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**REINVENTING WORK, REVENTING
ORGANIZATION:** THE WORKER
AS A BRIDGE BETWEEN THE
EXTERNAL AND INTERNAL
BUSINESS ENVIRONMENTS

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I. INTRODUCTION

As I begin my final year of undergraduate study, I am wary of the work world I will soon enter. I relate well to Dr. Richard Straub's observations in the background article "Capitalism 2.0" for the Global Peter Drucker Forum. Swarmed by headlines of unethical business conduct, political corruption, depressing unemployment rates, and financial crisis, I, along with the many other Gary Smiths of the world, have become increasingly skeptical of the existing capitalism model.¹ Dr. Straub's challenge to create a Capitalism 2.0 has never been more relevant. The model I propose in this essay reflects the work world that I not only envision, but also aim to play a role in shaping.

Yet before we accelerate toward the future, I have always found it wise to reflect on words of the past. The timeless nature of Peter Drucker's management expertise lends itself exceptionally well to this process.

Ultimately, the objective of this essay is to integrate Drucker's renowned management theories, additional relevant research, and my own knowledge and experience as an undergraduate student to conceptualize a new model for Reinventing Work, Reinventing Organization.

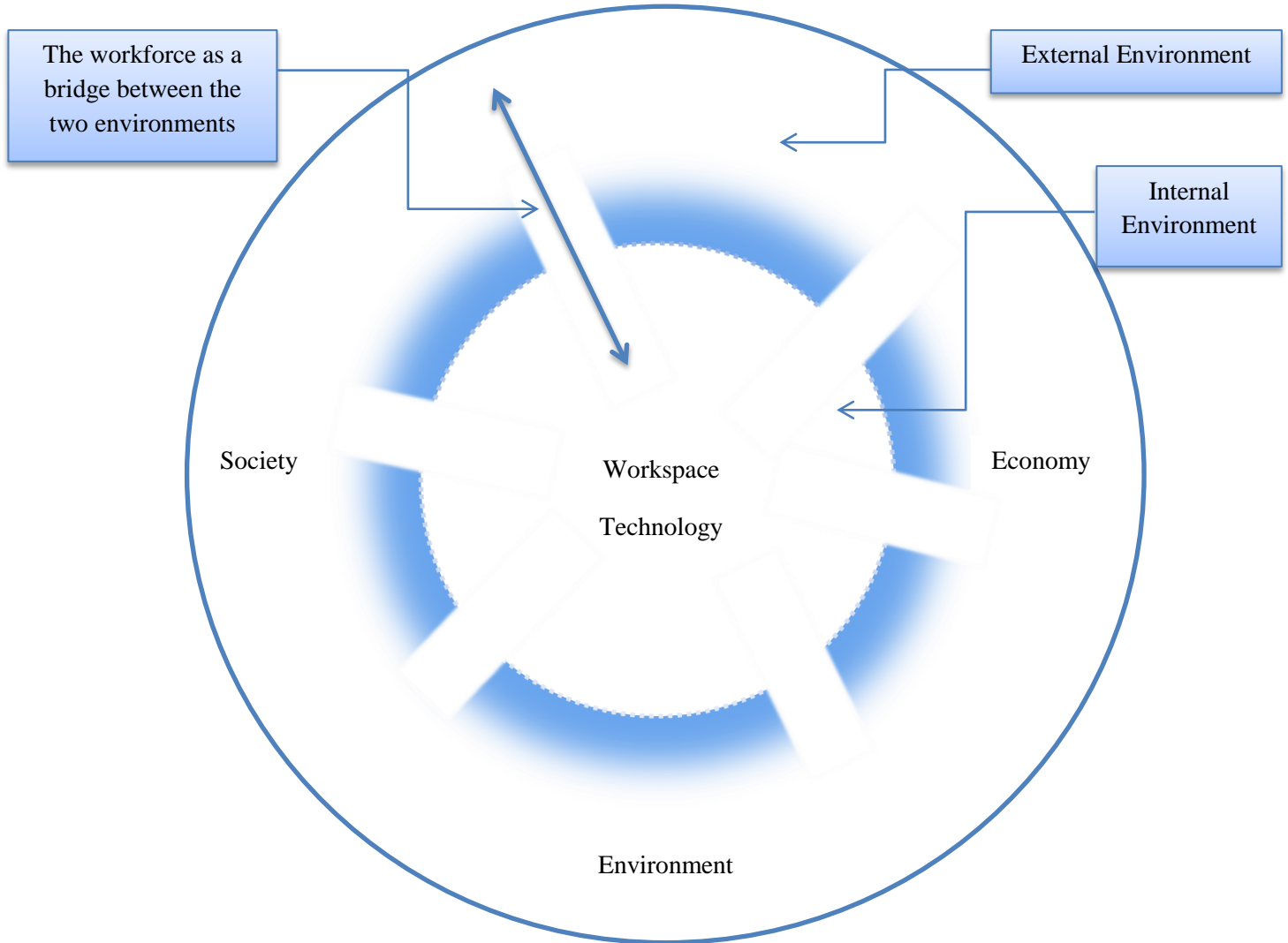
In terms of methodology, I will first establish a framework that models my vision for work in a Capitalism 2.0 world. I will then provide an in-depth explanation of each component of the model, emphasizing the interactions that drive the dynamism of the model. As for my sources, I will utilize Drucker's ideas as a fundamental basis. Additionally, I will input ideas from fields outside of business, including natural science, social science, and urban development. This reflects not only my academic background and interest in these various fields, but also my personal belief that future solutions will be the product of interdisciplinary collaboration. When relevant, I will draw on case examples to relate my ideas to real-world business scenarios.

