

Leading in the 21st Century: A Fork in the Road

It used to be an advantage to be big. Now, success depends on being fast. We are at a fork in the road. The familiar path leads South, because traditional management principles no longer apply to leading a business to success. Organizations need to take advantage of their scale and their agility, as well as new tools for business transformation and success. This document points to road North, which leads to business and individual success in today's turbulent times.



Succeeding In Fast Times

It used to be an advantage to be big. Big businesses were able to use economies of scale and market dominance to compete in national and international markets. Big governments were able to dictate tariffs and terms of trade in the controlled economies of the 20th century. There was no great need to be fast. The aims of organization and management systems were order and control, rather than speed and adaptability.

Now, times are very different. Technology and globalization are transforming the world, and success now depends on fast, fluid operations. Smaller business units are more suited to this situation than large corporations. As one sage puts it,

"It's not the large that shall eat the small, but the fast that shall eat the slow."

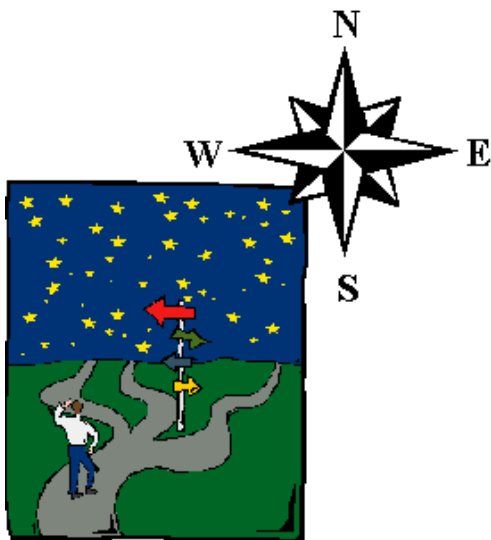
This document discusses the need for smaller firms, and autonomous business units of larger firms, to take advantage of their scale and their agility, and outlines the new concepts, methodologies and technologies that are available to help such business transformations happen.

The new thinking and new tools come from Kurru's alliance partner – a small, entrepreneurial company, Reward Technologies. Over a decade ago, Tim Kenyon, the founder of this specialized compensation consultancy came to the realization that the mainstream job evaluation product supported a system of management that would have no future in the uncontrolled economy of the

21st century. The issue was not that the CLASSIFY system was ageing after decades of development and application in over 20 countries, and several languages. The issue was, and is, that the traditional management principles and work models that CLASSIFY supports are uncompetitive in a changing world.

Reward Technologies came to a fork in the road, back in 1995, and started research into competitive new work models and success leadership principles.

Today, as a result of this work, Kurru is in a position to assist talent-centered businesses to meet their own fork in the road, and take the path that leads to fast, fluid operations, and success in the uncontrolled economy. Read on, to discover the route to a bright future.





A New Leadership Philosophy

Tim Kenyon, the originator of the new Success Leadership framework outlined here, has 40 years experience as a management consultant, almost 20 of those years running his own business. After graduating with a degree in Economics, he worked as a line manager in a people intensive industry, having responsibility for some 400 staff and following traditional management principles.

Peter Drucker was one of the gurus of those days, and his idea of cost centers and profit centers within a firm formed a major focus of managerial effort. Today, Drucker acknowledges that there are no profit centers within a business, only cost centers. The profit centers are all outside, in the offices and homes of a firm's customers. It is no longer practical to dictate the nature and pricing of products and services to the customers of a business.

In the new, globalized world and the uncontrolled economy, customers simply have too much choice. Efficient internal systems, defined structures, and clear chains of command and responsibility are things that traditional managers care a lot about. But, customers don't care a hoot for all that. Customers want, value, care and attention. The affluent consumers of the 21st century will happily pay for customized, innovative products and services that reek of design and status. Smaller firms have an inherent capacity to become and remain close to their customer base. Large corporations are organized in a manner that is so bureaucratic, impersonal and socially clumsy that they have far less prospect of being preferred by customers who are in control of their own consumption. All the big businesses have are cost advantages due to economies of scale. In an increasingly affluent and abundant world this will not be enough.

