

The questions may be the same but the answers differ

As business becomes increasingly global and interconnected, different skills are needed to keep pace. Dr Leandro Herrero outlines the kind of people and abilities that he believes companies will need to succeed in the corporate world of the 21st century

One sunny morning at Princeton, the assistant to Albert Einstein was confronted with an unexpected problem. She had just seen the professor's draft for the final exams that year and could see that it was just like last year's paper. Was he becoming forgetful, or just a bit old? Maybe this was a sign of decline in the great Bavarian refugee who had taught at Zurich, Prague and Berlin and ended up teaching mathematical physics in the US. The man who had changed much of the previous understanding of the universe could not see that he was going to ask his students the same mathematical questions as last year. All the answers to previous problems and papers had been widely circulated so the students were going to have a ball. Unless she did something about it.

"Professor, I am sorry, but may I just point out that you have given me last year's exam paper, and the questions are exactly the same," she said.

"Yes, I know the questions are the same but the answers are different," he replied.

If that was true of mathematics and physics in the 1940s, perhaps our world has always been, and will always be, the antithesis of stability and predictability. I refer to this Einstein anecdote when talking about change and 'old and new models' as it seems as if the same questions – political, socio-economic, technical, psychological – keep coming back and the only thing we can be certain about is that the answers are going to be different.

In modern business the questions have not changed much: what's the best way of organising the enterprise; what are the potential strategies; how do you manage productivity? The answers change from time to time, in most cases out of fashion and/or political correctness, rather than reason. Take accountability, for example. Because accountability, together with authority, have been

linked to the hierarchical model of organisation, and because hierarchies have been largely substituted by looser forms of control, accountability has been forgotten. Yet, this is still a major problem in many organisations today.

There is also the additional issue of the many consulting groups that have mastered the skills of providing beautiful, sophisticated answers to the wrong questions.

One example comes from the knowledge management movement where the 'connectivity answer' (providing maximum cross-communication and access to information for anybody, linked to everybody) is attractive. But the real question in managing knowledge is how to create a common sense of purpose in an organisation and the conditions under which people can share their tacit, as well as their explicit, knowledge. The fact that a company has the biggest intranet where 5,000 employees are linked to each other does not mean that the sharing of effective information is good. Yet, one gets to see lots of meetings and conferences on connectivity with little, if any, talking about human capital.

Unprecedented pace of change

The pace of change in business life is unprecedented. In March 2000, Amazon.com had a greater value than Boeing, Yahoo had a market value twice that of the Ford Motor Company, and that little device that executives exhibit in trains, planes and meeting rooms, the Palm Pilot, reported sales of US\$35 billion, bigger than many countries' total gross domestic product.

At the same time, Nasdaq had passed the 5,000 mark, having doubled in value in the previous six months. One year later, in March 2001, Amazon.com had decreased its value by 75% and US\$8 billion worth of initial public offerings had been cancelled. Nasdaq hovered around the 3,500 mark. Today Nasdaq comes in at around 1,700.

Welcome to the new economy, or perhaps the new disruption, where the barrier between the new and the old is becoming more and more blurred. For some, the current business situation is nothing less than a true revolution, bigger even than that prompted by power or the telegraph, known by some as 'The Victorian Internet'.

For those who are more cybersceptic, IT stands for 'insignificant toys'. And there are many subscribers to this view, as a survey by *The Economist*, published in September 2000, found

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out. It recommended 'not burning the old books'. So, it seems, that while the business questions have not changed, the answers to some are certainly different and to others they can be found by looking in the old college library.

No matter where on this spectrum one positions oneself, the nature of business relationships has changed, in the main as a result of communications. In this 'end of time', 'end of space', 24-hour society, information and communication are the currency for any business.

The degree of interdependence is also unprecedented: with other businesses, with competitors with whom one both competes and collaborates; and with a plethora of stakeholders. Inside the company, and beyond the organisation chart, the individual professional is worth his or her connections and relationships.

If there is such a thing as the new enterprise, it is based on three new forms of capital: human capital (accumulated talent), social capital (the value of relationships inside and outside the firm) and architectural capital (the way people are organised and the agility of their processes and systems). Because of that, although the questions are the same, the answers are at least different in their emphasis.

Take skills. It is not that the traditional ones are worthless but that the new enterprise desperately needs new ones. Analytical skills, for example, are still required but those who focus on the traditional approach forget that today's multi-information and multi-dependency company also needs synthesis

skills to make sense of the increasing complexity.

Traditional information management (skills and competencies) needs to be stronger than ever but companies also need people who are able to not just to receive or even digest information but who can also differentiate between signal and noise. There is so much noise in the information bombarding us that only those who have the ability to see the signals have a true advantage. Signal differentiation entails making a judgement – sometimes unconscious and heuristic – about what information has unique value.

In business organisations the challenge is not to have a fantastic information infrastructure with everything-you-need-on-command, but to have the right human capital that can filter the noise and spot the unique signals that can be converted into competitive advantage.

Yes, the questions are the same but the answers are different: signal/noise differentiators are needed more than information managers; making sense of complexity and synthesis skills are more relevant than analytical skills.

Finding the right skills

Here is an alternative set of new people and skills in my own list for building the new corporate IQ in the 21st century corporation:

Relationship builders: these fall beyond the traditional models for team membership and leadership.
Brokers and deal makers: these do more than manage the old independent units as there is no independence anymore. Brokerage, between ideas,

The new enterprise is based on three new forms of capital: human capital or talent, social capital or the relationships that are made both inside and outside the firm, and architectural capital, which is the way people are organised and the agility of their processes and systems

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parts of the organisation, of resources and priorities, is a new skill.

Binders and gluers: these people generate commitment and build bridges between ideas, people and structures. The old top-down alignment is, of course, desirable but the horizontal alignment is now even more important.

Extrastructure managers: these people are able to lead the complexity of the external relationships.

Boundary managers: Boundaries within the organisation may be looser but they still need to be managed. The new emphasis is on people able to manage the ambiguity of a loose organisation, while at the same time giving it a definite identity.

Innopreneurs: Many people claim to be an entrepreneur or to have entrepreneurial spirit in the organisation. But are they innovators? If they are entrepreneurs of the more-of-the-same class, they are not fit for the business of today.

Cartographers: Visionary leaders are also welcome but the idea that an organisation always has a fixed immutable north is a fallacy. Organisations today need people who are able to navigate through muddy waters and create 'maps' from A to B.

Restless explorers: These are people who can see different angles and options in strategies and who are not complacent about success.

There are other new answers to the same old questions. Companies need to explore them in

depth and find what is suitable for them. There is, however, one single barrier to doing so: the daily schedule. Events take over easily and managers have a common complaint: not having time to think.

The ability to stop and think may be the best kept secret in corporate competency. Leaders must create the conditions for that to happen. It is not about the annual retreat to the forest or an exotic place. It is more about the ability to integrate your own 'question and answer' time in daily life. Managers should not worry about being confronted with the same questions. What counts is the ability to find new answers and implement them. SM

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