II. FRAMEWORK

Let us begin with a fundamental understanding of *business change* by drawing on Peter Drucker's astute observation in his 1964 work *Managing for Results*: "If a business continues to stick to the existing, traditional, established—or denies that anything else is possible—a change may destroy it in the end. But a change should always be an opportunity to do something different and profitable." Drucker's understanding of change as an opportunity lies at the core of successful and sustainable business innovation.

¹ Gary Smith, "Why I am Leaving Goldman Sachs," New York Times, 12 March 2012.

To begin the process of change, the organization must first step back and evaluate the *external* and *internal* environments of its operations. I propose the following framework:



The Workforce as a Bridge between External and Internal Environments²

This model illustrates my vision for the future of work in Capitalism 2.0. The organization will no longer exist in an isolated silo. Rather, the internal and external environments will be conceptualized as elements of an interrelated system. The movement between the internal and external environments will be fluid and virtually borderless. As a bridge between both

² For the scope of this essay, *internal environment* is defined in terms of technology and workspace. *External environment* is defined as the “world” in which the business operates, encompassing society, economy, and environment.

environments, the workforce will be able to make valuable impact in both environments. This will bring business closer to fulfilling its “citizenship” role in society.

III. EXTERNAL ENVIRONMENT

Championing the idea of an organization’s “social responsibility,” Drucker believed that business could serve the community as a whole, producing common good in addition to bottom-line profit. As he wrote eloquently in the 1999 article “The New Pluralism,” leaders have two responsibilities: one to their institutions, and the other to the community at large.

Drucker was disappointed that corporations had failed to prioritize their responsibility to the external community during his time.

Can this change in the future?

I believe change is imminent, in large part because of John Elkington’s *Triple Bottom Line* and Michael Porter’s *Shared Value* strategies. They offer realistic proposals for business engagement with the external environment that adds beneficial value to both, ultimately advancing Drucker’s ideas on the societal role of business

1. John Elkington’s “Triple Bottom Line” (People, Planet, Profit)—*Cannibals with Forks: The Triple Bottom Line of 21st Century Business*, 1993

As the core framework for sustainability, this theory proposes that companies account for their social, economic, and environmental impact. In light of the alarming level of natural and social capital destruction permitted in today’s capitalist system, Elkington argues that the pressure for corporations to adopt sustainable development initiatives is unavoidable. In this sense, Elkington’s theory advances Drucker’s idea of social responsibility by creating a framework for accountability. With the development of the Global Reporting Initiative (GRI) and Dow Jones Index for Sustainability, companies can now be benchmarked and ranked according to their economic, social, and environmental impact, thus increasing accountability and transparency to shareholders and citizens.

2. Michael Porter’s Shared Value—“Creating Shared Value: Redefining Capitalism and the Role of the Corporation in Society.” 2011

Porter argues that business has yet to realize the full value it can add to society. Rather than leaving all responsibility in the hands of government and NGOs, businesses ought to embrace societal problems as market drivers. Adopting a “shared-value” perspective could take the form of symbiotic government-industry-NGO partnerships, or hybrid enterprises that utilize a for-profit model to meet social needs. The idea of shared value promotes moving “social responsibility” initiatives from the realm of corporate social responsibility to the forefront of business strategy.

The shift from the paradigm of prioritizing bottom-line profit above all will occur gradually. I believe it begins with a simple step: understanding the organization's multidimensional (social, economic, environmental) relationship with the external environment.

Case Example: Natura³

How a corporation's multidimensional relationship with the external environment allows it to embrace Triple Bottom Line Impact and Shared Value

Created in 1969, Natura is a Brazilian cosmetics company and the current market leader, having overtaken both Unilever and Avon. The high-level strategy for innovation-driven growth is based on *triple-bottom line impact*.