The conventional economic factors of production – land, labor, and capital – have now have very little to do with success. Similarly, the traditional business functions; production, finance, marketing, human resources, etc, are no longer relevant. Continuing to adhere to old structures and old thinking can be a decidedly dangerous in the age in which hyperknowledge and talent are the new drivers of wealth creation.

In order to succeed in the uncontrolled economy leaders must focus intently on four particular areas:

- ✓ **CUSTOMERS:** how to win and hold their preference
- ✓ **TECHNOLOGY:** how to use it to leverage knowledge and creativity
- ✓ **TALENT:** how to attract, hold, align and energize talented people
- ✓ **HEADLIGHTS:** seeing the implications and opportunities stemming from a rising wave of scientific discoveries and new technologies (hyperknowledge).

In conventional organizations, all the above factors are either ignored or approached in ways that tend to fail and keep failing. Talent is an example. Salaries are seen as the key to attracting and keeping people. When the best people keep leaving, despite high pay, the employer raises salaries even higher. But that doesn't work either. Sound familiar?

In a seller's market, high levels of compensation for talent are a given. If you want truly talented people, you have to be prepared to pay. But it does not follow that if you meet some "market" level of pay for a talented individual, he or she will be happy to work for and contribute to the success of your business. Creative knowledge workers typically seek more than a competitive salary level. They want to work for a business that they can relate to and where they are treated as living, feeling people rather than cogs in a machine. It then comes down to the type of culture



that exists in your business. Is the culture hierarchical and rules driven, or is it organic and values driven? Is it feudal or is it tribal?

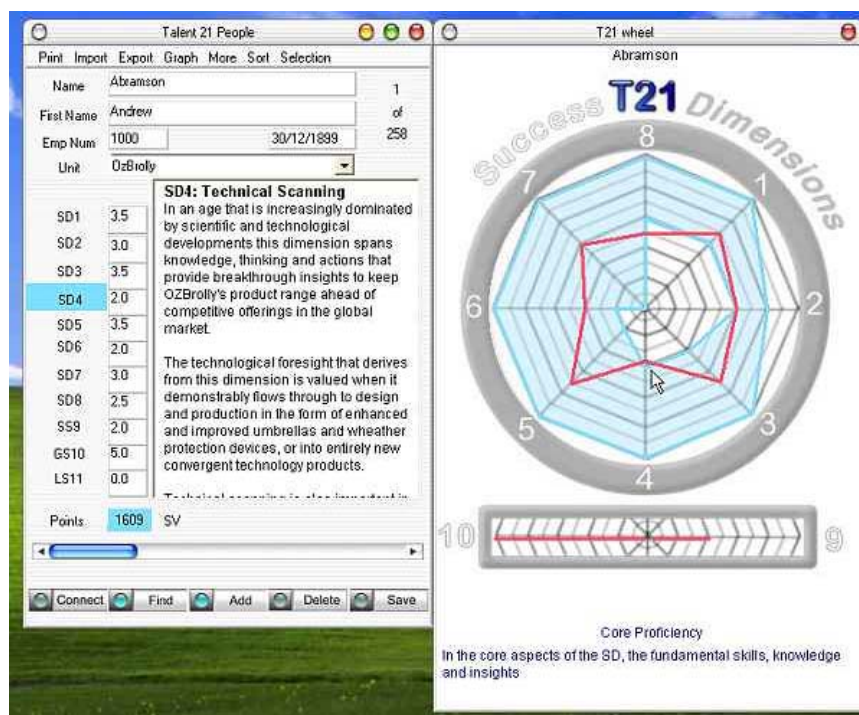
The SUCCESS LEADERSHIP model recognizes that the various perspectives and attitudes that predominate within a firm directly affect the culture and its relative attractiveness for talented people. Success Leadership aims to establish and reinforce an open, forward-looking culture that people will be happy to belong to.

Restoring Credibility to Valuing People

Leaders of business enterprises now need to find ways to raise the performance of their organizations. Because higher performance is heavily dependent on genuine employee commitment, rather than grudging compliance, it has become vital for classification and compensation systems to be highly credible.

