

PREFACE

2 **AS A YOUNG MANAGER**, I was asked to turn around a failing project. The manager I had replaced was a seasoned project manager with significantly more experience than I had. When I investigated the project, I found that he had done a thorough job on all things project management. He had put in place an excellent governance system. He had all the required work breakdown structures, PERT charts and Gantt charts. He regularly met with his team. He was on top of things and he held his people accountable. And yet, the project was failing. It certainly wasn't failing because of a lack of management – there was management in spades. Perplexing, yes?

The first question I asked myself was, “What have I gotten myself into?” If a veteran manager could not succeed, how was I, the young pup in the organization, going to fare any better? I should have looked before I leaped but I didn't, and now I had no way out. My first conclusion was that I was not going to out-project-manage my predecessor. My second conclusion was that everything my predecessor had put in place was

necessary but that something was missing. My third conclusion was that I didn't have a frigging clue as to what was missing.

What I did know was that to do more of the same would only drive the project deeper into the weeds. So, I steeled my courage and I started to experiment. The good news was that the experiments worked and the project went on to success. The bad news was that my organization rewarded me. You guessed it – they rewarded me by giving me larger, dirtier projects to turn around. And so the experimentation continued.

Between projects, I would reflect on what happened. I would reflect on what worked, what didn't and why. With time, a repeatable approach for taking projects of all sizes from failure to best-in-class emerged.

The project teams I was responsible for were made up of highly skilled, highly educated professionals. In essence, I was leading teams of knowledge workers. These teams were precursors to the knowledge organizations that were to come. In the early 1990s, I had a blinding flash of the obvious: I realized that the approach I was using to drive projects up the productivity curve could also be used to drive whole organizations up their own productivity curves. The experimentation

continued again, but this time the focus was on moving organizations towards best-of-breed status.

This book has one purpose: To share a model for building very high performance organizations, organizations that leap tall buildings in a single bound. This is a model that has emerged from 35 years of experimentation and learning.

Ron Wiens



One example that we are all familiar with is the Industrial Revolution. Here the breakthrough was the steam engine.

CHAPTER ONE

INTRODUCTION

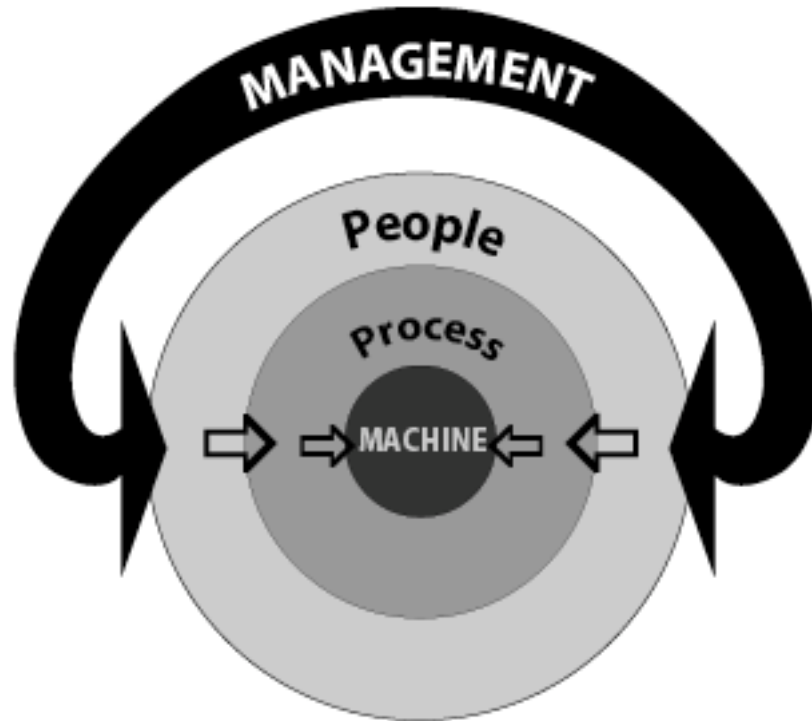
THE LEADER'S GUIDE TO CORPORATE CULTURE
AS A COMPETITIVE ADVANTAGE

2

EVERY ONCE IN A WHILE the human race has a technical breakthrough that provides us with an exponential enhancement in capability. One example that we are all familiar with is the Industrial Revolution. Here the breakthrough was the steam engine, which led to the mechanization of work. Associated with a significant capability breakthrough is a radical change in what provides competitive advantage to organizations.

