



FUTURE BELONGS TO TRAVELERS

FINDING PATHS IN GLOBAL KNOWLEDGE SOCIETY

SUMMARY

Let me take you on a journey to the future to show you what will count tomorrow. Hopefully, by the time we're done, it will be obvious WHY and HOW management needs to change. If you are a manager please keep in mind that there will be times when you might feel like going back, when you're homesick and hate just about everything about this wonderland of tomorrow. If it happens, remember that there are two ways to travel: that of a tourist and that of a traveler...

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„It's not the strongest of the species that survives but the one most responsive to change”

Charles Darwin

It's not about the technology

We live in incredible times, people push the boundaries of human experience almost on a daily basis. There are ways to print human tissues, organs and personalized medicine. Communication has never been faster – team members cooperate across cultures and time zones. Michael Jackson is playing live concerts and whenever we open a newspaper we find an article about a new time saving device –like Google glasses which increase the effectiveness of our sleep or an even faster supercomputer. The landscape around us is changing rapidly, almost in a blink of an eye: new businesses replace old ones and new models of collaborative consumption begin to dominate the marketplace. We've moved away from product/service based economy to experience based economy, where what counts is the experience and where Pepsi loses with Coke because Coke offers better emotions.

There is only one element of this system that is not changing fast enough – it's us. Our imperfect brain cannot deal with so much information delivered through multiple channels at the same time, our body cannot cope with growing demands, less sleep and more work. We can pump it up with coffee and stimulants but sooner rather than later it will rebel. We focus on the outside: the positive and negative aspects of technology and rapid changes in the global economy and forget that the weakest link is always us. Our nature is evolutionary - it takes time for us to change and develop new habits.

Let me take you on a journey to the future to show what will count tomorrow. Hopefully, by the time we're done, it will be obvious “why” and “how” management needs to change. If you are a manager please keep in mind that there will be times when you might feel like going back, when you're homesick and hate just about everything about this wonderland of tomorrow. If it happens, remember that there are two ways to travel: that of a tourist and that of a traveler. A tourist wants to see a faraway land but he also wants to have his continental breakfast, a 5-star-hotel with air-conditioning, a guide who will solve any problems that arise and make sure he doesn't get lost. Tourists allow very little uncertainty. Compare that to a traveler who embraces uncertainty. He lands in a new country and finds himself in a situation where he doesn't even know how and where he's going to get breakfast. With no answers or guidance he starts asking questions, he observes and learns quickly about the world around him. He has no choice. He rejects comforts of the modern world because he wants to learn firsthand about the reality of the country he has visited.

What kind of manager are you? What managers and leaders do we need tomorrow?
Those with a tourist or traveler mindset?

It's Impact 500 not Fortune 500

We value measures and indicators: we measure performance and financials. We have ROI, ROS, EP, EPI, ROA, and KPIs - all the abbreviations in the world that focus on one aspect of reality. As Einstein once said: „Not everything that counts can be counted and not everything that can be counted - counts“. Shareholder value has become a very obsolete way of assessing company's wealth and resilience. The balance sheet is often equally misleading. What counts is the impact and we need to find ways to measure it and treat it seriously when appraising value of organizations.

What is a high impact organization?

Let's start with a global challenge like food waste. It's one of the most alarming trends today – we waste huge amounts of food, often perfectly edible, while people around the world are starving. The governments and regulatory bodies are partly responsible for this problem – the regulations regarding e.g. fruits and vegetables are very strict. What can business leaders do when they notice the problem? Take Intermarche for example – a big supermarket chain. They focused on fruits and vegetables and noticed that imperfectly shaped vegetables and fruits get thrown away at the beginning. They never even make it to the supermarket shelf. Solution? Inglorious fruits and vegetables campaign starring: the ridiculous potato, the unfortunate clementine, the disfigured eggplant and many others. They started selling them as cheaper yet equally good when it comes to taste. To convince customers they launched inglorious vegetable soups and fruit juices. Result? Increased sales and customer awareness, reduced food waste. Win-win.

What makes initiatives like this successful is that they're all bottom up, grassroot and were born as a result of dialogue with key stakeholders. The responsibility and accountability are framed as ways of making a positive difference in the world. Responsibility can be fun. The leaders play a part as well. It is their job to make a courageous decision and allow a little bit of playfulness. It pays off.