Following more than a decade of widespread corporate downsizing, just about everyone in the community knows someone, either a relative or a family friend, who feels “betrayed” by a former employer. They know people who were retrenched by corporations that did not appear to value years of loyal service and sustained effort, but only “good numbers” and shareholder value. A new mistrust of employers and globalization is exacerbated by the many instances of corporate failure in which executives have been seen to be treated too generously, while the majority of employees have lost not only their jobs but their legal entitlements as well. It is of little consequence that your particular firm has not betrayed employees in this fashion, or rorted or mismanaged the business to the detriment of people who depend on it for a living. There is a current of mistrust in workplaces today, which used not to be there.

Yet, leaders in your firm face the challenge of building higher and sustained performance on the basis of greater employee trust and commitment. This is because globalization and technological advancement necessitate change and innovation. Without radical transformation of the way it thinks and acts at every level, a business cannot be competitive and viable in a global market that is largely free of government intervention and protection. Because people are the key to new



ways of working and competing, work models and compensation approaches that are open and credible are vital at all levels, not just the upper echelons of the business.

Instead of valuing jobs and then rating job holders within a salary range established for their position, the TALENT21 methodology directly values the capacity of each person to contribute



to success. Not the success of their job (they don't have defined jobs), but the success of the business unit they work in. For a smaller firm, the unit is the whole enterprise. Every individual is valued for their capacity to contribute to whole business success, and all of their skills and abilities are given free play. There are no boundaries or restraints imposed by structures, job designs, or internal power plays.

New Methodologies and Systems

This section sets out the nature of the new methodologies and software systems available from Kurru to assist in the implementation of Success Leadership principles. It outlines attitudinal change methodologies, and leadership frameworks and tools to support the transformation of work models and the workplace culture within your business.

The old ways of thinking and working are simply too limiting and too slow to remain competitive in a world that is increasingly unpredictable, fast changing and chaotic. Modern organizations are not stable and orderly. Of necessity, they are unstable and able to react quickly to every new opportunity and need. The 1950s and 1960s were the heyday of job evaluation systems and of stable, hierarchically structured organizations. Traditional job design concepts from those times are now too wasteful of human talent and initiative. The old designs hinder the efforts of a firm to remain competitive in a globalized world awash with new knowledge and technologies. Traditional jobs narrow and limit the scope for employees to contribute. Structured jobs permit only certain skills and experience to be applied and disallow the free thinking and initiative taking that are now essential throughout every enterprise. These methodologies and software have been developed for use in organizations that wish to replace hierarchical chains of command and narrowly specified jobs in favor of fluid work models and versatile individuals.

WORK21

Profound attitudinal change is involved in transforming the structure, work models and culture of a firm to enable it to remain competitive in the uncontrolled economy. WORK21 is a methodology that fits into a wider leadership process of developing future awareness and headlights throughout an organization. W21 categorizes the predominant work performed by individuals or groups according to its modernity and relevance to success in the 21st century. The use of categories and scales to help identify non-viable work is a better approach than simply listing occupations and skills that are becoming redundant in the post-industrial age. By applying W21 to the typical work done, and also assessing the cultural context and mobility involved, a person can obtain a relative measure of its viability. The methodology can be applied quickly and reliably across all functions and areas of work.

Besides sending a wake up call to individuals regarding the need to maintain their employability in changing times, WORK21 enables leaders to know how much of the work throughout their areas of operation is low in viability and increasingly uncompetitive. Work relevance and viability is measured on a scale of 1 (very low) to 21 (very high) and is easily tracked and compared. A business that has applied W21 is in a position to know the scale of the problem of outmoded and uncompetitive work, and how well it is being reduced over a period of time.

