add their own flavour.

Will this kind of activity, in which companies use their power responsibly and make a difference to society, begin to transform countries? Employees are looking for companies to be a source of values and meaning in a new way. This is a transition that's been going for a while, but it is new for many companies. How can they seize the opportunities for innovation and make a difference in the world? Will multinational corporations, once vilified as the

despoilers of the developing world, turn out to counterbalance corrupt governments and end up actually saving the developing world?"

## John Patrick

### Internet pioneer

"I have thought about doing another book but contemplating the pain of publishing versus the joys of blogging makes it hard to take the plunge. My blog (<http://patrickweb.com>) is getting more than 500,000 page views per month and this keeps me inspired to write. There is nothing profound, but people like the way I make things easy to understand. I am writing on a broad array of topics and enjoying it. As for the next big things, I still believe blogging is underestimated. WiFi too. Geocaching is going to emerge as a really big thing both as a sport and also a huge amount of data and metadata. Metadata is one of the other big things. Tags everywhere."

## Nirmalya Kumar

### Professor of Marketing, London Business School

"Following on the heels of my book, *Marketing as Strategy: Understanding the CEO's Agenda for Driving Growth and Innovation*, I am working on two new books.

The first is *The Private Label Revolution* (with Jan-Benedict E.M. Steenkamp). The rise of private labels or store brands has been dramatic over the past two decades as they have become a ubiquitous feature in industries, such as apparel, furniture, →



Nirmalya Kumar: Rare commodity





Gerry Johnson: Questioning workshops

→ pharmaceuticals, and consumer packaged goods. Retailer private labels now account for 40 per cent of European and 20 per cent of US sales in supermarkets and mass merchandisers besides a healthy share in department stores, specialty stores, and convenience stores. With the rise of global retailers and retail consolidation, these percentages are expected to grow.

Beyond the numbers, the character of private labels has changed. Once upon a time, private labels were considered cheap knock offs of the branded products, often in plain vanilla packaging. No more. Today, private labels are real brands with quality products, backed by innovation and sophisticated marketing strategies. For example, the rise of the premium private labels has taken many branded manufacturers by surprise.

The developments above have, and will continue to, put tremendous growth and profitability pressure on manufacturer brands. Can manufacturer brands survive the onslaught of private labels? When are private labels more successful? What strategies are retailers adopting with respect to private labels? And what, if anything, can manufacturers do to combat the private label challenge? These are the questions on which this book is focused.

The second book is titled, *Rare Commodity: Moving Business Markets Beyond Price to Value* (co-authored with James C. Anderson and James A. Narus). The biggest marketplace challenge business-to-business companies face is managing the relentless price pressure that customers exert on suppliers. As a result, business companies struggle to sell customers value and convince their corporate customers to reward them for the value they provide. Our book presents a

progressive, practical approach to business markets that, in its essence, has two basic goals: delivering superior value to targeted market segments and customer firms; and getting an equitable return on the value delivered.

Customer value management relies upon customer value assessment to gain an understanding of customer requirements and preferences, and what it is worth in monetary terms to fulfill them. Although firms may be able to accomplish the first goal without any formal assessment of customer value, it is unlikely that they will be able to accomplish the second goal – getting an equitable return on the value delivered – without it. Simply put, to gain an equitable or fair return on the value their offerings deliver, suppliers must

be able to persuasively demonstrate and document the value they provide customers relative to the next-best-alternative for those customers.”

### Gerry Johnson Senior Fellow, Advanced Institute of Management Research

“I am currently involved in a number of strands of research. One area of interest is strategy workshops. Strategy workshops involve very senior people from the business going away for a period of time – and that period of time varies – and considering important things about their business – important things which they may or may not call strategy. Academically there is virtually no work in this area – we found only three papers in total on the subject. So, strategy workshops are a managerial practice which is very common but very little understood or researched. Given that these events are clearly intended to have a significant impact on strategy, it is remarkable that there has been so little research on them. Our AIM research – carried out with Senior AIM Fellow Professor Gerard Hodgkinson of the University of Leeds, working in association with Professor Richard Whittington of the Said Business School and Dr Mirela Schwarz of the University of Southampton – is still at an early stage, but sets the scene for a greater understanding of whether and how strategy workshops really make a difference.

It is not inexpensive to take a board of directors away for the weekend usually to a nice place. It also involves quite a lot of time and people in preparations. Estimates of the cost for strategy workshops range between £10,000 and £100,000. The cost depends on factors such as where they



are held, the length of time they take, the preparation, the use of consultants and the level of managers involved. The overwhelming majority are two days or less (90 per cent), held off-site (73 per cent) and are led by senior directors (61.1 per cent).