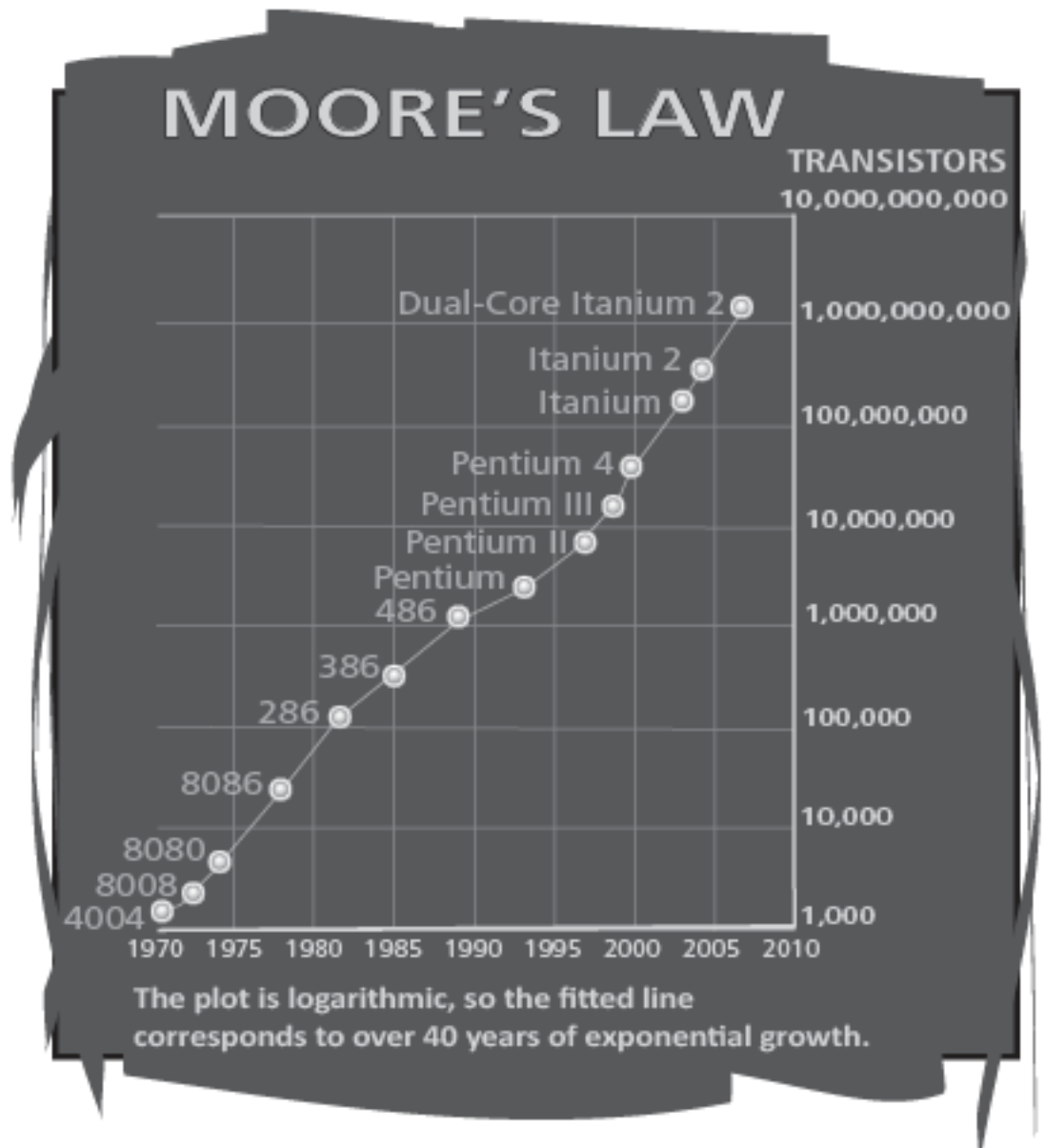
In the case of the Industrial Revolution, initially it was the machine itself that provided competitive advantage. If you didn't have one you couldn't compete and you were out of business. But soon businesses found that they were in competition with other businesses that also had machines. So managers worked to make their machines more efficient. Yes, they built better machines but they also did something else. They surrounded their machines with process. For the first time in history, across a wide array of organizations, structured, ordered processes (i.e., standardized work activities) were introduced. The purpose of these processes was to allow the uneducated farm workers who were pouring off the fields into the factories not only to work the machines but to work them so as to maximize their output.