It points to an important change in business assumptions and business models. The business must be profitable but what drives the competitive advantage of tomorrow is its impact in terms of key global and local challenges. Key questions that all leaders should answer today are:

- Who do you trust?(you can only have open dialogue with those you trust)
- What do you feel responsible for?
- Who are your key stakeholders?
- What can you learn from them and what can you do together?

The element of collaboration not just between employees but also employees and the community, ongoing dialogue – not random conversations but dialogue that is continuous

and honest, constitute the basis of future business. You can see it happening today with crowdsourcing platforms but soon it will become the new normal.

The upside of such business models is that it makes the company crisis proof. It strengthens its connections with the world and makes it more adaptive. On the other hand businesses that have become insulated die because the signals about potential threats reach them too late. And they don't act, they don't adapt.

Pension funds in Poland are a great example of such insulation. Pension companies in Poland never bothered to communicate with their clients or educate them. The system was mandatory, payments were automatic and the money kept flowing in every month from millions of future pensioners. The CEOs of these companies talked about investments in financial jargon that few journalists let alone clients could comprehend, and communicated mostly to shareholders about profits – the higher the better.

But then something happened. As the budget deficit grew, the government decided to change the Pension Act and first, reduced the contributions to Open Pension Funds(OPF) and then told people that if they wanted to stay with Open Pension Funds they would have to send an official letter to ZUS (social welfare institution). If they failed to do so, all their future savings would be automatically transferred to ZUS. The government introduced these and a few other changes which basically mean the end of the system in 2 years' time. OPF woke up and decided to launch information campaign – but it was too late.

What it teaches us, is that for communication to be effective, it needs to be consistent – you can't communicate with people only at the time of crisis, you must communicate with them all the time. OPF in Poland wasted their chance, the leaders thought the dream would never end and now they struggle to survive. Only a few percent of future pensioners bothered to send a letter to ZUS. Failure to build a relationship with customers can be deadly.

It's understanding and improvisation not knowledge

With fantastic education systems, MOOCs available to anyone with internet access and information on our fingertips, we've reached a point where, at least in the western world, education and knowledge are a given. Technological knowledge has become a commodity which can be bought, sold or acquired for a financial equivalent through mergers acquisitions, alliances or recruitment. Yet there is another level beyond knowledge and it's becoming more and more important.

Knowledge society is the norm but knowledge isn't enough when we literally get bombarded with information every day. It's common for managers to receive 200 emails every day and reply to 50, the situation changes daily and unless we can make sense of this data and develop an understanding of trends, challenges so that we can make the best possible decision all our knowledge is useless.

How can we develop understanding?

First of all we should open to other channels of knowledge and learn how to integrate lessons from other walks of life in our everyday work. We think all the time, we analyze and process facts, data etc. but we can't do it fast enough. Our body processes information and makes decisions or sends us signals much faster than the brain – those who can listen to these more subtle signals will be better equipped for tomorrow.

Our emotions are another powerful source of information about what's going on yet we often ignore them and move quickly to thoughts and interpretations. We rationalize emotions, suppress them, ignore them but they still have a powerful influence on our decisions. Fear can produce thoughts like: „It's a stupid idea” „Let's just stay quiet” „ He is after my job/ position” and as these thoughts occur, they become source of new thoughts and interpretations, which in turn produce stronger emotions and soon people can be at each other's throats or paralyzed by fear.

If on the other hand you acknowledge the emotion of fear there are strategies you can apply to cope with it: first of all you can say exactly what it is that you're afraid of and take action to minimize the risk. Most of our fears are completely irrational: you cannot for example be afraid of the mountains, you can be afraid of falling when you climb and there are things you can do, when you identify this fear and give it a name.

On the organization level leaders should be able to manage emotions, both positive and negative, and unless they become good at recognizing and managing their own emotions, they can't manage emotions on an organizational level. What they see is behaviors and actions what they should see is emotions that trigger these actions. Resistance to change is often a result of emotions that haven't surfaced. Fear and anger. It's not what people say it's what they feel. It's the leader's role to recognize dominant emotions in open dialogue for the benefit of the organization.

There is another dimension worth noting: In an experience based economy emotions are crucial. As the head of operations at Apple, Tom Cook once put it: „The Company is loaded with engineers but it's not just the skills that are important it is ability to emote”. The organization should know how to awaken positive emotions and tap into people's energy.

