

FUNKY TIMES

**A WORKING CLASS HERO
IS SOMETHING TO BE.**

JOHN LENNON



UNITÉ!
PROLETARIAT
ALLER L'ANDER
VEREINIGT EUCH!
ПРОЛЕТАРИИ
ВСЕХ СТРАН
СОЕДИНЯЙТЕСЬ!

PROLETAIRES DE
TOUS LES PAYS
UNISSEZ-VOUS!
WORKING
MEN OF
ALL COUNTRIES,
UNITE!

PROLETARIAT
ALLER L'ANDER
VEREINIGT EUCH!
ПРОЛЕТАРИИ
ВСЕХ СТРАН
СОЕДИНЯЙТЕСЬ!

PROLETAIRES DE
TOUS LES PAYS,
UNISSEZ-VOUS!
WORKING MEN OF
ALL COUNTRIES,
UNITE!
PROLETARIAT
ALLER L'ANDER
VEREINIGT EUCH!
ПРОЛЕТАРИИ
ВСЕХ СТРАН
СОЕДИНЯЙТЕСЬ!

DE TOUS
UNISSEZ-VOUS!

We have won. This is the age of capitalist triumph. We have conquered the world from Beijing to Baltimore; St Petersburg to Singapore. Western political leaders can barely conceal their smiles as they tour new stock exchanges in what were once outposts of Communist might. The eyes of business people glaze over with self-congratulatory pride when they are introduced to Chinese entrepreneurs who have made fortunes overnight or Russian oligarchs who own British football teams. They drool at the emergence of Indian multinationals. Even North Korea's Kim Jong Il is coming round to the big idea of capitalism. Since the fall of the Berlin Wall, triumphalism has been in the air. Capitalism über alles.

Thankfully and funkfully, planned economies are an endangered species. Think of the image of the polar bear trapped on a slowly diminishing piece of ice as the surrounding water heats up. Climate change in our societies is an inconvenient truth (to paraphrase Al Gore) for gentlemen such as Kim Jong.

There is one small problem. Karl Marx was right.¹

We should all catch the first plane to Heathrow, get in a cab and request Highgate Cemetery. There, under an ivy-covered monument, lie the decaying remains of the author of the Communist

¹ This one line has got us into more trouble than any other and helps explain why, despite sweeping the rest of the world, *Funky Business* sold an embarrassing handful of copies in the United States. American audiences find it difficult to move beyond this point of the book. If you are American we entreat you to carry on.



Manifesto, the Communist theorist, Karl Marx. A steady stream of visitors comes to the cemetery to view the last resting-place of the great man. Elsewhere in the world, crowds flock to view the decaying remains of Marx's disciples. We, too, should pay homage.

We should pay homage to Ho Chi-Minh. He may be in a crystal coffin in Hanoi with a controlled environment of 60 percent humidity and 22 degrees centigrade, but he has the consolation that he was right. The same goes for Vladimir Illich Lenin. Every 18 months he has a bath and is lowered into a mixture of water, alcohol, glycerine and potassium acetate. Two weeks later, his skin is as soft as a baby's bottom. Some 80 years after his death, Lenin's mausoleum is no more than a tourist attraction for capitalist comrades from the West. Yet, in spite of such indignities and ironies, Lenin was right. As was Chairman Mao Zedong. Mao is now marketed with free market abandon – for a mere 50,000 Hong Kong dollars you can buy a 24 carat golden statue of the great helmsman from the Sing Kwong Jewelry & Gold Co. Place your orders for Erich

Honeker tea sets and Enver Hoxha memorabilia now. They were all dirty communist dictators, but they were also right.

They were right because they subscribed to the Marxist view that the workers should own the major assets of society, the critical means of production. We now do – though we do so individually rather than collectively. And, perhaps, we did all along but we just didn't have the insight to realize it.

Workers control the principal means of production. The Revolution Part 1 is over. Workers – people in software houses in Frankfurt; shipyard workers in Stavanger; creatives in Chinese ad agencies; suits in offices in Sydney; factory workers in Los Angeles; derivative traders in Singapore – use their brains and, sometimes, their brawn to create new wealth. 🧠 In a modern company 70 to 80 percent of what people do – often more – is now done by way of their intellects. The critical means of production is small, gray and weighs around 1.3 kilograms. It is the human brain.