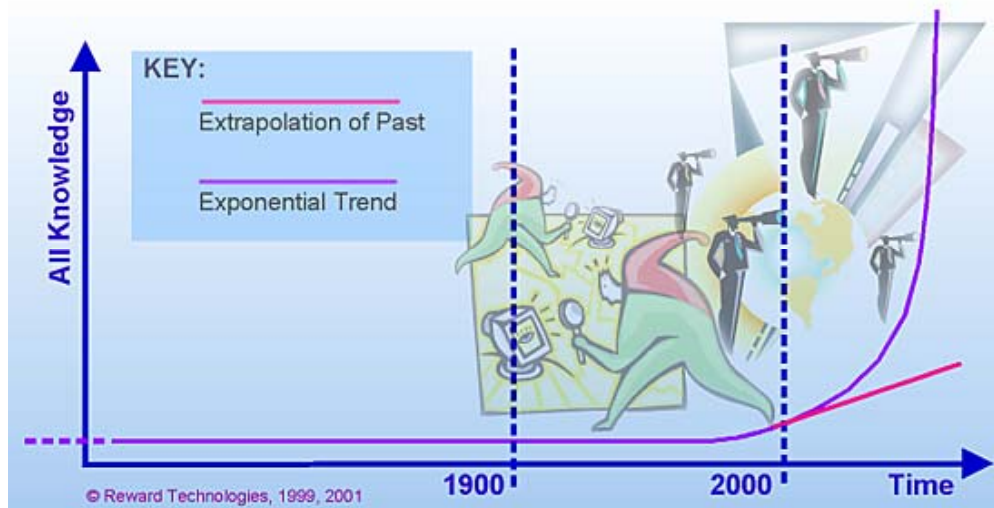




Field use of WORK21 shows that people sense that the measures it provides are sufficiently valid to merit their personal use and action. In theory it would be possible to argue about the categories chosen and the way they are weighted in the system. W21 is, after all, a pioneering technology. But in practice, the uses people tend to make of it are revealing. They apply W21 not only to their own workplace, but also to the career prospects and learning of their spouse and children. This strongly indicates that the messages in the W21 materials and measures ring true to them. The phenomenon of translating W21 to use beyond the firm, to the careers and prospects of loved ones, cannot be appreciated by reading the manuals or other materials that support the methodology. It must be observed in practice, working with groups of people and the technology. But the application of W21 beyond the workplace is so frequently observed that it is a strong indication of the way that the material shakes old mindsets and predisposes people to long-leap change and transformation.

SUCCESS LEADERSHIP

Kurru's new leadership technologies are encapsulated under the title of SUCCESS LEADERSHIP. Besides the set of frameworks and materials based on research conducted continuously since 1992, which make up a SUCCESS LEADERSHIP core, two other modules form part of the trilogy. One of these is WORK21. The other module is TALENT21. T21 is the technology that both replaces CLASSIFY as a compensation system and provides focus and orientation on the work and outcomes that are most critical to success.



The above diagram depicts the exponential growth in all knowledge due to accelerating scientific discoveries and the development of new technologies. Although digital technologies have been important in creating what now amounts to a 2nd Renaissance, they are not the only, or even the core, component of the knowledge curve. Many new technologies, such as biotechnology and nanotechnology, are also involved in the transformation of our civilization. The illustration shows that many people, including most business executives, continue to extrapolate the past in order to plan the future. However, the real leaders in business are looking at the exponential trend of the knowledge curve and realizing that entirely new perspectives and approaches are necessary.

SUCCESS LEADERSHIP is a framework that is aligned with success in the new global markets that are being created by the most profound changes in economic and socio-political systems in five hundred years. SUCCESS LEADERSHIP provides new insights and new measures of success in changing times. The insights and perspectives are fresh and future-relevant, whereas



most existing management systems only analyze and extrapolate the past. The website of one of the leading suppliers of enterprise resource planning (ERP) management systems asserts that its software ... "integrates all your corporate information so you can turn information into insight, insight into action, and action into improved business operations". The green and red guys in the diagram above illustrate such systems providers. Their claim is probably true within the context of weekly and monthly operations. But the insights their systems provide are myopic and valueless in terms of business strategy and survival needs. The latter areas require forward-looking processes and fresh insights to pierce the veils of operational complacency and identify truly strategic options and courses of action in a changing world. Unlike the green and red guys in the illustration, Kurru provides and supports systems to give leaders capabilities in these future survival and success areas. We are the folk with our telescopes fixed on the way ahead, and we are the pioneers of the new field of success leadership systems.

