

**PART ONE: WHY**  
Re-energizing Thinking

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# 1

## Beyond the talent war

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### The talent truce

Can you see the white flags of surrender – on both sides of the frontline? The war is over – for the moment. The war for talent announced early in the last decade has reached an unexpected end. The superstars of the organizational world suddenly realized that they need great organizations as much as these organizations depend on them. For most VIPs of commerce and competence, the ability to pick and choose turned out to be a figment of our collective imagination. A business world with only a limited number of corporations providing genuine “talent havens” did not result in unlimited choice for talent. As consumers, we’ve long known that any color so long as it’s black is no real freedom. Now, as “competents”, the combatants in the talent war, we can verify that truth. Bruce Springsteen was right; 57 Channels (and Nothin’ On).

Talent needs Talent Inc. No matter how smart you are, you need other people to leverage your competence. Intellectual isolation isn’t splendid. You need others because you’re a social creature. As C.G. Jung once put it: “I need we to be fully I”. In South Africa, people call this Ubuntu. You need others who you can love and at times loathe. We all crave colleagues who can provide us with that critical psychological boost. People need people.

Corporate leaders are also now beginning to realize that they can’t survive without the celebrities of a competence-based business world. Talent Inc. needs talent. Today, wealth is created with wisdom. Successful firms rely on intellect inside. For the relationship between companies and talent to result in competitive advantages, however, it has to be exclusive. So, merely betting on the business brilliants who live in Free Agent Nation won’t work. Corporations can’t and shouldn’t farm out the future to those mercenaries of competence who are willing to temporarily sign up to the highest bidder.

The result of the profusion of white flags is that organizations, as diverse as the Catholic Church and investment bank Goldman Sachs, now face the challenge of having to create places where talent wants to live and where ideas can happen.

Like any truce, the current one is fragile. As a leader, you're the guardian of it. Handle with care.

## Good news

The truce is great news for both sides. We're all winners. The best organizations will benefit greatly from nurturing talent and giving it an environment in which its full potential can be reached – and exploited. Yet, the truce doesn't mean that we've stopped competing for talent. Countries do it. Sports teams do it. Even opera houses do it. And corporations around the world most certainly do it. The reason is simple. Among the most eye-catching success stories of our times are energy-giving organizations built around talent. They and the people who hang around these force-fields are the true victors of the peace.

Think of it. The ideas and imagination of talented and motivated people are the sole success factor behind everything from Internet encyclopedia Wikipedia to Simon Fuller's *American Idol* on TV, from the super-innovative Chaos Pilot training-program in Denmark to Indian IT-service company Cognizant being able to boast more than 43000 associates world-wide.

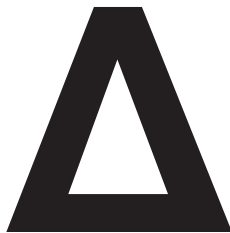
Ideas pay. A recent McKinsey report indicates that knowledge intensive corporations (organizations with more than 35% knowledge-workers) are more than three times as profitable per employee as labor-intensive companies. But, and this is perhaps even more interesting, in the former group of organizations, there's also much more variation in earnings performance. We've already warned you. Knowledge workers are fragile, and must be handled with care. They will want their piece of the pie and don't respond well to a Genghis Khan command and control leadership style. Talent requires positive energy to thrive. Star-power!

## Sustaining change

And now, the bad news. Organizations throughout the world find providing energizing environments in which talented people can reach their maximum potential incredibly difficult. And those that manage to create energetic environments often fail to sustain this energy. In the face of

rapid, radical and revolutionary change, we're afraid that most great organizations will not adapt, alter course, astonish us with new, amazingly innovative products or services and continue to prosper. Instead, they will deny, deteriorate and die. D-daze is a fact of life.

As we write in 2007, neither the Greeks, Romans or the British rule swathes of the world. Nor are companies like IT&T and Digital Equipment still with us. Similarly, the Scottish post-punk band *Simple Minds* no longer show up on the radar screen of what's hot or what's up and coming. The next big thing has a habit of arriving and then disappearing, whether it be an invading army, a corporation or a rock band.



We shouldn't be surprised. After all, the natural law of free-market capitalism states that all sources of competitiveness are temporary. Call it economic entropy – over time each and every competitive advantage that we can come up with will, slowly but surely, evolve, erode and then disperse. The reality is that like snakes, under the pressure of competition, regions, companies and people need to shed their skin to be reborn and live on.