The human brain is gloriously complex and intricate. It uses holographic organizing principles – the parts reflect the whole. Laboratory research even shows that you can take away nine-tenths of a brain and it will still work. Try doing that to your car, iPod or sat nav.

Our brain is capable of outperforming the most powerful computer on earth. Some of you may draw our attention to the chess battle between the IBM chess computer, Deep Blue, and the human Gary Kasparov. In February 1996, didn't the computer eventually beat the human grandmaster? It did, but the victory was possible because both players adhered to the rules, the given number of possible strategies. The trouble for corporate chess players is that future competitiveness will not be about following rules. It will be about breaking old rules and making new ones. Future success will be

2 How the world has changed. When we wrote "Creatives in Chinese ad agencies" we were actually being imaginative and, dare we say it, a little wacky. And yet, it has come to pass: there are great Chinese ad agencies and there are funky Chinese creatives. That is what we call progress.



Bagdad Bob can tell you that black is indeed white.

3 Ten years later even the coolest looking Apple computer with all the gigabytes any human being could possibly want is still dumb.

about challenging current wisdom and moving your pawn from A2 to E7 in one move. Future success will be about solving Fermat's last theorem through creating your own rules.

It seems that John F Kennedy was also right – even now when the computing power on planet earth is estimated to be larger than our assembled brain power – when he said that “Man is still the most extraordinary computer of all”. People can be creative, come up with new ideas, invent new rules and sense emotions; computers cannot – yet! 3<

While the human brain is celebrated as the most wonderfully designed, incredibly intricate mechanism, the matter of who actually owns it is blissfully simple. It is not controlled by shareholders, investment funds, or any other body. George Soros may be able to destabilize currencies and markets, but he has no control over your

brain. Bagdad Bob can tell you that black is indeed white, but you don't have to believe him. Governments can issue all the propaganda in the world, but your brain is your own. It is controlled, for better or worse, by the individual.

THE BATTLE OF BRAINS

Perfectly formed and individually owned, the human brain is overpowering the traditional means of production – raw material, hard labor and capital. Try to think of one major, successful contemporary business organization that is brawn-based. Even the Mafia and the Hells Angels are now driven more with brainpower than with brutality and horsepower.

Not a carmaker. Manufacturing cars competitively in the new millennium is concerned with utilizing technology to manage logistics; to design and manufacture great products; to provide service support; and to communicate internally as well as with networks of suppliers and consumers. Value no longer resides in the metal or the engine. Instead, value lies with the intangible elements. Some 70 percent of the value of a new car lies in the intangibles. The result is that the brawniest car producer will be the bankrupt car producer. Car manufacturing is not about mindless, repetitious tasks carried out on a production line. Henry Ford is long dead and so are his methods. Ford once lamented, “How come when all I want is just a pair of hands I get a human being as well”.⁴ Now, most successful companies are more likely to ask – who needs hands?

⁴ Henry Ford is often celebrated for his invention of the five dollar day. This is usually referred to as a glorious act of capitalist benevolence. Highly unlikely we suspect. Old Henry's thinking was impeccably capitalist: greed was good and higher wages meant it was more likely they'd buy the cars.

5 Jack Welch's retirement endeavours – marriage to the former editor of the *Harvard Business Review* whom he got to know rather too closely at an interview and a string of saccharine self-help bestsellers – should not detract from what he stood for: straight talking, results driven, hard working, a blue collar in the ultimate white collar job. Welch is the Springsteen of the corporate world.

Jack Welch, former head of General Electric, once predicted that GE Capital could amount to 50 percent of the company – not in terms of employees, office buildings, and parking lots, but in terms of profits. Why did the undisputed king of heavy industry turn soft? »5« Because nowadays the really hard stuff is the soft stuff.

Entire countries increasingly compete on the basis of knowledge. If you think back, all countries became rich through a combination of natural resources, labor and capital. Think forward and these factors are no longer relevant. In our age,

BATTLE OF BRAINS



you cannot earn money from natural resources alone. Even the Pope agreed. In his 1991 centesimus writings, Pope John Paul II, concluded: “At one time the decisive factor of production was the land, and later capital... Today the decisive factor is man himself, that is, his knowledge.” Business success is, as a result, a matter of herding flocks of brains.