Mind Reach

There is a common perception that futurist or radical thinking has its place in organizations only after the completion of a significant transformation. This is an incorrect view; there is a great need for "strange", "challenging" and even "outlandish" notions before any long-leap change is undertaken. The following diagram presents the concept of mind reach, and it is such mind reach that is required at the very outset of an organizational transformation. Unless there is a critical mass of people in a business who are able to think and operate all the way out on the mind reach scale, fundamental and enduring reshaping of work models and culture is likely to prove impossible.



Mind reach is not about innate intelligence or critical thinking skills, nor is it about creativity and imagination. Mind reach depends upon the extent to which a person is comfortable dealing with unfamiliar and often threatening facts, ideas and concepts. Far mind reach equips a leader, or anyone else, to work effectively within long-leap transformation frameworks and processes. Almost all the operational activities of existing corporations are conducted within the comfort zone of familiar ideas and concepts. The materials, change tools and methodologies associated with many business re-engineering programs, are similarly set within the comfort zone of familiar concepts and ideas. Business schools and other tertiary institutions produce materials and courses that stretch into the creative zone and involve the imaginative extension of established concepts.



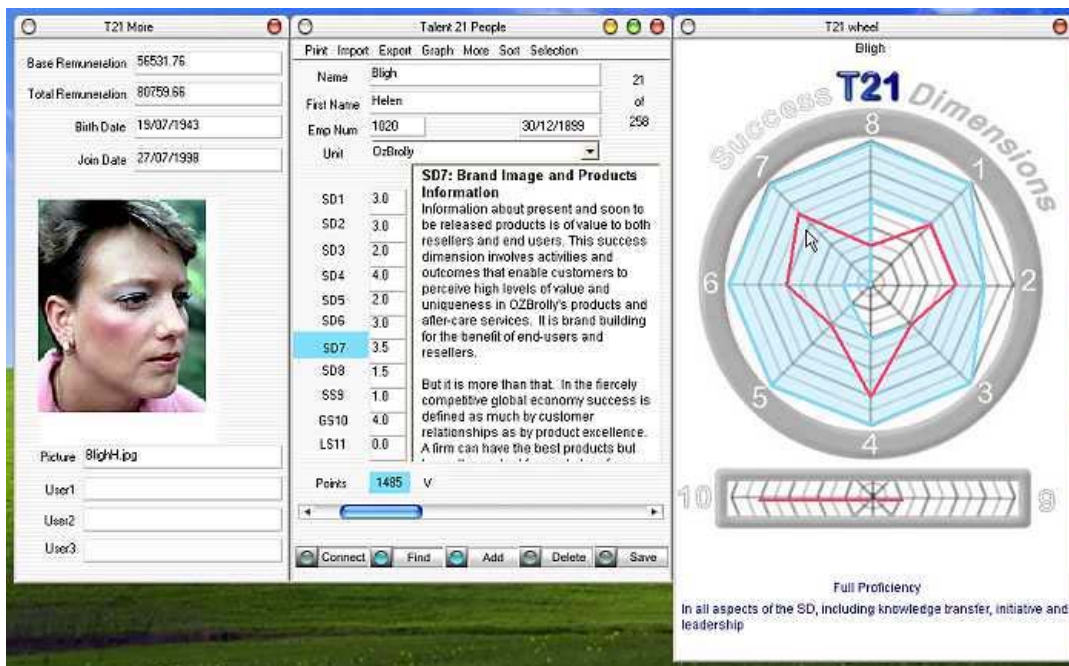
But nothing within the field of business education and leadership development goes beyond that zone.

A few futurists and some of the glass tower consultancies cover the discomfort zone, but most do it in a business related way, as if commerce and industry can somehow be separated from the wider social and political changes accompanying the 2nd Renaissance. The fact is that it is hard for aspiring leaders of long-leap change and business strategy to access well-researched materials that can help them develop their mind reach.

