

**FUNKY BUSINESS  
FOREVER**  
**HOW TO ENJOY CAPITALISM**



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**KJELL A NORDSTRÖM  
JONAS RIDDERSTRÅLE**



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Bookouse Publishing AB  
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jan@bookhouse.se  
www.bookhouse.se

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The Unilever Series: Carsten Höller, Tate Modern Museum, London 2006

## **FOREWORD**

# **BUILT TO BLAST**

It was love at first sight. When we came up with the title Funky Business we knew we were on to something. It nailed down what we had been talking about for a few years in a neat and memorable slogan. And it worked. People understood the meaning of funky business. Some, unfortunately, did so without reading the book. Other people in more than 50 countries throughout the world plucked up courage, removed a book written by two shaven headed Swedish academics from the bulging business book shelves and bought a copy. The result is that Funky Business has now been translated into more than 30 languages – three more languages than our combined doctoral dissertations sold copies.

A few things you should know about Funky Business Forever: Seeking inspiration our first port of call was all the people who had registered an interest in our work at our website. We asked them about their worlds. What were the things which had changed over the last few years? What was going to change in the future? How did they feel? What did they fear, what turned them on? Thousands of emails flooded in. We would like to thank each and every person who found the time to make contact. We have listened – though we haven't necessarily always agreed!

We have also tried to make this a much leaner publication. As a result, some of our more esoteric and academic references have been eliminated. If you want to chase up a particular reference for the sake of completeness please send an email to [info@funkybusiness.com](mailto:info@funkybusiness.com).

Ideas are a debate. Always. So, if you have further thoughts, gripes and insights about anything contained within these pages please make contact with us – [funksters@funkybusiness.com](mailto:funksters@funkybusiness.com).

Of course, the world to which Funky Business appeared in 2000 was a radically different one from the one we can now see outside the frosted corporate windows. In 2000 the dot-com frenzy was at its height – and the Spice Girls were still together. Al Gore was a slightly dull safe-pair-of-hands vice president, rather than a charismatic environmental campaigner. Enthusiasm and entrepreneurial vigor, tinged with the usual capitalistic cocktail of avarice and partially clothed ambition, filled the air. Then dot-com stocks hit the buffers, 9/11 took our breath away and the world became a harsher, more questioning, place. Yet, since then the market has made a remarkable come-back, and the BRIC economies – Brazil, Russia, India and China – and others have expanded at astonishing rates.

Funky Business struck a chord. The book – to our minds at least – was never simply a dot-com-new-economy-funkfest. The ideas in Funky Business had germinated over a lengthy period and have carried on germinating and developing – most obviously in our next book, *Karaoke Capitalism*. The phenomena we talked about in Funky Business were highlighted under the media spotlight of the new economy, but they were virtually always long term trends in the way we manage organizations, the aspirations of individuals, the role of society and so on. The funky economy was not the new economy of *Wired* or *Fast Company* circa 1999. Instead, it was a global change in the way people think and behave: built to blast rather than built to last. This was and is a book about what is new in our economy, rather than the new economy.



The other thing which *Funky Business* was decidedly not was a how-to book. We observed a profusion of trends and happenings. We gathered together bits of data and wild and wacky happenings from strange and amusing places. We put many of these on Post-It Notes and decorated a room with them. This upset our Swedish passion for sensible minimalism. We wanted to make sense of what we saw. And that is what the book set out to do. Funky Business made sense of the world as we saw it. It does not tell you what to do tomorrow. Why should it? How could it? Instead, Funky Business encourages people to start taking notes on what they see and feel in their personal and professional lives. Seeing and believing is the root of action. There is nothing so funkily practical as a great idea.

As well as being filed under “new economy” and suspicions about the practicality of our ideas, some readers of Funky Business expressed surprise that the book was written by two Swedish academics. Indeed, some people did not read the book precisely for that reason. To them, we apologise. But, try as we might, we have failed to transform ourselves into straight-down-the-middle, plain vanilla academic types. There are also some good reasons why Funky Business was written by Swedes. Sweden in general, and perhaps Stockholm in particular, embraces modernness with unique lustful vigour. The underlying big idea which has driven Sweden over the last few decades has been the intent to destroy the manuscript of the past – deregulating life by giving people – particularly women – the freedom to know, go and do whatever they wanted, regardless of gender, social class, or any other traditional inhibition.

This brought great emphasis on education and personal freedom, but also a lack of stability. This has made young Swedes experienced in surviving and thriving under conditions of high uncertainty. For better and worse, we are unfamiliar with the concept of life-long loyalty – to a country, company, partner, husband or wife – because we have never experienced it. Sweden was preparing

for our uncertain times even when it had no idea they were destined to be uncertain.