So with the Industrial Revolution, we had the machine at the center of what was important to an organization. Good managers then surrounded their machines with good processes to maximize their return and then brought in the uneducated masses to work the processes. The machine was king, process existed to serve the machines and people existed to work the process. Outside all of this was management. Only management had a big-picture understanding of what was happening. Managers were the only ones with the prerequisite knowledge and education for this understanding. It was management's will that drove everything. It was management's will that drove people to work the processes that served the machines.



The machine was king, process existed to serve the machines and people existed to work the process. Outside all of this was management.

In the time since the start of the Industrial Revolution not a whole lot has changed in the way that organizations are managed. But something has changed. The human race is once again experiencing a technical breakthrough that is providing us with an exponential increase in capability.

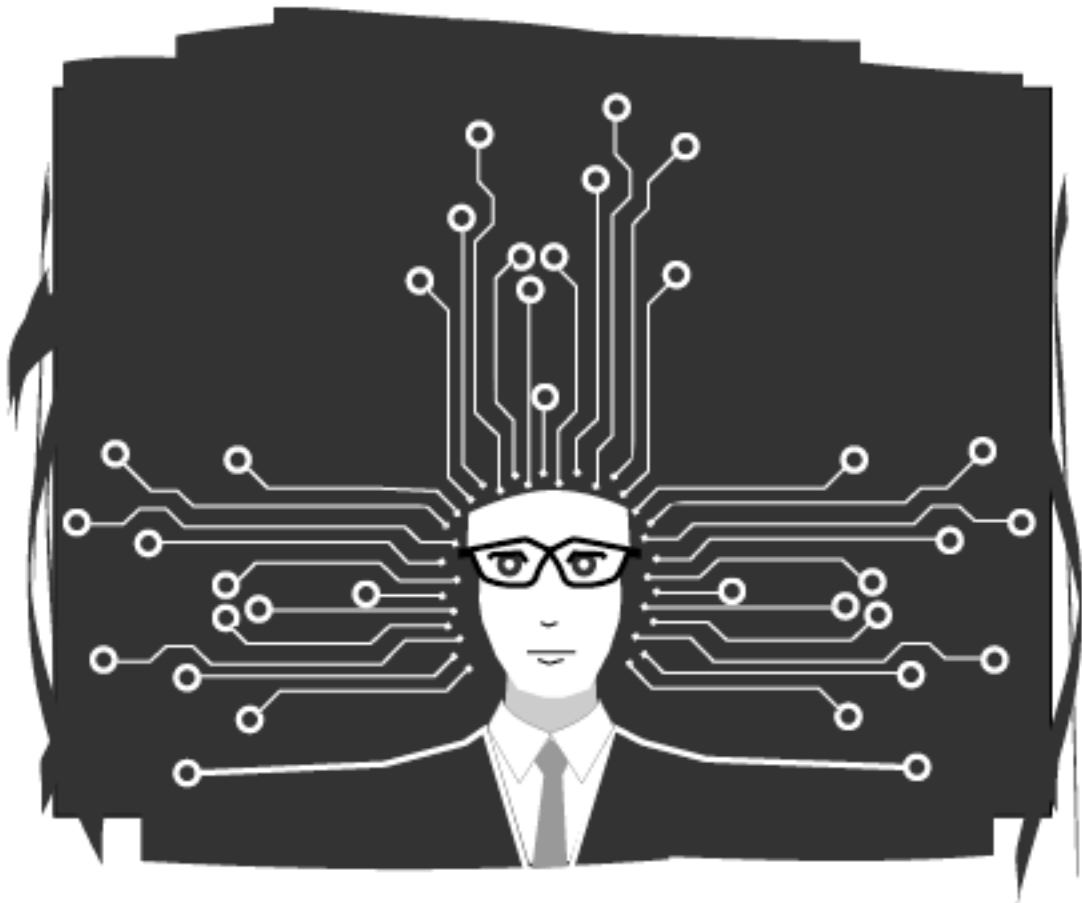


Moore observed that the number of transistors per integrated circuit was doubling every 18 months. He then predicted that this trend would continue for another 10 years. This prediction has come to be known as Moore's Law, and what an incredibly wild prediction it must have seemed at the time.

To understand this breakthrough you need to go back to 1965 to the work of Gordon Moore, who was a young engineer working at an obscure little firm called Intel. Moore observed that the number of transistors per integrated circuit was doubling every 18 months. He then predicted that this trend would continue for another 10 years. This prediction has come to be known as Moore's Law and what an incredibly wild prediction it must have seemed at the time. A doubling of capacity every 18 months represents exponential growth. To predict that exponential growth would

continue for another 10 years can only be called incredible. Well, what is even more incredible is that this exponential growth has continued now for close to 40 years and shows no signs of abating.

So the obvious question is, “So what?” Moore’s Law may be of technical interest. Some of the nerdy group may even get downright excited by it, but so what? What is its relevance to business? Does it have any relevance to how we shape and run our organizations? Well, hold on to your hats, for this simple little techie law on circuit board capability has just reshaped what constitutes competitive advantage and as a result it is reshaping how we manage our organizations.