Recognizing that extended mind reach correlates directly with leadership and success capability, materials have been researched and developed, which form part of the core SUCCESS LEADERSHIP component, and they offer vital perspectives and insights to leaders and others who access them. It is never too early to introduce such information to a changing business.

TALENT21

The new TALENT21 methodology offers not only a modern compensation management system that is person based rather than job based, but also drives a direct focus on success dimensions and alignment with the activities and capabilities that characterize the work that is truly worth doing well within a business or unit.



TALENT21 is a unique methodology and system; there is nothing else like it in the world at this time. T21 is important because it offers a practical way to move away from old work models and position based compensation structures. Moreover, T21 has the potential to replace the outmoded structures that so many companies are mired in as a result of historical work models. In one clean move it should be practical to change the focus of work models from jobs to individuals, and the focus of work from skills and responsibilities to business success outcomes.

Such a change will only be possible in a context of restored trust and new understanding of the changing requirements in the fields of personal employability and business success. In many organizations, even smaller ones, it could take up to two years to effect the necessary shifts in



attitudes. But once the new attitudes are assured, T21 can provide the right system to support a success ethos that is focused on winning and holding customer preference.

T21 is Not a Competencies Based Approach

Work models and pay systems based around competencies are not in any way comparable, or an alternative to TALENT21.

- (1) Competency based systems are often slow to implement and time consuming to maintain when skills are constantly changing. By comparison T21 is far faster. It is as quick to apply T21 to the measurement of success contribution capacities, as it is to apply CLASSIFY to the measurement of relative job size. T21 is one of the fastest and most consistent comparative measurement systems in existence. People do not become frustrated by delays and confusion when applying T21, but they can easily do so in many drawn out competencies implementations.
- (2) Competencies based classification and pay initiatives have tended to founder on the difficulty of relating bundles of disparate skills, knowledge and other elements to a common pay scale. T21 does not have such a problem; it makes use of carefully defined scales and criteria to consistently value success capacity, from person to person and from one point in time to another.
- (3) Whereas competencies focus on elements of existing work, T21 is focused on the work that ensures success for a business unit and the people within it. There is a strategic emphasis in T21 that is often lacking in competencies based systems.
- (4) It is possible to implement a competencies based system while retaining old work models and organization structures. This means that such implementations often perpetuate yesterday and fail to engender change and business transformation. By comparison, T21 is built around new success leadership concepts and always involves new work models and new ways of thinking and cooperating. The bridges to the past must be burnt, there is no going back.
- (5) Competencies can be defined in terms of internal activities and an entire implementation can largely ignore customer value and focus. T21 is, by design, defined in terms of the work and success dimensions that build and hold customer preference. T21 is inherently aligned with creating unique customer value in globalized markets. At a time when customers have more choices and more power than ever before, this is a vital characteristic.