## **ABOUT THIS BOOK**

That's it: no more explanations and excuses. Funky Business isn't a practical, new economy book written by b-school Profs from the mid-West. It is resolutely and unashamedly funky.

And, so to business:

*Funky Business Forever* is a unique idea. Normally, when authors revisit past glories they write a quick introduction to provide a certain distance and then leave the main text gloriously untouched, like an artefact in a literary museum. We admit that this crossed our minds. But then we started re-reading Funky Business. This was an odd experience, like bumping into an old friend in a bar and discovering that you still have a lot in common though your stomachs might have grown, your hair disappeared, and your tastes changed.

As we read the book, there were things we disagreed with. Sometimes we turned out to be less brilliantly prescient than we had imagined. China, we lament, is largely notable for its absence. Sometimes the examples had dated. We still loved Funky Business, but thought we could do more than simply endorsing another edition with a new cover.

*Funky Business Forever* is the result. What we have done is to look at *Funky Business* through the lens of the later half of the millennium's first decade. We have cut a number of examples, updated figures where necessary and provide a running commentary where our thinking has evolved – or been evolved for us. We also asked thousands of readers for their thoughts on the last few years and what they see unfolding in the years to come. Many thanks to all who took the time to connect with us and our ideas.

We hope the end result is as timeless as it is determinedly funky:  
*Funky Business Forever.*

## **THE HEAT IS ON**

Let's re-funk: How has the world changed since 1999?

Well, the first thing to note is that it has changed a great deal. Change is a fact of life. Tourists and refugees inhabit our world, says Italian artist Francesco Clemente – either you embrace change or you try to escape from it. The problem for the latter group is that in an increasingly transparent and globally connected world, Motown's Martha and the Vandellas were indeed right. There is nowhere to run, and nowhere to hide.

The big issue just got bigger. If you had to select one key issue on the world's agenda it must be climate change. Climate is no more and no less than the temperature in Fahrenheit or Celsius. Hurricanes, polar ice caps melting, tsunamis and so on are simply the effects of this. No business book can solve climate change, but a book can make a difference in shaping organizations and leaders who consider broader responsibilities than the balance sheet.

The trouble is that this has become increasingly difficult. There is something very similar to climate in our economic and social systems: the amount of information we pump out to our fellow human beings. In personal and organizational terms this can be as noxious as CO<sup>2</sup> emissions to the climate. Look around and think back. We have changed the climate in our societies beyond comprehension. And when we change the social and economic climate every human activity is affected – in politics, business, spirituality, education and beyond.

Sceptical? Well, look back at recent history. The Soviet Union fell because Moscow could not control the flow of information in and out of the country. The profusion of information meant that

even the mighty Soviet system could no longer control its people. The transparency that follows from information being symmetrically and internationally distributed is extremely bad news for any dictator trying to bully citizens, customers or colleagues. Turn on Google Earth and take a tour of the democracies of the world. Think back to how many democracies existed 60 years ago.

The climate change also makes life more difficult for anyone, inside and outside organizations, who does not add value. Markets are simply big conversations where sellers and buyers exchange information to determine the price of something. They feed and breed on information. So, expect more markets and fewer hierarchies. Already, we are witnessing this in the financial services industry with the resurgence of private equity. The information jungle is less forgiving than the information desert.

From value to values. On Planet Transparency, the ground is covered with snow. You leave tracks. We leave tracks. Even William Jefferson Clinton left tracks. Behaviour, good and bad, is exposed. Corporate climate change can be seen in economic scandals such as at Parmalat, Worldcom and Enron. Does their spectacular and criminal folly suggest that there are more criminals in the information-rich world? No. But there is a changed climate. In an information-laden transparent society you do not get away with it. Good news.

Amid this info-mire, there are success stories aplenty. Low cost solutions love climate change.

And what's the driving force? In Funky Business we argue that a potent combo of technology, institutions and values are the drivers behind change. But, technology is now the key driver. Politics always beats business but technology always beats politics.

Technology opens up more markets and more things than ever before to total transparency and increased globalization. As entry barriers come down, overcapacity becomes the norm. Simultane-

ously, the search costs for finding the best deal are rapidly decreasing and the Internet also provides a platform that enables customers to use their collective bargaining power. In effect, power is transferred from those who sell to those who buy. Forget about kings and queens. The new customer is a demanding dictator. The stupid, humble, loyal customer is a thing of the past.

Freedom rules. We have deregulated life and business life. Welcome to a world ruled by markets and man.

## **FUNKY TRUTHS FOR THE NOUGHTIES AND BEYOND**

That's the big picture – climate change and corporate climate changes driven by information and technology. A level below there are a host of Post-It Notes now adorning our minds, random but decidedly funky scribbles on the phenomena of today and tomorrow:

### **1 The tsunami of cheap**

It is the age of cheap! A wave of cheapness in all industries except raw materials is breaking over western economies. It is only the beginning, 3.2 billion people – Brazil + Russia + India + China = BRIC – are on the move, industrializing their countries and absorbing knowledge with incredible speed. The BRIC phenomenon is no longer a distant dream.