It doesn’t matter whether we are talking about Thailand, Germany, Turkey, the United States or Chile, primacy of knowledge is the only thing we are left to compete with. Natural resources, labor and capital, are rapidly diminishing in importance. Look at Dubai: no oil, but lots of talent. That’s why Bill Clinton and Tony Blair talked about a “cold knowledge war”.⁶ They were determined to create conditions facilitating brain gain rather than brain drain. The Cold War of the post-war years was about brawn – as symbolized by lines of tanks rumbling past the Kremlin; the new cold war is more subtle (it comes in lower case for a start), but equally crucial – it is brains battling brains.

⁶ Strangely we heard little from Harvard MBA graduate George W Bush on knowledge.

THE THIRD KNOWLEDGE REVOLUTION

Knowledge is power is a neat aphorism. It has been used for decades in a loose and vague sort of way. We said it, and we may have said it repeatedly and loudly, but, however loud we shouted, there was the underlying belief that it really wasn’t true – the reality was that force was power or, perhaps, power determined what was considered as knowledge. Now, knowledge really is power. We can shout it and believe it. Use all the force you want. Bludgeon down walls;

7 One of the interesting things about the even more recent Iraq War is the best military minds are not necessarily planning battle field strategy. Instead, they're dealing with the media. Leading the American media offensive was Brigadier General Vincent Brooks, one of the US Army's brightest officers and, according to one report, "a master of both vivid description and impenetrable obfuscation".

threaten and cajole. It won't get you anywhere if you are dealing with someone who is smarter, quicker and hungrier. A nimble lightweight will always beat a ponderous heavyweight – except in the boxing ring. Neanderthal man is long gone; now, we must bid farewell to Neanderthal behavior and thinking.

Skeptics might say that the role of knowledge in moneymaking activities is nothing new. They would be right. In 1452, mankind saw the dawn of the first knowledge revolution. Johann Gutenberg's invention of the printing press made information more widely available than ever before. Some 500 years later we were hit by the second wave when radio and televi-

sion began to dominate our lives. Fantastically, the early 1990s marked the beginning of the third wave. As Time magazine put it, instead of 500 TV channels, we now have millions of web sites.⁷ And they are interactive, two-way and live.

The scale and speed of the third knowledge revolution is what makes it so different. It is calculated that some 90 percent of all scientists that have ever walked the face of earth are alive right now. When the US Army fought the Vietnam War, only 15 percent of the soldiers had a college degree. During Operation Desert Storm, approximately 99.3 percent of the soldiers were college graduates.

Knowledge is the new battlefield for countries, corporations and individuals. We all increasingly face conditions that demand more knowledge for us to function and, in the long run, for us to survive. You can't build a wall around knowledge. You can't isolate it. It is there. It is crackling down phone lines. It is in the air; in cyberspace.⁸ It envelops the human race.

The internet makes almost anything available to anyone, anywhere, and anytime. It is gloriously (and worryingly at times)

8 But beware, articulated knowledge is increasingly becoming a commodity.

independent of time, space and device. If knowledge is power, power now potentially resides everywhere. The scale of the changes, and of the opportunities, makes this a genuine revolution. In such times we are all condemned to be perpetually un(der)-educated. Or as Socrates once said: “I know nothing except the fact of my own ignorance.”⁹

⁹ An interesting footnote is that Socrates is strangely fashionable in business literature. Socratic discussion and questioning is in. We are all ears.

The revolutionary manifesto moves around the world with frightening speed. Once you could have a monopoly on knowledge, as an individual or a company, for a fairly long period of time. If a company had a smart idea in 1950, it took a while for others to jump on the bandwagon or even to find out. The archetypal firms of the early and mid-twentieth century were companies like the UK glassmaker Pilkington; the South African mining company De Beers; and the American giant, Xerox. These companies often had as long as 20 or even 30 years to globally exploit their firm-specific advantages – the stuff that made them unique. They could use an incremental and sequential internationalization process, gradually adding nation after nation. They conquered Argentina, then moved onto Peru and so on. The world could be inexorably dominated.