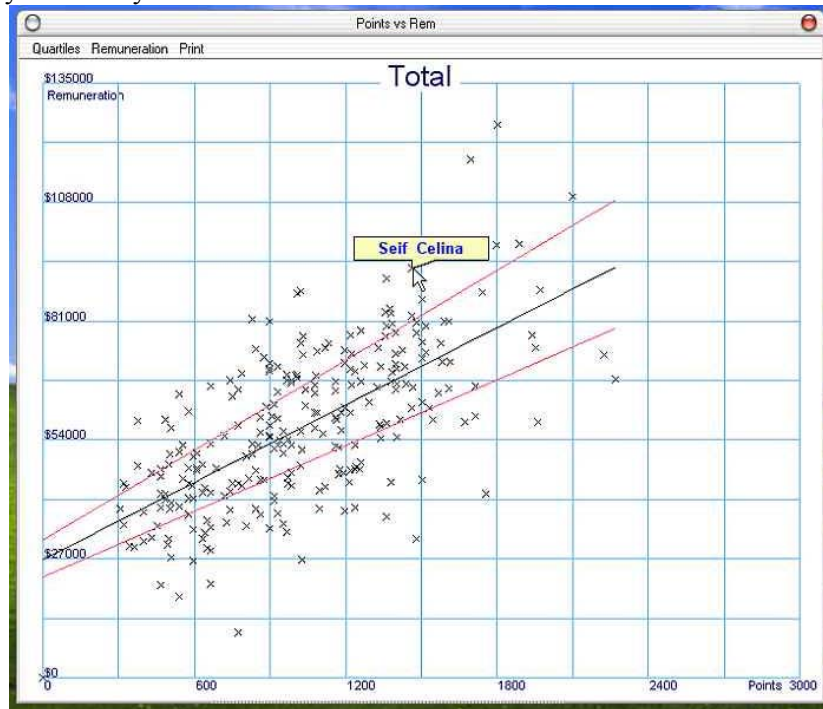
T21 Redefines Value and Success

Within a traditional job-based system, value is defined around the relative value of positions and levels of hierarchical reporting. The job designs generally incorporate work that WORK21 would measure as non-viable. Competencies based systems similarly enshrine outdated skills and knowledge and tend to reinforce old thinking and old, slow, ways of working. TALENT21, on the other hand, defines success in terms of identified (by the leaders of each business) dimensions of success in a world that is being transformed by new technologies and the 2nd Renaissance. The screen capture below shows how personal capacities to contribute to business success and customer value are then related to a common compensation scale, to produce what looks like a typical pay analysis graph. However, the difference is that the points on the horizontal axis are not measuring relative job size, but personal capacities to contribute to success. The measures of value are dynamic; people who do not maintain their capacities to contribute to success can slip to the left of the points scale. Those who apply themselves and become more versatile across the



various dimensions of success can advance in value without being impeded on hierarchical promotion paths. In a T21 system everyone is free to advance his or her value in the business.

There is another difference in the T21 graph; it represents a compensation pattern that is related directly to an enterprise and its success. There is no concept of external market comparisons or industry based awards. A company that breaks the mold and adopts T21 cannot relate its pay structure to an industry norm, and it cannot be bound to industry pay rates that are founded on 20th century notions of job design and work models. The business is logically free from



national or state rates of pay, a situation that accords fully with globalization and free market principles, and is difficult to refute in economic rationalist terms.

Spending the Same Money Differently

When considering the implementation of Success Leadership within a business many executives anticipate additional costs. They reason that T21 will show some people to be worth more salary, but that the costs of overpaying others, who don't have success capacities that are comparable to their compensation, will remain in the business. So, overall, they expect the salary budget to rise. But nothing could be further from the truth. All systematic classification and compensation systems, both the old CLASSIFY and the new TALENT21, enable a business to manage its salary structure more effectively. In a well implemented application, a firm has the opportunity to spend the same dollars differently. Instead of wasting salary on classification and market comparison mistakes, the business is able to gradually adjust the salary structure to remove most of the waste, and reallocate money to individuals who should be better rewarded, based on their contribution to the success of the business.

There is usually a great deal of waste in unmanaged or badly manipulated classification and salary structures. Implementations of CLASSIFY normally enable firms to generate annual savings that are more than the total external and internal costs, within two salary reviews. Many users of the system achieve greater savings. However, traditional job evaluation systems such as CLASSIFY always miss one very large area of potential cost reduction. This occurs because job evaluation begins with the assumption that the job is necessary and the work done is worth doing. SUCCESS LEADERSHIP and TALENT21 make no such assumptions. The way is open to address the waste in a firm that is due to outmoded work models and uncompetitive activities and skills.



Minimizing the Waste in Work

While it is too early to have hard evidence of the savings that will be possible within a Success Leadership program, there are indications that they will be very significant. During the 1970s Tim Kenyon headed the Productivity Services Consulting team at W.D.Scott and Co. His professional experience in the field of grass roots cost reduction, coupled with the results from field use of WORK21, suggest that a very large proportion of the work (and thus the costs) of firms that implement SUCCESS LEADERSHIP will be found to be redundant. Coupled with greater flexibility and versatility in the workforce, and new attitudes to change, the potential for savings must be considered to be high.

For Example ...