Finally it's the attitude: at a certain level of skills and qualifications it's about improvising. Great jazz musicians play together at jam sessions – what they bring to these sessions is skills, experience and openness – they don't know what's going to happen but they're open to anything, they create in collaboration with others – listening carefully to other experts playing in the room. It sounds as if they had a plan but they never do. The relative tension between what we know and what others know can be the source of great work but it requires openness, letting go of structure and allowing chaos. Business initiatives of tomorrow will be designed in a similar fashion. With trust in self-organizing powers of the system.

It's about inviting the right people to the table

Poland is celebrating the 25th anniversary of transformation. Almost on a weekly basis we hold debates to celebrate the past and talk about the future. Most of these debates are shaped in a similar fashion: lessons from the past and vision of the future. Experts invited to these debates have no problem whatsoever discussing the past, yet when asked about the future, they became strangely silent or utter a few generalized statements and go back to where they feel comfortable - the past. Why is that?

The people who get invited to these debates are experts in the past – 50 and 60 year olds whose knowledge, expertise and courage made transformation possible. They have very little to say about the future and frankly it's not their role. The generation of 30 year olds, born in the new reality has the skills necessary to envision the future and it's also their responsibility to make it happen. Unfortunately we just don't get to sit at the grownups table.

Many companies are facing a similar problem – you want to prepare for the future but when it comes knocking on your door in the form of young people with all the right skills, equipped for tomorrow you tell them to play somewhere else. Those with entrepreneurial spirit walk away and start their own business – start-up companies which are flexible, customer oriented and agile. Exactly what most companies need to survive in the competitive market of tomorrow. These young people may lack the experience and expertise that come with age but they make up for it with enthusiasm, understanding of the market, forward looking thinking and above all: speed. By the time you have your kick off meeting they will have made 3-4 pivots and raised money to grow and expand their business and you will have missed the opportunity.

As a manager your key challenge lies in finding ways to communicate with young people: invite them to the table, hire start-ups to solve corporate challenges. Israel is a start-up nation with the most companies listed on NASDAQ after US. Big multinational companies have realized that there is no better and quicker way to evolve than by outsourcing problem-solving to start-ups.

- What kind of people sit at your table?
- Are they experts in today/past or experts in the future?

Find ways to learn from them – we think of education as a one way street – those who are experts transfer knowledge to those who know less. It's a very narrow understanding of learning. Young generation brought up with technology has invaluable lessons to share and the managers of today should be paying attention- it's their chance to unlearn. How? Internship programs can facilitate these kind of conversations, conferences should allow for more young experts. There are tools like Open Space Technology which make conferences a much more democratic experience. Last year Progressive Partners was asked to facilitate a CSR anti-conference. There were no experts or rather everyone was an expert. There was

no agenda – people created their own agenda. 120 participants from business and third sector gathered to discuss corporate social responsibility. Facilitators asked them to contribute topics and take responsibility for leading the small group discussion. After 20 minutes there were 35 different topics and the agenda was ready. The quality of insights produced in the course of the discussions, level of commitment and engagement were incredible. Leading CSR experts worked side by side with young people representing foundations, NGOs and small businesses.

Leadership mindset - future belongs to travelers.

Our journey has come to an end, you can go back to your desk and schedule another meeting or if you've learnt anything perhaps ask yourself:

- **What emotions dominate in your organization and what can you do about it?**

Have a look at your business model and the assumptions underlying it. Think of questions you might want to ask your key stakeholders. As Henry Miller once put it: „One's destination is never a place but a new way of seeing things” – what matters is what we do with this new perspective when we come back. To finish on a Peter Drucker note:

„The new economy may or may not materialize but there is no doubt that the new society will be with us shortly. In the developed world and probably in the emerging countries this new society will be a great deal more important than the new economy”

The Economist 2001 Peter Drucker „The next society”

For all the good and bad that technology can do, it's the society that will drive tomorrow and failing to grasp the key features of this society and failing to communicate with it can be deadly for your business.

We need leaders who embrace uncertainty and complexity. We need travelers who know themselves and are ready to improvise and learn quickly. We need people who are not ashamed of asking questions and playing with solutions. We need leaders who have the courage to make decisions. We need people who are good at building bridges, great communicators capable of having powerful conversations, people who know when to let go of control and allow some creative chaos.

Above all we need leaders who value walking and observing more than sitting in the corner office, in meetings or in front of the computer screen.

Links:

- 1) The inglorious fruits and vegetables
https://www.youtube.com/watch?v=p2nSECWq_PE
- 2) „The next society” Peter Drucker The Economist 1/07/2001
<http://www.economist.com/node/770819>