Moore’s Law is taking us to an electronically connected world.

Moore’s Law has provided the raw processing and storage capacity that has enabled the World Wide Web. Moore’s Law is taking us to an electronically connected world. In the world that is emerging, people are connected not only to each other but also to each other’s knowledge. The impact of this connection can be best summed up by the following observation made by Dr. Nick Bontis from McMaster University:

“In the 1930s, the cumulative codified (i.e., written down) knowledge base of the world

doubled every 30 years.... In the 1970s, the cumulative codified knowledge base of the world doubled every 7 years.” Bontis’s prediction in 2000 was that by 2010 the cumulative codified knowledge base of the world would double every 11 hours.¹

We may or may not have reached this 11 hour figure but what we do know for certain is that we now live and work in a world in which knowledge is growing exponentially. But knowledge equals opportunity. So this means that we now work in a world in which the opportunities available to us and our organizations are growing exponentially. And because everyone is connected to this knowledge everyone is connected to the opportunities. So if your company is not pursuing the opportunities and the competitive advantage that is contained in this exponentially growing knowledge base, you can rest assured that somewhere in the world one of your competitors is. Competitive advantage today lies in an organization’s ability to exploit this explosion of knowledge and see the opportunities before anyone else does. Those companies that can consistently do this faster than their competition will thrive and prosper while the competition withers on the vine.

There are several interesting by-products of this knowledge explosion. The first one is that the days of the all-knowing, all-seeing manager are over. It is now the norm for knowledge workers to be more aware of the new opportunities, on their piece of the coal face, than those who are managing them. Managers have not gotten dumber. It’s just that there is so much new knowledge being created on a daily basis that managers can no longer keep up. If they can’t keep up with the emerging knowledge and the opportunities embedded therein, then one of two things must occur. Either they burn out as they attempt to digest the knowledge required for quality decision-making or they slow down the organization in order to digest what they need to know. Either way the competition wins.