This is no longer the case. Today, knowledge spreads internationally and instantly. Business best practice moves faster than ever before. Business schools and universities spread the word with remorseless efficiency. In the 1960s, US business schools graduated some 5,000 MBA students per year. Today, that figure is 75,000. Back in 1967, two such MBA programs existed in the UK. In 2006, 152 programs were up and running. In the US, there are now around 800. Just in the United States, there are nearly one-half million MBA students, and that number should reach one million by 2012. Around 100,000 MBA graduates are let loose on the world every year. As they nurse their graduation hangover, they might like to contemplate the fact that much of their knowledge is already out of date.

Knowledge spreads. The Danish hearing-aid company Oticon launched a different way of organizing itself – project organization instead of regular hierarchy, no papers, new office architecture, etc. It was innovative and imaginative. Jack Welch of GE launched the concept of a boundaryless organization – transforming the whale into a shoal of dolphins. Before long, such bright ideas are written up in case studies. Organizations benchmark. They look around. Word spreads. Other companies copy Oticon and GE. Like some deadly virus, once knowledge is out there, it cannot be stopped.

REVOLUTIONS REVISITED

The fact that Karl Marx and his dictatorial disciples were right does not mean that we are reconstituted Communists. While they were right, they were far from entirely right. Indeed, they may only have been right about one small thing. If you look around, the rich have never been wealthier. If you look around, capitalism has rarely looked healthier.

Of course, not everyone agrees with this view of the world. Complacency is easily found. Before he fell sick, in one of his execrable and lengthy sermons, the Cuban leader Fidel Castro informed his long-suffering people that they were going through un periodo especial. Castro promised that normal service (or lack of service if you are Cuban) would be resumed shortly. Castro advised his people to sit tight, wait, and relax. They are probably still waiting – and now with some apprehension for his successor. It is not often that you encounter someone who is totally, completely, absolutely, 100 percent, wrong. But, Fidel is. Revolutionary zeal has turned into wishful thinking.

Like it or not, change cannot be turned on and off. At the moment it is pouring uncontrollably. Put your hand over it and the water will spread in all directions. Sit back and you will drown. Welcome to the real revolution, Fidel. ¹⁰

The reality is that the revolution we are currently experiencing is bigger than even that imagined by Marx. It is a revolution that will change the very nature of our societies, economies, industries, firms, jobs, and personal lives. It is all-embracing. And it is happening now. You may not be able to see barricades in the street and tear gas filling the air, but it is happening – in your and our minds.

In all likelihood you have never experienced a revolution. Nor have we. (We are Swedish after all.) But, we know that during revolutions you throw out the rulebook. ¹¹ Revolutions are lawless, spontaneous and dangerous. We are not suggesting you begin looting, but pointing out that in this new environment, there are no rules, there are no laws, nothing is given. There is constant motion – perpetual crises. Traditional roles, jobs, skills, ways of doing things, insights, strategies, aspirations, fears and expectations no longer count.

In this environment we cannot have business as usual. We need business as unusual. We need different business. We need innovative business. We need unpredictable business. We need surprising business. We need funky business.

¹⁰ At the time of going to press there was some uncertainty surrounding the state of health of Castro who had rarely been seen in public since ceding power to his brother Raul following surgery in mid-2006.

¹¹ Herb Kelleher did just that at SouthWest Airlines. He set fire to it. Greg Dyke did much the same at the BBC. His rule-eliminating initiative was engagingly called “Cut the crap”. Unfortunately, thanks to the deadly spectre of politics, Greg didn’t cut it at the BBC.

FUNKY BUSINESS IS TRULY GLOBAL

No kidding this time. Internationalization has gone through a number of false dawns. Now it is the real thing. There are no borders for Luciano Pavarotti or the Kaiser Chiefs, a band from Yorkshire



Terrorism makes you pack a plastic bag.

in the UK, named after a South African soccer team, who opened Live8 in Philadelphia. Madonna feels no borders. Lenovo does not care about nation states. Terrorism cuts across the globe and you have to carry your toothpaste in a plastic bag at the airport.

And, we have never seen a larger economic space. During the last 40 years, international trade has increased by 1,500 percent.¹² No wonder, when average tariffs have simultaneously been slashed. We travel the world and the seven seas. We have global satellite channels, international magazines, TV-shows, movies, hit-records, etc. The global village envisaged by Marshall McLuhan in the 1960s is here.

