

Is There Anything New Under The Sun?

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We've all heard it said that "there's nothing new under the sun", and that "everything goes back to the Greeks". And most people just nod along when they hear these clichés (although there will sometimes be someone who triumphantly points out that the Greeks didn't have laser surgery, WiFi or international jet travel).

While technological advances constant change existing businesses and create opportunities for new ones, it's also true that the fundamentals of organising people and resources toward productive purposes remain pretty stable over time - the builders of the pyramids clearly knew all about 'execution'.

Here are what I believe are five key areas that ARE changing and six areas where 'the more things change, the more they stay the same'.

What's changing

1. Virtual teams as the new basic organisational unit

Virtual teams offer some compelling benefits, including:

- Huge savings of travel time and costs.
- The ability easily to get talent from where it is to where it's needed.
- An easy way to work with freelancers as needed (which helps to implement the appealing movie project model of organisation, in which you bring together a wide variety of autonomous specialists for specific well defined projects)

The challenges include the following:

- How do you get smooth coordination, build up of a shared memory?
- Communication isn't 'rich'
- Don't get seduced by technology – real meetings are often not very productive – why should a simulated one be any more so?
- How do you fairly compensate team members who may be making equal contributions to a global project, but are based in very different economies?

A final thought: real meetings and teams are often plagued by boredom, politicking, in-fighting, repetition and more. Rather than just digitising current practice, there are substantial opportunities to invent far better methods. In fact, virtual team processes may actually

improve on group productivity even if you are all based on the same site. For more on this, see my article 'Are Virtual Teams Better Than 'Real' Ones?' at www.bassclusker.com.

2. The nature of the relationship between people and the business

Peter Drucker commented that management in the 21st century will be more like marketing: and that's not just at the recruitment stage, but for the duration of the relationship. It's fashionable to talk about a war for talent. Whatever you call it, there's only going to be increasing competition for people who can make valuable contributions. It will affect a wide range of areas, including:

- Recruitment
- Selection
- Assignments
- Consensus building
- Organizational change
- Parting company
- Alumni networks

According to a recent series of videos on the Financial Times website, nowhere is this more intense currently than in China. The unimaginative response there, as elsewhere, is a salary war. But that's clearly not sustainable, and more creative approaches are going to be required. In short, viable and effective talent retention is going to have to look a lot like building and maintaining brand loyalty among customers.

3. Emerging markets reduce potential for competing on features, increasing the importance of design and creating 'experiences'.

I recently attended a tour of the Birmingham School of Jewellery. It turns out it's the second largest in the world (the biggest is a very different, family run business in Tokyo). The director explained a major difference in the pricing of jewellery East to West. In the East, 'bling' jewellery is favoured, and the major determinant of price is the break-down value of the component gems and precious metals. By contrast, the approach he is advocating at conferences is to price items based on the value added by the design – it can be far above the value of the broken-down components.

Standing in the Birmingham Jewellery quarter in the traditional heart of British 'metal-bashing' industry, this thoughtful, enthusiastic educator was pointing at a way that Western businesses can offset the much higher labour costs by adding *design*.

4. It's amateur hour on the internet

Professionally produced content is being undermined, and people are asking if we still need newspapers, TV channels or radio stations. Huge amounts of content, in print, video and audio form, is now freely available.

How to respond? Here are some suggestions:

'Serious' content producers should go up-market. The production of serious content (or at least content intended to be serious) is where individuals are most clearly encroaching on the professional's turf. It can work very well when it gives an opportunity for newcomers to get high-quality ideas out without having to deal with the existing biases of the traditional gatekeepers (publishers, editors). In those cases, it has something of the spirit of the old free presses. Where it works less well is in the case of blogs: I'm reminded of a favourite line by humorist Tom Lehrer: "People with nothing to say...should shut up".

Although it seems that the pendulum is swinging away from it at the moment, people will get fed up with the dross and the pendulum will swing back. There will always be demand for professional well-thought out content: *When everything is getting so freely available, one good response is to go exclusive.*

Democratic content generation. This is a mixed bag. It may be useful to get an eye-witness report from a global hot-spot, but how do you filter for the biases of the reporter? Quality control becomes a big issue here, because it's not just about opinions any more. Wikipedia is a case in point – should the correctness of an entry on quantum mechanics be decided democratically? (maybe, as long as all the voters have advanced degrees in physics as a prerequisite), Wikipedia might be a useful first port of call – but you wouldn't make a key decision on it.

One place where democratic content has huge potential is a source of customer feedback. In a few minutes, for free, you can 'google' for reviews on your products and services and get much better information than that yielded by banal telephone market research. It's a fantastic resource for staying close to the customer (if you're brave enough!).

Internet karaoke. In the domain of YouTube, MySpace etc, the content isn't so important – but people seem to like to see their name in lights. Keys here are the quality and flexibility of the interaction, plus a certain difficult-to-predict 'coolness'. How do you get a consumer-controlled environment that will actually catch on? Why YouTube and not something else? It may be best to take a talent-spotting approach: allow bedroom-based entrepreneurs to try ideas and just acquire the ones that work.