The cost becomes clear when you consider that almost 80 per cent of UK organisations host workshops at regular intervals. Nearly half (46 per cent) claim they occur at least once every twelve months.

Despite the profusion of MBAs and executive education, strategy workshops don't appear to use any but the most basic management tools. SWOT is still the most popular tool with scenario planning and stakeholder analysis distant runners up.

But I think the interesting thing is to what extent strategy workshops have the impact companies think or hope they might have. If you're going to take away a board of directors or very senior people for two days and they're going to tackle the most important issues facing the firm one would hope that it would have a very significant impact. There are reasons to believe they might not. Our survey shows that most participants in such events believe they do have an influence the strategy of the organisation – but I'm not sure if by that they mean the stated strategy or what actually happens in practice. There does appear to be less evidence of impact on the bottom line; four out of ten executive in our survey suggest workshops have no clear-cut impact on productivity and profitability and only one-third think that strategy workshops improve innovation.

My first degree is anthropology and I guess I still see a great deal of organisational behaviour in those terms. In many respects strategy workshops are really rituals – with behaviours and language different from everyday organisational reality and

everyday reality; in other words which means that the workshop stands the best chance of making a difference.”

### Warren Bennis Leadership theorist

“My work in progress is a co-authored book with Noel Tichy, *Judgement: The Essence of Leadership* (to be published by HarperCollins in 2006). Judgement is the single most important factor in leadership and the least acknowledged. Without a fuller understanding of the role of judgement and how wise judgements are made, the leadership canon will never be complete. That's the nub of what's been pre-occupying me for the past two years.”

### Edward Lawler Educator

“I've been giving some thought lately to the notion of organisation change and effectiveness. It seemed to me, and to my colleague Chris Worley, that we've been looking at design, change, and effectiveness through the wrong set of lenses.

If you think about it, most models of organisation design and change are over 100 years old; they were born in an age where environments were stable or at least predictable. As a result, we've been designing organisations and change processes with not so implicit assumptions that organisations should be predictable, stable, and in equilibrium. Traditional organisations are characterised by rules, regulations and provisions that limit experimentation, they support continuous improvement and six-sigma processes that try to control variation, they reward consistent performance, and have numerous checks and balances in place to be sure that the organisation operates in the prescribed manner. Moreover,

## A changeable organisation can be built around an organisation's relatively stable identity.

often an imported guru imparting their particular brand of magic. That set me thinking. A ritual is, by definition, extremely important but is necessarily disengaged from what you do in your every day world. If I am going away on a tribal ritual which is very different from my everyday experience why would I seek to link the two on my return? You wouldn't necessarily expect a highly ritualised event to have an impact on reality. Of course any such event has to be ritualised to some extent; but what interests me is the extent and nature of the ritualisation that allows for the necessary insights into strategy – both intellectual and emotional – but also achieves impact on

traditional approaches to change assume stability. First, the whole notion of 'unfreezing' implies that an organisation exists is some form of equilibrium that needs to be disrupted. Once the status quo is considered obsolete or ineffective, the organisation is expected to go through a period of change where a new set of behaviours and systems are implemented. Refreezing involves institutionalising the change and returning to a period of stability. As with unfreezing, 'refreezing' implies that the organisation should seek stability following a period of change. The logics alignment, stability, and unfreezing/refreezing were powerful because they supported traditional views of how to be effective. This is a very fragile house of →



Watts Wacker: What the future looks like

→ cards when you assume the world is changing more and more rapidly.

Our new book, *Built to Change* (expected out in early 2006) takes a different approach. We propose a model of organisation design based on the assumption that the organisation is changing all the time. To do that, our understanding of individual motivation was challenged – we had to admit that something in the organisation needs to be stable or else everyone would go crazy. Building on the work of Collins and Porras, Hatch, and others, we suggest that a changeable organisation can be built around an organisation's relatively stable identity. We describe processes of futuring instead of traditional environmental analyses; we develop processes of strategising instead of looking for a strategy; we discuss issues of creating value rather than simply looking at competencies and capabilities; and we argue for a range of organising activities instead of worrying about the right structure or the right leader. The whole book challenges the deeply held assumptions of stability and the way they pervade our language and thinking."

## Peter Fisk

### Consultant and author

"Business needs more genius to succeed in today's intensely competitive markets. Too many companies have lost their way; they fail to stand out, or meet the high expectations of customers and shareholders. Their thirst for numeric precision – through automation and databases, analytics and metrics – has helped to optimise the present, but blinkered

their future thinking and squashed their creativity. It is a path towards sameness and short-termism.