Capitalism is on the move. Look at Eastern Europe and the former Soviet Union. There are more than 30 new nations in the UN since the Wall fell – such as Belarus, Ukraine and Georgia. Some are poor but want Western affluence as quickly as possible. So, they have been exporting madly. They export pulp and paper products. They export software. They export chemicals. In fact, they export everything they have. They are cold – freezing to death – and still export coal and oil. They are the new competitors. Even wealthy Switzerland joined the UN in 2002 after more than fifty years of hesitation.

Many more are joining the throng. In the mid-1990s, outside the OECD there were roughly 200 million people with realistic notions of joining the capitalist march. Countries like Japan, Singapore and Hong Kong were coming up fast. They were within reach. Now, more than 3,000 million people are on the move. OK we're not actually sure where we got this figure from. The world population is 6.5 billion and how many of them are prepared to chase economic prosperity? Many, many millions. They come from the Indian sub-continent (1 billion people), the former Soviet

12 The most recent figures: Total merchandise trade of exports was worth 58,000 million in 1948; and 10,431,000 million in 2005 – that's US dollars at current prices.

13 Since *Funky Business* was published hundreds of thousands of Poles have moved to the UK. Towns like Reading now have a Polish newspaper and fantastic plumbing.

14 What is staggering is that the figure we used in *Funky Business* were much lower. The population of countries such as India is still on the up – many millions up on even a few years ago.

Union (143.5145 million), Poland¹³ (38.639 million), Vietnam (83.5 (84million), Pakistan (162.5163 million), Indonesia (2465.5 million) and so on.¹⁴ They are all in the process of building lives and societies similar to those in the West. They would like

the same comfort, material possessions and decadence. They will achieve their objectives. It is simply a question of when.

What is staggering is that the figure we used in *Funky Business* were much lower. The population of countries such as India is still on the up – many millions up on even a few years ago.

In India, 20 percent of the people already have the same standard of living as the average European (in purchasing power parity terms). In 2006, 22 percent of Indians lived under the poverty line. An awful statistic we know, but down from 50 percent in 1995. At this moment, in Bangalore, 140,000 IT engineers are at work. Bangalore is now the world's second largest city for software development. Novell is there. Siemens is there. Ericsson is there. In fact, more than 20 percent of the Fortune 500 companies are there.

Multinationals are not in India for charitable purposes. Think how much these Indian engineers earn. The answer is something like \$1000 a month. Why would you hire anyone from Sweden, Germany, France, or the US, when Indian engineers work so cheaply and the quality of their work is identical to that found in our supposedly advanced societies? The economics could not be simpler; the ramifications could not be more profound.

So tough is the competition from the experts of Bangalore and beyond that some of the most prestigious US universities – including Stanford, Berkeley, and UCLA – already operate a quota system to limit the number of non-American students. The stark truth is that, competing on grades alone, many US students would not stand a chance against their Asian fellows. Limiting this talent pool has been questioned by authors like Richard Florida. Without a

flow of students from abroad the US might become less innovative over time, he anticipates.

In the global village we can't do it alone. Sisters and brothers simply can't do it for themselves. We need to find world-class partners. We need the best – the best architect, the best supplier, the best consultant – rather than the closest. This is already happening. The Ford Focus is produced by factories in: Saarlouis, Germany; Valencia, Spain; Santa Rosa, Laguna, Philippines; Pacheco, Argentina; Chongqing, China; and Wayne, Michigan in the United States. Kits are supplied for assembly to Vsevolzhsk near Saint Petersburg, Russia. The intermediary products that make up Ford's Escort model come from 15 countries. These include not only raw materials, but components and entire systems which come from a worldwide network of subcontractors and suppliers. The cars are finally assembled in two plants, one in the UK and one in Germany.

15 The long-tail phenomenon is not simply a neat idea for a book, it's happening. The category "others" is growing in most industries. Now, it can be incredibly profitable to target small groups of consumers.