But hold on; aren’t all companies in the same boat? If managers in one company can’t keep up then wouldn’t that be the case in other companies as well? The answer is yes. So who exactly is winning here? The answer is those businesses that are able to move decision-making downwards within their organization.

We said that managers have not gotten dumber. No, but employees have gotten smarter or at least better educated. Our organizations are now filled with highly educated knowledge workers. That is a key difference between now and 200 years ago, when our current management systems were invented. Now isn’t that nice: We have an explosion of knowledge and at the same time we have growth in the capability of an organization’s employees to understand and make use of that knowledge. The winning organizations are those that have woken up to this fact. So what does

¹ Dr. Nick Bontis, Closing keynote presentation, KM World (McMaster University, Hamilton, Ontario, 2000).

waking up to the fact mean? It means a fundamental change in how organizations are managed.



Work was broken up into a series of small pieces or tasks. The beauty of this approach was that an organization could make use of large numbers of poorly educated workers.

Our approach to management, by and large, was created when organizations came, en masse, onto the scene – 200 years ago at the start of the Industrial Revolution. Managers knew everything and those who worked for them knew nothing, or at least very little. As well, as previously pointed out, the machine was king. The mechanistic approach became the model around which management practices were molded. What did this mean? Well, it meant that work was broken up into a series of small pieces or tasks. The beauty of this approach was that an organization could make use of large numbers of poorly educated workers. Because the pieces of work were small and clearly defined it was easy for the workers to get their heads around the task. All the workers had to do was focus on successfully delivering their piece of the puzzle. And if all of the pieces were successful then the whole would be successful. This is certainly a self-evident truth.

In fact, many managers today would probably make the case that this was and still is a fundamental law of something (i.e., the whole is equal to the sum of its parts). Anyway, under this

fundamental law the manager's job became, first, breaking the work up into a number of logical bite-sized pieces and second, making sure that each worker successfully delivered his or her piece.

The Industrial Revolution was responsible for the creation of a management style that is still immensely popular today. The style is referred to as *gopher management*. In this style the manager is very careful not to pass on any big-picture knowledge to the employees. Work is assigned as a series of tasks, the results of which are assembled by the manager according to some greater design, of which only the manager is aware. This greatly reduces the need for employees to have to think on the job. Constant vigilance is required on the part of the manager; however, as Henry Ford so eloquently put it, "I pay my workers to bring their bodies to work and the bastards insist on bringing their minds."



The style is referred to as gofer management. In this style the manager is very careful not to pass on any big-picture knowledge to the employees. Work is assigned as a series of tasks, the results of which are assembled by the manager according to some greater design, of which only the manager is aware.

This management style has served us well for 200 years. Well, it served the organization. Whether it served the workers is questionable. The style certainly did little to make work life an enriching experience.

Hold on, this is starting to sound like tree-hugger talk. The employees got paid for their work and had a much better life as result. If employees want enriching work then maybe they should join the clergy. I have a business to run. I am interested in what contributes to the bottom line, to my organization's success.

This is where it now gets really interesting. What drives bottom-line success has just gone through a quantum shift. The knowledge explosion has taken us into a new universe and the laws are different here.

How different? Well, the answer to this question takes us to the second interesting by-product of the knowledge explosion – the importance of organizational culture. (Several very successful manage-by-numbers management pioneers have just turned over in their graves!) Knowledge is everywhere. Ah, there is the rub. It used to be that if you saw a better way, then this insight, this knowledge, would probably have provided you with some sort of competitive advantage over a sustained period of time. Hence the expression “knowledge is power.” If you had knowledge you didn't share it, you milked it for all it was worth. It might have taken you years to figure out how to deal successfully with your organization's suppliers and clients. This knowledge was reflected directly in your performance, it gave you a competitive advantage over your colleagues as well as over the competition. So sharing your knowledge was out of the question. Self-interest prevented you from doing so.