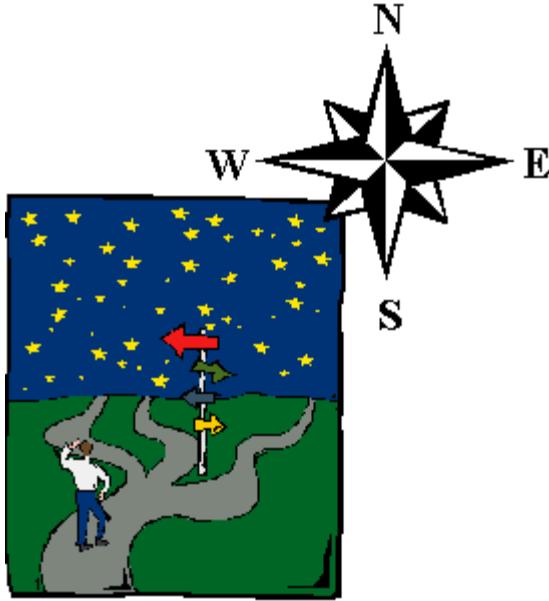
If an organization typically spends an average of \$80,000 pa on each of 200 employees, and 60% of the work they do is in categories that are non-viable and non-competitive in the uncontrolled economy, the implied waste is some 9.6 million dollars! This does not mean that many of the roles can go, as it would probably not be practical to operate without the employees concerned. What W21 results do is reveal the extent of the cost of working in traditional structures and work models while the world is changing around the business. Exposure to W21 can predispose people to think and work differently, so the message that long-leap change to work models and work focus is required becomes very clear to everyone. Savings can then come from a new willingness to change and to operate more flexibly. Because of the scope for improvement that a W21 analysis reveals, even moderate reductions in the waste due to outdated work models and limitations on initiative will be significant. A 10% gain made by eliminating waste revealed by W21 measures in this example would be worth \$960,000 per year. Correcting 25% of the waste revealed would be worth \$2.4 million per year.

Swinging a Light Instead of an Axe

Given the right combination of culture shift, measurement tools, success frameworks and leadership, gains of up to 25% of the identified work waste should be possible within a couple of years. The alternative is to become more “efficient” by laying off people. However, it is not possible to be more competitive through large-scale lay offs. Costs reduce but the firm does not become more customer focused or capable in building and delivering customer value. The alternative approach to swinging an axe through the head count and cost structure is shining a light on the drivers of individual and corporate success in the new economy. In terms of increasing effectiveness and capability, lights trump axes every time. WORK21 is one of the new methodologies that helps leaders to focus attention on the changes in culture and capability that can make your firm very competitive with larger operations run by simple axe men.

Take the Path North

When you are facing immediate cost and profitability hurdles, and attempting to grow and position a business at the same time, it is tempting to fall back on “proven” management principles from the industrial age. But, we are no longer living and competing in the controlled, stable economies of the past. Reviewing the organization structure, rewriting all the job descriptions, specifying key performance indicators for each position, and implementing market pricing that enables matching to surveyed salary rates in the external market, all seem like good ideas. They worked in the past, why not in 2003? Because, traditional management principles no longer apply to leading a business to success. The old path seems to lead ahead, but it really goes South.



Finally, it is important to recognize that long-leap transformation takes considerable time. Groundwork that is done in 2003 might not yield its full benefits immediately. Businesses that delay doing the groundwork, particularly in understanding new insights and developing new attitudes and a transformation-favorable culture, will only defer their ability to gain the advantage of new systems and work models that are world competitive. And any delay might be fatal to the business.

So take the new path, the one that heads North, the one which leads to business and individual success in today's turbulent times.

About Kurru

Kurru is an Australian aboriginal word, which suggests "creative", "spirit" and "future", symbolic of some of the key attributes required for businesses to succeed in the new economy. Located in Dallas-Fort Worth, Texas, Kurru, LLC as a member of the 1stForward Network, a global alliance of like-minded consultancies, is accredited to market and deliver the range of systems and methodologies developed and owned by Reward Technologies Pty Limited.

Contact Us

Talk to Kurru, LLC about our range of proven technologies, tools and processes for business and individual success. Contact us on (972) 824-8330 or at brianhinchcliffe@kurru.com.