The economic realities of our time mean that everybody competes with everybody else. All of us are in global competition.¹⁵ Individuals are in global competition. Companies are in global and generic competition. Countries are in global competition. There is nowhere to run and nowhere to hide. For us. For you. For Enron. For Fiat. For U2. For Oprah. For Leo DiCaprio.

FUNKY BUSINESS MEANS MORE COMPETITION FOR EVERYTHING EVERYWHERE

In the West we have been brought up with the belief that more is good. This is not necessarily true. But, more is certainly evident wherever you look. More products; more markets; more people; more competition. More is a fact of life.

In 1996 at the Atlanta Olympics, Sweden won two gold medals.

16 She was wrong. Only 51 nations did, but the point is still valid. It is becoming harder and harder to win gold in athletics or car production.

When the medalists returned to Stockholm, they held a press conference at the airport. One medal winner pointed out that athletes from 53 nations took the 271 gold medals on offer at Atlanta. Four years earlier in Barcelona, 37 countries won gold medals. She predicted that at the Sydney Olympics in 2000, 80 or 90 nations would be able to win a gold medal. If you are an athlete you don't know where the competition is going to come from next. 16

A similar rule applies elsewhere. Even the hallowed and sheltered halls of academia are not immune. We taught at the Stockholm School of Economics. At the time we worked there, in some years there were 5,000 applicants for just 300 places. Those who succeeded in getting into the school had the highest grades in every single subject, truly Renaissance men and women. The School was founded at the beginning of the twentieth century to educate the elite of the elite. Twenty or so years ago if you were Swedish and interested in business administration and economics our school was the only real choice. The same was largely true just five years ago.



Now, bright, twenty-year old Scandinavians look around.

Now, bright, twenty-year old Scandinavians look around. They look at the Universität zu Köln, Ashridge in the UK, SDA Bocconi in Italy, INSEAD in France, Duke University in North Carolina. They weigh up the pros and cons. They compare the schools. Stockholm used to be the only choice, now it is one of more than 1,000. And things will only get worse – or better depending on who you are. The net will spread so that students automatically consider (so far unbuilt) Asian business schools or even schools in cyberspace. There are now more than 1,000 MBA programs to choose from in India. Alternatively, you can obtain a perfectly acceptable MBA if you stay in Lapland, buy a PC, read your Michael Porter assiduously and never leave home.¹⁷

¹⁷ MBA = MEDIOCRE BUT ARROGANT

We are moving towards what academics call techno-economic parity. Techno-economic parity implies that that there are very few commodities, technologies, products, services, insights, knowledge areas or procedures in London, Paris and New York, Milan and Madrid that are not also available to our friends, brothers and sisters in Bangalore, Seoul, Gdansk, Buenos Aires and Kuala Lumpur. Techno-economic parity also implies that the basic prerequisites for doing business are becoming more flat by the day.¹⁸ The playing field once had a slope as steep as Mont Blanc. Now it is being forced to the horizontal. In essence, techno-economic parity means that the best man or woman wins, no matter where they come from. The industrialized world no longer has a

¹⁸ Tom Friedman probably liked our metaphor when he wrote his book *The World is Flat*. The Economist recently noted the world is bumpy

knowledge monopoly because knowledge moves freely. So we all need to prepare for the “Business Olympics”. And, this event is not held every four years. It is happening now – in real-time, non-stop.

FUNKY BUSINESS REQUIRES A CREATIVE SEARCH FOR DIFFERENTIATION

In the wild market economy which now exists it is increasingly difficult to differentiate yourself. If you think about it, most of what your business does could be bought from someone else using the Yellow Pages or Google. If you have a unique idea your competitors will steal it in two or three weeks. With three billion people in the process of building lives and societies similar to our own, competitive pressures are reaching boiling point. And they will keep on simmering.

There is only one way out. It is deceptively simple: Stop the karaoke and do something else; do something that the world has not seen before. Innovate so that you are, for a moment in time, unique and uniquely competitive.

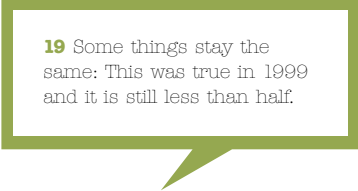
But, be warned, you will have to be unique in new ways. The old way of achieving uniqueness was to add a few extras to your product. This no longer works – it will be copied within days, perhaps hours, and consumers are no longer so easily fooled.