- *Social*: Natura is building the Natura Knowledge and Innovation Center in Manuas, which will integrate local researchers, scientists, and community members into the R&D process.
- *Economic*: Natura aims to stimulate economic development in Pará, one of the most underdeveloped states in Brazil, by increasing its purchase of materials from local communities. This initiative includes investing in entrepreneurship programs and improvement of local production quality.
- *Environment*: In 2010, Natura initiated the Water Footprint methodology in order to measure its water consumption and pollution potential. It has invested in strategies to reuse and treat the water on the grounds of its headquarters.

Conclusion

In the present, the case of Natura is still an exception. For this company, the idea of shared value is logical because it sources many of its raw materials from isolated, underdeveloped communities in the Amazon. Investing in the social and economic development of these communities without negative impact on the environment is crucial to the company's ability to produce and sell high-quality products. Complex understanding of the external environment and symbiotic relationships with the local communities generates value for Natura and the external environment.

I was fortunate enough to visit the company's headquarters near Sao Paulo this past year. I realized that its holistic, innovation-driven consideration of the external environment is effective because the management considers it a core part of the business strategy. The strategy is then diffused through the organizational culture. This is achieved when the approach is effectively communicated to the entire workforce, from senior management to plant employees.

Thus, the next logical question would be: What kind of internal environment best cultivates this holistic, innovation-driven approach to the external environment?

³ Luciana Hashiba. "Innovation in Well-Being—the Creation of Sustainable Value at Natura." Management Innovation Exchange.

IV. INTERNAL ENVIRONMENT

I think of a workspace like a city. The workspaces of innovation-driven companies tend to live up to this analogous comparison. Google's campus is more like a "mini-city," housing parks, laundry centers, volleyball courts, coffee shops, post offices, gyms, and 18 cafeterias.

As I contemplated this "city" metaphor, I thought of one of the most exciting innovations in urban development: "Smart Cities." In these futuristic cities, human and social capital development is driven by Information Communication Technology (ICT) infrastructure. The result is sustainable, high-quality of life for the community.

I also found that the "Smart City" concept is quite relatable to Peter Drucker's "knowledge society." Given their skillset, knowledge workers and technologists would drive the innovative development of the city. Knowledge-intensive industries would be fundamental to growth. The collective intelligence capacity of the local community would determine the sustainability of such growth.

So what if the reinvented workspace functioned like a Smart City?

Given the achievements we have already made in Information Communication Technology, I believe that organizations will operate increasingly like interconnected, hardwired smart cities. While not every organization will have the prowess of Google in this arena, I can attest that rapid progress is occurring. For instance, at my current internship for the Fortune 500 Company General Mills, I can converse with virtually any employee, whether located in the United States or across the world, through the Office Communicator. With this technology, I can communicate by phone, video, or instant messenger, in group or individual mode. I can tell when any employee is in a meeting, away, or available. I get the awe-inspiring feeling that there are virtually no barriers to communication at General Mills.

However, I add put one caveat on the table: Technology is only a tool. ICT is an enabler, adding value through high-speed, reliable connectivity. Humans, however, give technology its functional value. I believe that the most effective managers will design workspaces that leverage this ICT-enabled connectivity to catalyze the formation of knowledge networks. The exchange of knowledge and collaboration among the networks fuels idea generation and creative innovation.

Case Example: The HUB Network⁴

How spatial collaboration can generate creative innovation⁵

Present in over 25 cities in 5 continents and connecting over 4000 people, HUBs function as innovation labs, business incubators, meeting spaces, and communities all in one creative space.

⁴ <http://www.the-hub.net/>

⁵ I selected The HUB Network as a case example because I have observed that concrete examples are best to communicate the often ambiguous concept of "creative space."

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By harnessing the power of innovation through collaboration, the HUB Network aims to achieve its mission of creation that impact society positively. Each local hub is connected to the global network, but has its own autonomy to program events, facilitate training programs, and design the working space to facilitate collaboration most suitable for that HUB.

I visited my first HUB in Sao Paulo, Brazil. The space was designed well to stimulate the flow of creative energy: various work teams claimed individual nooks but moved fluidly from one to another, launching often into impromptu pitches with other teams. Conversation mixed with coffee in the designated meeting spaces, spilling into the halls and kitchen. The space itself was malleable to accommodate all styles of idea generation. I recall images from all stages of brainstorming: a rainbow of sticky notes peppering the whiteboards, diagrams asking for commentary on the refrigerator door, and white papers waiting for review on couches and tables. The external environment functioned as a stimulant for the creative work of the HUB, as evidenced by the social entrepreneurial projects hatched there and the collage of flyers to support shows, exhibits, expositions, and lectures in the city.

Conclusion

By drawing on the connectivity facilitated by the ICT we could find in a Smart City as well as the collaborative, impact-driven design of a HUB, organizations can create workspaces that connect workers with one another and the external environment. The internal workspace ought to cultivate the human process of creative idea generation through its physical design and incorporation of ICT technology.