Well, something has changed and that something is the shelf-life of knowledge. It is near impossible today to hold onto knowledge and to keep its benefit for yourself. The knowledge explosion means that whatever insights you have gained today, the rest of the world will know next month. So the long-term value of knowledge has just taken a nosedive. Knowledge is still power, it's just that the longevity of that power has been dramatically reduced. Thus, today, true power comes from being able to constantly acquire and build new knowledge.

Wait for it – here is the quantum shift. One of the most effective ways of creating new knowledge is for two or more people to combine their existing knowledge to produce something entirely new. This is the basis of creative thinking. Mix existing pieces of knowledge over heated

and excited discussion and there is no telling what will emerge.

So, the ability of people to work together, to openly share their knowledge, to leverage each other's insights, to create something new and wonderful on an ongoing basis is today's competitive advantage. How people work together, how they interact, goes to the heart of what organizational culture is all about. Culture, a culture that facilitates this ongoing creation of new knowledge, a culture that is about people building and creating together, has become today's competitive advantage.



One of the most effective ways of creating new knowledge is for two or more people to combine their existing knowledge to produce something entirely new. This is the basis of creative thinking. Mix existing pieces of knowledge over heated and excited discussion and there is no telling what will emerge.

So what is the most important asset of the organization today? No, it's not people. Any company with money in their pockets can buy people. Enron went out and bought the best that

money could buy and then promptly dumped them into a dysfunctional culture.² The most important asset of an organization today, the center of its universe, is a culture in which people are building and creating together. Building and creating together: nice phrase; what exactly does it mean? It means people sharing ideas, thoughts and knowledge with other people. It means people are listening intently to what their colleagues have to say, people are eager for their colleagues' opinions and insights. It means people being totally open with each other.

Now back when the machine was the center of the organization's universe, the role of management was to surround their machines with process and then to use their will to get people to work the process to serve the machine. Today, management's job is to surround their people with an environment that gets them working and building together, an environment that allows people to leverage each other's creativity and knowledge.

This is starting to sound complex or at least circular. But it's not – complex, that is. There are three things that the manager needs to do and do well to build such an environment.

The first is to help their people to believe in themselves. Today's winning organizations are ones in which employees are taking themselves and their organizations to new places. They are trying new things. They are making mistakes, learning from these mistakes and moving on. When they get stuck or go off into the weeds the employees of these winning organizations are the first to recognize it and they freely put up their hand and ask for help. The degree to which people believe in themselves is a measure of the organization's **emotional intelligence (EI)**.

² Malcolm Gladwell, "The Talent Myth," *The New Yorker* (July 22, 2002).



Managers today are environment builders, not people pushers. This is leadership.

The second thing that the manager needs to do is to build an organization in which people care about each other. OK, now I am certain this is a tree-hugger's book. How can caring produce a culture that gives me a winning bottom line? The answer was most eloquently articulated by James A. Autry, the former CEO of the Crown Publishing Group, when he said, "I need to know that you care before I care to know what you know." Caring is the basis of trust. If I know that you care about me and my success, then I can trust you. If I can trust you, I can speak openly and frankly with you. If I can speak openly and frankly with you, we can solve problems together. If we can solve problems together, then we can leverage each other's creativity and knowledge to build competitive advantage. The ability of its people to trust is a measure of the organization's **relationship intelligence (RI)**.

The third environment-building thing that a manager has to do is to instill common cause. In winning organizations, employees have a deep and common understanding of the organization's desired future. But not only do they understand the organization's goals and objectives, they believe in them. Achieving them is meaningful. The strength of attachment of its people to its desired future is a measure of the organization's **corporate intelligence (CI)**.

Two hundred years ago, the all-knowing, all-seeing managers used their will to get their people to work the process to serve the machines. Today's managers build an environment that

allows people to achieve the organization's objectives, not because someone is beating them on the head but because they want to. They not only understand the organization's goals, they believe in them. They believe in themselves and there is a deep-seated trust throughout the organization. Managers today are environment builders, not people pushers. This is leadership. This book is about how leaders use the combination of **EI**, **RI** and **CI** to build an environment that produces a winning culture.