Organizations, services and products are becoming more and more similar. Often, you need a microscope to spot the differences. In the United States, the car industry waits expectantly for reports from the rating institute, JD Power. Its final report for a recent year began with the observation that “There are no bad cars any longer, because they are all good”. The car companies, whether they are Audi, Toyota, Ford or Renault, understand all the technology at their disposal. They understand each other’s products. They take

them apart and examine their innermost workings. Differentiation in the car industry must, therefore, come from other areas.

The new competitive battlefield is not the engine or the air conditioner – it is the design, the warranty, the service deal, the image and the finance package. Intelligence and intangibles. Emotions. And, of course, people. People can make your organization, your products, and your service solutions unique. How you manage and lead people, how you organize your operations, will determine whether or not you succeed.

As a result, we need to rethink our definition of what is really valuable. According to the Economist, the new acid test is whether it hurts when you drop your competitive advantage on your toes. If it does, you should start rethinking the way in which you operate. Things that were in demand used to consist of a little knowledge and a lot of stuff. The new valuables are made up of a little stuff and a lot of knowledge. Stuff it! The average weight of a real dollar's worth of US exports has more than halved since 1970.¹⁹ The density of a successful customer offering is changing. Today, competitive advantages weigh no more than the dreams of a butterfly.



19 Some things stay the same: This was true in 1999 and it is still less than half.

FUNKY BUSINESS REQUIRES ORGANIZATIONAL INNOVATION

Organizing is the art of achieving extraordinary things with ordinary people. In our times, organizational innovation means creating conditions that enable a constant flow of creativity, not the churning out of yet another standardized product or service. Therefore, the funky firms needs to be different, look different, and work in new ways.

All modern companies compete on knowledge, but knowledge

is perishable. We must treat it like fresh milk – we have to date it. Unless we use the knowledge of our firm it becomes sour and loses its value. Continuous innovation, both revolutionary and evolutionary, is a necessity. Or, as David Vice famously put it when he was CEO at Northern Telecom: “In the future there will be two kinds of companies – the quick and the dead”. We are either fast or forgotten. In the new economy, there are no speed limits. Agility rules. Speed is all. The need for renewal is something that applies to every-

20 More controversially, in recent years the company has applied the same discipline to the employment of its CEOs.

thing in the organization; it concerns everyone; goes on everywhere; and is non-stop. “We intend to move as fast as we can, ripping up the road behind us,” says Intel’s Craig Barrett. And he means it. Look around and the advice is simple:

Move it. In a single year, 1000 new soft-drinks were launched on the Japanese market. A year later, one percent was still for sale.

Move it faster. At Hewlett-Packard, a majority of revenues come from products that did not exist a year ago. **20**

Move it now. In Tokyo, you can order a customized Toyota on Monday, and be driving it on Friday.

21 Talent = Intellectual capital + Social capital + Psychological capital. To succeed in making financial capital dance you need know-how and know-who, plus a can-do attitude. So, the smart thing to do is to enhance your competencies, develop your community and to be courageous.

FUNKY BUSINESS PUTS MANAGEMENT AND LEADERSHIP CENTER STAGE

Leadership and management are more important than ever before. Gurus and commentators have been proclaiming this for years, maybe because it justified their existence. Now it is reality.

This is the age of time and talent, where we are selling time and talent, exploiting time and talent, organizing time and talent, hiring time and talent, packaging time and talent. **21** The most critical



FAST OR FORGOTTEN

resource wears shoes and walks out the door around five o'clock every day.²² As a result, management and leadership are keys to competitive advantage. They differentiate you from the mass. How you attract, retain and motivate your people is more important than technology; how you treat your customers and suppliers, more important than technology. How a company is managed and how a company is led are vital differentiators. They can create sustainable uniqueness. But at the same time as management and leadership have reached maturity as potent competitive weapons, their very nature has changed.

The boss is dead. The executive dinosaur – witness David Brent in *The Office* – is officially extinct. (Obviously, members of the species are usually the last to realize that their days are numbered.) No

22 We are not suggesting that everyone who wears shoes is a critical resource. It's the right people. Also remember that seen from the firm's perspective the wrong people are liabilities, not assets.

longer can we believe in a leader who claims to know more about everything and who is always right. Management by numbers is history. Management by fear won't work. If management is people, management must become humanagement.