## More good news

Change isn't an impossible dream, however. It can be done. Think back to 1987 when the US President Ronald Reagan was besieged with problems. The Iran-Contra scandal was at its height. The one-time actor suddenly looked out of his depth, an innocent in a world of vipers. Then, in West Berlin, in front of a crowd of 40 000 people, he said: "Mr. Gorbachev, tear down this wall!" It was an historical moment and one which reversed the decline in Reagan's standing. Instead of appearing deeply troubled, he was the charismatic harbinger of a brave new dawn. While most experts were convinced that co-existence under a permanent balance of terror was constant, Ronnie was naïve enough to believe that change was possible. Indeed, it was and still is. His dream came true.

Or, for a more recent miracle, think about one time US Vice President and character of the cartoon sitcom *Futurama*, Al Gore, on his current

quest to save the planet. Even stiff and emotionless people can become stylish and popular if they chose to re-create themselves; from eternal loser – to eternal cruiser. Grow a beard and see the world anew.

Look around. The greats, in whatever field, have an appetite for re-invention. Think of Miles Davis churning out the hardest funk when he was near the end of his life. Think of Picasso flitting from fashion to fashion, one brush stroke ahead of the artistic crowd. The British football team Manchester United has made a series of comebacks since many of its young players, labeled the Busby Babes, were killed in a tragic accident outside Munich back in 1958. Think again. For over three decades, pop-star and fashion-icon Madonna has constantly re-energized herself – artistically and personally. She is the definitive chameleon.

## This time – it's personal

Change is no longer what happens to other people, other organizations, at different times. Change is what happens to you and your organization, today and tomorrow. Change is personal and, even more good news, you can make a difference! Whether you're the CEO of a Japanese Fortune 500 company, a school-teacher in Serbia, a football coach in Argentina, an Indian IT-entrepreneur, or just plain old you, doesn't really matter. People *are* the decisive factor – in society, sports and business.

Commerce and change is now about so much more than land and raw-materials, sophisticated machinery and financial capital. Just as everything mankind has ever done, and still does, has an enormous impact on life on our planet, all the things energizing leaders now do have an enormous impact on the well-being of our corporations and on organizational life.

Times change. People used to be referred to as *labor*, an insignificant but annoying production factor. Sometimes, under the influence of some strange socialist opiate, we protested, went on strike, threatened and cajoled, but usually, we behaved. As labor fell into line, physical capital – in the form of minerals, oil-wells, forests and fields – was the thing that wealth was weaved of. The money was in mines not minds.

Now, the future is at once both lighter and brighter. For sure, the price of oil is up, so are copper, zinc and nickel, to name but a few commodities. But, even so, the average raw material is still only worth about 20–40% of what it was valued at 200 years ago. Even Russian President Vladimir Putin, a man currently heavily reliant on the hard stuff, argues that in the long term, the future of his country is more dependent on having the right soil for growing talent than having the

ability to pump up more oil. Soil not oil. Raw talent is renewable, most raw materials aren't.

There was a gap between the days when commodities ruled and today's brain-led economies. After we stopped being so physical, financial capital became the great bean feast. You made money by having money and by mastering the art of managing money – from J.P. Morgan to Gordon Gecko. While we know that some of the Wall-Street-shufflers still make mega millions, compare their hills of beans to the personal wealth of the world's richest man, His Nerdship, Bill Gates. On Monday June 4, 2007 he was worth approximately \$72379346 billion. The reality of our times is that there's an amazing abundance of capital and a genuine shortage of people who make competences happen and organizations that enable them to do so.

## Beyond the beans

Today, all the traditional stuff – extracting the oil and counting the beans – has become necessary, but no longer sufficient for the creation of sustainable competitiveness. The only thing we're left to compete with is 1.3 kilograms of brain multiplied by the number of people in our network. And this is true whether you're a band, a brand, a company or a country.

Take a step back and think about the amazing developments of the last few decades. Back in 1984, the same year that Prince issued *Purple Rain*, some 20% of the approximately 300000 people who worked for the king of heavy, General Electric, were so called knowledge-workers. About 20 years later, GE still employs roughly the same number of people, but these days something like 55% of them are knowledge workers (and Prince gives away his albums for free). King Kong has gone soft, because these days the soft stuff is the hard stuff.

General Electric isn't alone. Research by the McKinsey Technology Initiative reveals that in the US around 40% of the labor force is now made up of people who have to solve complex problems. In this part of the world, close to three-quarters of all the jobs created during the last decade require considerable abstract thinking and judgment skills.

The pay-off is clear. None of this is an indulgence. Competent people translate into profits. Fact. If you know how to lead and energize them, brilliant people = fantastic pay-offs. Raise the white flag, now.