EPILOGUE

WHAT DOES IT ALL MEAN?

GETTING TO THE JOY OF WORK

SO WHEN ALL IS SAID AND DONE, what is this EI/RI/CI stuff really all about? Well, at the simplest level, it's about delivering a phenomenal lift to an organization's bottom line. But it goes much further. EI, RI and CI encapsulate a model for leading knowledge workers, a leadership model that engages and leverages talent and has the potential to take a society, as a whole, to a higher level of prosperity.

In his book *The Wealth and Poverty of Nations*, David S. Landes presents an economic history of the world and through this lens reveals that the first driver of a society's prosperity is a set of laws that applies equally to everyone within the society; that is, the ruling elite cannot do as they please. Landes suggests that it is this condition that encourages entrepreneurship. When the rules of the game are clear, apply to all and are actually adhered to, people are more willing to invest their time, energy and money into building factories, infrastructure, farms, etc. because they know that the fruits of their labor will not be arbitrarily taken from them.

Landes then goes on to show that the second driver of economic prosperity is the production of knowledge workers. This driver is older than many people realize. In the late 1800s, big German corporations such as BASF, Bayer and Agfa rose and flourished as a result of the competitive advantage provided by Germany's engineering and chemical schools.

“By World War I, Germany had left the rest of the world far behind in modern chemistry – so far behind, that even the confiscation of German industrial patents during the war did not immediately benefit competitors overseas. The biggest American firms, with the best American chemical engineers, did not know what to do with them or how to make them work.”³

For the past 125 years, the importance of knowledge workers to a society's economic performance has been steadily rising. The Western economies have reached the point where their economic prosperity is now directly dependent on their ability to produce large volumes of highly capable

³ David S. Landes, *The Wealth and Power of Nations: Why Are Some So Rich and Some So Poor?* (New York: W.W. Norton, 1999).

knowledge workers – so dependent, in fact, that any nation whose schooling system falters is doomed to a rapid descent down the economic ladder.

So, if the first driver of economic prosperity is the “law of the land” and the second driver is a society’s ability to produce highly skilled knowledge workers en masse, then the question becomes, what is the third driver? What will take societies that are already prosperous to their next level of economic performance?

PROSPERITY’S THIRD DRIVER

Today’s prosperous economies have the infrastructure, they have the organizations, they have the research laboratories and they have people who are willing to invest in tomorrow. These same economies have filled these laboratories and organizations with the most highly skilled and educated workforce in the history of the human race. Now, the continued prosperity of these already successful economies depends directly on the ability of their knowledge workers to generate new value on an ongoing basis. This points the way to the third driver – leadership, the ability to leverage and align talent. And this is what EI/RI/CI is all about. The three intelligences are the foundation of a leadership model that is targeted squarely at leveraging knowledge workers. EI, RI and CI can raise the performance of a team, an organization or a society depending on the level of leadership that embraces it.

THE REAL VALUE OF EI/RI/CI

So, what is the value of the EI/RI/CI leadership approach? Is it the performance that it drives? Taking organizations and economies to a higher level of performance certainly sounds like a lot. The real and lasting value of the EI/RI/CI leadership approach, however, is not in the economic gains it facilitates but rather in the joy that it brings into the lives of those who work in an EI/RI/CI environment.



Success as a leader depends on seeing the job as providing the people you lead with an enriching work experience. And, by the way, as a by-product, you will get phenomenal performance.

ENRICHING PEOPLE'S LIVES

It all comes down to this: If you want maximum performance, you need to build an environment that maximizes people's desire to contribute. The desire to contribute is fueled by joy of work. Build people's belief in themselves, connect them with each other, and help them see the difference that their work is making in the world and you will get joy of work.

So, here's the leadership paradox: Success as a leader depends on seeing the job as providing the people you lead with an enriching work experience. And, by the way, as a by-product, you will get phenomenal performance.