The job is dead. No longer can we believe in having a piece of paper saying job description at the top. The new realities call for far greater flexibility. Throughout most of the twentieth century, managers averaged one job and one career. Now, we are talking about two careers at least and seven jobs or more.

The days of the long-serving corporate man, safe and sound in the dusty recesses of the corporation, are long gone. Soon, the emphasis will be on getting a life instead of a career, and work will be viewed as a series of gigs or projects.

Inevitably, new roles demand new skills. Thirty years ago, we had to learn one new skill per year. Now, it is one new skill per day. Tomorrow, it may be one new skill per hour. Skills like networking – in 1960, the average manager had to learn 25 names throughout their entire career; today we must learn 25 new names every single month. Tomorrow, it may be 25 new names per week (and half of those are likely to be names from different languages).

23 Free at last! But we are also in the midst of a great freedom hangover. People are beginning to realize that with freedom follows responsibilities. This is our take on it, however. Never forget that while freedom can be good and bad, the absence of freedom can only be bad.

FUNKY BUSINESS GIVES US THE POWER

No jobs but more power. We now own the major assets of society – our own minds. And power equals freedom. We are all potentially free to know, go, do and be whoever we want to be. We can choose. We can be picky. It is up to us. But freedom is not something you are simply handed. It is something you conquer. **23** And, today, power lies in controlling the scarcest of resources: human intelligence.

The more unique we are – the better we will do.

And as opposed to physical resources, knowledge grows with usage and is portable – you can take it with you when you leave. So, if you really want to build a good life – and/or just make money – the route to success couldn't be clearer: get at it and get going. The power is yours to use and abuse.

INTO THE FUNKY FUTURE


With the introduction of the plantation we moved from the hunting and gathering society into the agricultural one and, with the coming of electricity, we entered the industrial era. Lenin once said that Communism equals Soviet power plus electrification of the entire country. Funkyism equals information mania plus the power of choice. Some call our world the knowledge society and others the brain-based one. The only thing certain is that the critical skills and answers of tomorrow will not be those of today. More important, however, may be the fact that the relevant questions are changing. Paradoxically, the ability to forget – unlearning – is becoming a key asset in a business world changing at the speed of light.

Change then change again. We are facing a world of chaos and genuine uncertainty. The new realities have been pithily described by Kent Foster, now the CEO of Ingram Micro, as: "Products that are still evolving, delivered to a market that is still emerging, via a technology that is still changing on a daily basis." It won't slow down for you to understand what is going on or to take a snapshot. In such a world, the only thing that we can trust is that the certain becomes uncertain, and the unlikely becomes likely.

The future cannot be predicted – it is to be created. Either you see things happen or you make them happen. You may be tempted

to categorize the ideas and trends discussed in this book as good or bad, black or white. Resist temptation. Evolution is not right or wrong – it just is. We may use electricity to kill people or to make toast. Electricity is. The Internet can be used to distribute child pornography or to meet your future spouse. The Internet is. The future does not exist. It is not good or bad. It becomes what we make it. “What is is,” says the Dalai Lama (while Bill Clinton labored over the exact meaning of is).²⁴ Funky is.

Funky business means there will be many more questions with fewer and fewer answers. Einstein was wrong. No single theory can guide us. Diversity rules. Questions rather than answers fundamentally drive the future. And along the way do not expect any help from technology, because, as Pablo Picasso once pointed out: “Computers are useless. They can only give us answers.” But, if you ask smart questions, in a unique way, faster than anyone else, you will be momentarily ahead of the game. Enjoy it. Seconds later you have to think of the next question. Then the next.



²⁴ Bill Clinton is no longer in office and his semantic difficulties pale against those of the Bush administration. As ex-Defence Secretary Donald Rumsfeld put it so eloquently: “Reports that say that something hasn’t happened are always interesting to me because as we know, there are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns – the ones we don’t know we don’t know.” Similarly, Henry Kissinger is reputed to have walked into a press conference and said, “Does anyone have any questions for my answers?” Welcome to the knowledge economy!



WHAT IS, IS