Business needs a better balance – of left and right brain thinking, strategy and action, delivering today while creating tomorrow, for customers and shareholders.

Like Einstein, they need the imagination to hypothesise creatively and then prove scientifically, or – like Picasso – the theoretical underpinning which then enables them to release their distinctive talents. This is the focus of my new book: *Marketing Genius* (Capstone, 2006). From the vision of Apple to the insight of Zara, the passion of Nike and irreverence of Jones Soda, the entrepreneurship of Jet Blue and thrill of Agent Provocateur, today's leading brands and marketers think and act differently.

This need for new thinking is driven by some fundamental challenges in today's markets and business:

- Consumers typically make purchase choices in 2.6 seconds, while brand trust and loyalty is at an all-time low.
- 1500 advertising messages bombard consumers daily, driving 54 per cent of US households to "ban" direct marketing.
- Competitive intensity has typically tripled, while lifecycles are around 70 per cent shorter than a decade ago.
- 21 per cent of FTSE 100 CEOs have a marketing background, delivering 5.9 per cent better long-term returns to shareholders.

- The majority of marketing investments do not pay back this year, around 60 per cent drives future year revenues.
- 86 per cent of business value in the Fortune 500 is due to intangible assets, in particular brands and relationships.

Business needs marketers and marketing more than ever, to step up to the challenges of market disruption and convergence, to be the creative and commercial driving force of business, and to embrace real customer orientation and focus on organic, profitable growth. This requires more strategic, innovative and commercial skills, a left and right-brain mentality, and an *outside in* rather than *inside out* approach.

Indeed marketers should be the most important, influential and inspiring professionals within the business community. Yet for too long, their talents have been restrained to operational delivery, a support function, and their contributions marginal to the core challenges of business. Businesses cannot survive in today's markets like this.

The new research shows that there is an open door for marketing to take centre stage, to drive strategic direction and aligned delivery, to be a stronger function and a holistic mindset for business. It requires marketers willing to change. While there are undoubtedly good examples of those who are already there, others must become more strategic, innovative and commercial. There has never been a more exciting time to be a marketer.

The new book is a platform for a number of practical initiatives:

- The Manifesto for Marketing has just been launched by the Marketing Society based on new research with CEOs and marketing leaders. We explore what it is that business leaders and colleagues want from marketers, why they are perhaps not getting it, and why marketers themselves are frustrated too. And we argue the need for marketers to be the customer champions, the business innovators, and growth drivers.
- Customer Capital is a new initiative with the IPA in response to new EU and OFR reporting standards. It encourages more customer-based metrics and commentary that give boardrooms and investors a more realistic and tangible view of a business' future potential. Indeed, it is astonishing how few annual reports and analyst briefings currently mention customers, yet they are probably the scarcest resource and most valuable asset today.

- The Foundation is a new approach to business strategy and change that is anchored around customers and creativity. The deep immersion in the customer world as a starting point by which managers reinvent their businesses, can have a profound difference on the outcome – more insightful, more innovative, and leaders genuinely inspired to make change happen. Marks and Spencer and Volkswagen are two companies which have recently embraced the approach.

The genius of marketing lies in the ability to connect outside and inside, markets and business, customers and shareholders, creativity and analysis, promises and reality, today and tomorrow."

## Watts Wacker

### Futurist

"In a world based upon an *abolition of context*, that is, a world where the centre cannot 'hold', what does society grab onto? Where is the social gravitas? These are the questions that we have been studying. It has become generally accepted that the only certainty today is a cascading sense of uncertainty. From terrorist acts to blackouts to pandemics to tsunamis and hurricanes we have a continuous string of episodic uncertainty. The markets seem to be weathering this, but what about the human condition? Are people emotionally prepared for a future of unrelenting connectivity? A world where there may soon be no way to 'disconnect'. Technology is at a threshold where the human condition will have the opportunity for the first time in history to separate good and evil. Every culture, every race has had at the core of its ontology that good and evil struggle against each other ... in you. What happens when individuals are able to live *both* and *separately* a good life *and* a bad life. How does business measure consumer confidence in this context?

Our answer has been that humans will hold on to *mythos*. Converse to today's usage, myths paradoxically are the opposite of what most people believe. Myths are *truth* stories, *not* true stories. Understanding the seventeen stories we all live will be one of the best assets business has in the twenty-first century. Six of these 'myths' have particular consequence on business ... the hero's quest, myths of creation, myths of transformation, the fall and redemption and the myth of the crossroads are all seminal moments in an institutional life, be it corporate, entrepreneurial or personal." ■



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