5. Client satisfaction in professional services is not about service

I was talking to a venture capitalist about the lawyers he used. I was interested because I have worked a lot with law firms, and this VC often instructed one of my clients, as well as two of their fiercest competitors. His view of the competition was a lot different to that of the lawyers. His verdict "At the top-tier level, they are all the same in terms of fees, technical know-how, service, even on the quality of our relationship with them. What they don't grasp is that the only real differentiator available to them is their ability to bring me *deals*. I may love my lawyers at XYZ LLP, but if the guy from ABC is bringing me the deals, I'm not going to give XYZ the work out of a sense of loyalty. The firms are really missing a trick. They should be running highly-publicized investment competitions - like (the popular UK show) Dragon's Den for example – anything to make them a magnet for deals which they can then trade with us".

In fact, some of the fastest growing law firms in the UK (based on a reading of the Lawyer rising 50 2006) are following one of two strategies: either they are optimising for very transactional work, or they are going high-end and encouraging their partners to actively market and sell (which if done intelligently means finding out what the client's will really respond to – deal flow in the VCs case) and organizing to give it them.

The danger is falling between two stools, hoping that the former mystique of their professions will continue to command a premium, neither optimized to deliver cheap reliable commodities, nor really understanding *business* (rather than purely technical) needs.

What won't change

1. Execution skills

Charan and Bossidy's book of the same name was a well-timed return to reality after the dotcom bubble, and also caught the post 9/11 mood – perhaps it felt safer to focus on internal processes for a time. And actually, as the name suggests, it's what executives are supposed to do. Although what it involves isn't sexy, Charan and Bossidy found a sexy word for it.

Of course as memories fade, there will always be those who go for the hype and overextend. And you always get some visible successes to encourage all the others in to the gold rush. As I write this, the FT is reporting that S&P consider US infrastructure to be another over-leveraged bubble waiting to burst. I think that like flared jeans (albeit rebranded as bootcut or whatever) execution will always come back in when there's a 'correction'.

How else are you going to make sure you fulfil your promise to the customer?

2. Delegation

So often badly done, and yet with such potential. Imagine if you could measure the outcome of each delegated transaction: did the delegator obtain from the delegatee the result required, at the time required, within the resource constraints required etc? What if you could improve the average score by 10% throughout your organisation? What about 30%. Improving delegation is an easy win for a lot of organisations.

Benefits to the delegator:

- achieves more, through leverage
- attend to priorities instead of fire-fighting
- better life balance
- excellent context for developing leadership skills
- Excellent context for developing subordinates

To the delegatee

- Learns to take on greater accountability
- Creates context for learning from more experienced executives

The key to delegation is to delegate ends, not means. Get people to accept responsibility for producing a result, subject to a satisfactory negotiation for the resources and support they require in order to do so.

3. Collaboration and team-working

While many people can talk a good talk about team-work, collaboration and breaking down silos, there will always be a need for people to understand the potential dysfunctions of groups working together and to have ways to circumvent them so that the benefits can be reached. Issues which remain with us for the long term, include:

- Ways to head off dangerous 'Groupthink'
- Facilitation skills for leaders and internal consultants
- Process improvement through virtual team technology, especially forums
- Team-building on substantive tasks, not on the basis of dubious inventories of personality 'types' or abstract 'roles',

2. Leadership

Leadership is too often talked about as a mystical quality, and treated as a panacea for all organisational ills. 'Leadership problems' can be a lazy diagnosis.

Good leadership behaviours (which can to a large extent be both learned and improved) are necessary, but not sufficient, component of organisational performance. The most

pragmatically useful approaches will emphasise flexibility of behaviour, and an eye to subordinate development.

As important is the cultivation of good 'followership' – the ability to accept accountability, delegation, and delivery of results.

And the most important leadership principle of all will always be the same: lead from the front.

3. Your business doesn't have to be original – but pay attention to the customer's experience.

Although the terms 'customer experience' and 'experiential brands' are new, the idea most certainly is not, and I think it has always been at least tacitly understood by successful businesses. I've written elsewhere (in an article devoted to the question of customer experience available at www.bassclusker.com) about the Electric Cinema: it shows the same movies as other places, but the art deco ambiance, home made cakes, and staff who are movie buffs create an experience for which customers are willing to pay a premium.

Some key points:

- There's no substitute for the basics – a reliable product trumps a great help desk.
- Outsourcing/offshoring makes customer experience much more difficult to control.
- Starting with the experiences your customers and clients most value, you can 'reverse engineer' your operations to fulfil them. It's a neat bridge between strategy and execution.

4. Short-termism is the enemy of brand equity

Seeking quick wins is a good tactic for building momentum and confidence behind a new initiative. But it's not much of a strategy.

How many businesses are currently encouraging people to kill their brands with tricks such as the following: They offshore your customer service to a mediocre call centre and get a 'quick win' on the bottom line. Contrary to what most of the customers think, these managers aren't stupid for not knowing what will happen – because they *do* know. They *know* it will harm the brand in the medium term as customers are irritated and turned off. But *they don't care*. Because they will have moved to another job by the time the backlash comes.

For every cliché there's an equal and opposite bromide

Other people have certainly pointed this out (I think Alan Weiss does so in one of his books, for example). “A stitch in time saves nine but don’t sweat the small stuff”, that sort of thing.

Clearly human nature doesn’t change that much – the Bible and Shakespeare offer good evidence of that – and so much of what we know about leadership, organization, politics, influence and so on are relatively constant. But technological changes, perhaps particularly in media, communication and transportation, do change the reference points, and require that organizational know-how be re-jigged and reinterpreted pretty much continuously (and of course each new generation of managers has to be educated from scratch).

The trick is to know which things to keep doing the same and which changes to respond to.

To learn more

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