V. THE WORKFORCE AS A BRIDGE

Thus far, I have proposed models of how the future of work will look in the internal and external environments of an organization. A key question remains:

How will an organization connect these two worlds in the future?

The answer I propose is quite simple: the workforce.

Workers are mobile agents in themselves, moving seamlessly between their home communities and work. The leadership that views this “borderless” quality as an asset will realize the added-value to the organization. By investing in workers to be bridge-builders who can turn external trends as opportunities, the organization will be equipped for future success. This is aligned well with Drucker’s perception of workers as human assets to an organization.

Below are 3 trends of the external environment that I believe will shape the future of work. I have proposed actions for how the organization can turn these trends into opportunities to develop its workforce:

1. *External Trend:*

- Population demographics indicate shrinking of younger population and growing number of older generation (over 50) in the developed world.

Internal Action:

- Embrace age diversity through establishment of networks and resource groups for each generation (Boomers, Generation X, Generation Y). Create spaces for these networks to interact with one another.
- Establish mentorship programs for senior leadership to exchange knowledge with younger new-hires in order to bridge generational gaps.
- Create holistic professional development programs tailored to the specific needs and lifestyle choices of each generation.

2. *External Trend:*

- Companies will experience flat-line growth in the developed markets and high-growth opportunities in the emerging economies.

Internal Action:

- Train the workforce for holistic global engagement through interdisciplinary workshops that incorporate international relations, political economy, cultural anthropology and history. In order to understand how an organization can win in the global arena, the workforce must first understand the rules of the game.
- Develop strategy for not only market entry and penetration, but also for *shared-value market development*. Develop strategy for the company to leverage its core competencies and human capital to serve the social, economic, or environmental needs of the market.

3. *External Trend:*

- ICT will facilitate growth and innovation in an organization. It will play a fundamental role in all areas of an organization, regardless of size or industry.

Internal Action:

- Develop a culture in which ICT is used by the workforce as more than just a tool to accelerate productivity or complete functions. Think of ICT as catalyst for the network “reactions” that produce creative, collaborative, and innovative capital.
- Encourage the entire workforce to envision how ICT can add value holistically. Provide, at the minimum, basic ICT training workshops for the entire workforce. The most forward-looking organizations will not only provide access to trainings, but also opportunities for interested or capable individuals to develop and advance their ICT skillset, ultimately bolstering his or her added value.
- Create opportunities for the ICT workforce to add value to the community through partnership projects with local government, education institutions, technical training centers, and start-ups.

VI. CONCLUSION

The inspiration for my ideas stems from my experience as a nationally recognized entrepreneur at age 16, as well as my experience working for two Fortune 500 corporations, two non-profits, two start-ups, and one global NGO.

I am often asked which of these work environments I prefer. Rather than isolate myself in one, I seek to be an ambassador who moves fluidly through multiple environments. Because I strongly value community service, I also believe in engaging with my external environment, regardless of where I work.

Naturally, my level of engagement with the external environment varies depending on my work environment. During my time as a Policy Analyst at the NGO Endeavor, I conversed with professors, government officials, and local entrepreneurs by email, phone, Skype, or face-to-face conversation. My work could change instantly with a change in the political climate or economy. On the other hand, in my corporate finance internship with General Mills, I interact primarily with the data in Excel spreadsheets and different levels of management, so it is a more distant interaction with the external environment.

Yet regardless of where I find myself, I am constantly reminded that the world is reinventing itself to be much like Peter Drucker's vision of a borderless, mobile, and ICT-driven knowledge society.⁶ To succeed in this environment, I, too, must reinvent myself to be borderless, mobile, and savvy with ICT. On a broader level, organizations that develop their workforce to embrace these trends of the external environment will realize a new landscape of opportunities.

Overall, in this essay, I set out to create a framework for viewing the future of work, in the context of a reinvented Capitalism 2.0. I began with the division of the external and internal environments in order to present innovative theories within each realm. When management recognizes the value of connecting these two worlds by seeing the workforce as the bridge builders, the organization will navigate the unpredictable waves of the future with higher levels of confidence and success.

But to what end?

Over 50 years ago, Peter Drucker proposed, "The proper social responsibility of business is to tame the dragon—that is, to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth."⁷

As a young person with a deep passion for social impact, I relate well to Drucker's words. I believe in a Capitalism 2.0 in which business will be a force of good in society. This is possible when we act as Drucker did, valuing the workforce as human assets, embracing knowledge capital, and never losing sight of the value business can add to society.

⁶ Peter Drucker, "The next society," *The Economist*, 1 Nov 2011.

⁷ Peter F. Drucker, *Frontiers of Management*. New York; Truman Talley Books, 1968., p 323