Think: What do you plan to do when your market is flooded with cheap imports?

An interesting side issue to this is that we are seeing larger markets for both luxury and low-cost products. Wal-Mart is extremely good news for Gucci. What happened to all the talk of piracy killing luxury markets? Not true. Pirates and originals thrive, side by side. Julio de Castro of Spain's Instituto de Empresa business school has carried out research into this. He writes: "Let's start in Beijing and its Silk Street Market, which is, in essence, a five-floor mall.

A resident of China or a tourist can find here a profusion of luxury goods. Or, to be more precise, the consumer will find a profusion of products masquerading as luxury goods. On any given day, name brands will appear to beckon you to buy quality and buy cheap; from Rolex to Armani by way of Gucci and Burberry, the pirates seem to offer the impossible: high quality and low price. On the surface this seems like a simple story: those who pirate products are stealing profits from brand names. True, but five minutes away is a store that sells real Tag Heuer watches as well as other genuine watch models. The lesson is clear but counter-intuitive: piracy and legitimate brands can live side by side. Is there a new global truth emerging here? De Castro thinks so and so do we.

## **2 The age of women**

We are seeing the feminization of all human activity. EVEolution, a word coined by Faith Popcorn, is transforming women into an economic and executive force to be reckoned with. Visit Las Vegas and you will see that even the high temple of kitsch consumerism is bowing in the face of feminine power. It is awash with spas, and pamper parlors to lure women as traditional gambling (men gathered round a table with smoke rising) is on the decline. From politics, to business, religion to sport, women are in the ascendancy. Why? Now, we work with brains not brawn. Economic well-being depends on utilizing everyone in society. Accept no excuses.

## **3 Hit singles**

Look around. Who are your neighbours? Increasingly they will be single households. Approaching 50 percent of households in most major western cities are people who, for one reason or another, live by themselves. In Stockholm 64 percent of households are relishing their singledom. In London the figure is 42 percent. This is only the beginning. Societies are being redefined as the legal, social,

moral, and domestic unit of analysis changes. Debenhams' store in Stockholm had special evenings for singles shopping – first you buy pickles and then make a pick-up.

#### **4 A world of cities**

Nation states are neat arrangements when it comes to staging the Olympic Games or the World Cup, but they are no longer useful as economic measures. Instead, look at the world's cities. Increasingly, they are beginning to resemble the nation states of four or five hundred years ago. Instead of Genoa circa 1600 think Dalian, China; instead of Venice think Mumbai, India. Cities, not nations, are on the move. In less than 20 years more than 60 percent of the world's population will live in cities. Where do you need to live?

#### **5 Fun filled**

Welcome to the age of entertainment. As we write, Carsten Höller has masterminded an exhibition at London's Tate Modern gallery involving long, looping play slides in the gallery's foyer. Fun brings a premium price. To everything – whether it be museums, flying, or driving – entertainment is an increasingly essential add on. There is fun in functionality – because it sells. The other thing to factor in is that fun is not something you do after you leave work. People want to play at work rather than play work. Look at the continuing success of Virgin, a company founded on fun and finance, and the global sweep of the iPod.

#### **6 Generic competition**

You used to know who your enemies were. Competition used to be specific. Now it is generic. Now, we compete for money from banks, investors, and customers rather than competing against companies with similar products and services.

## **7 America über alles**

The United States is still standing. Despite its economy losing its aura of invincibility with the emergence of India and China, the dot-com bust and the war on terror, the United States remains the economic powerhouse of the world. Why? Because of innovation. Why? Because innovation creates temporary monopolies which allow you to print money.

Why are Americans so innovative and, as a result, stinkingly affluent?

The answer is straightforward, dauntingly so. America's success lies in its ability to mop up the greatest talent. The brightest minds from China, India, Russia, Brazil and elsewhere, flock to the US. Why? Because the US is an idea not a country. Anyone can become American. It doesn't matter whether they are Russian hockey players or Polish topless models. Give it two to four years and you become a full member of the movement. Try the same elsewhere and it takes a whole lot longer and involves a great deal more confusion. It takes two or three generations to become German, Spanish, Swedish, or French. If you can't attract the best people how are you going to create the world's most innovative place?

## **8 Tacit knowledge rules**

To survive and thrive you need to arm yourself with the most lethal of weapons: knowledge. What has happened since Funky Business appeared is that knowledge has become even more vital. Articulated knowledge of any kind does not provide competitive advantage; but tacit knowledge does. Thankfully, we know more than we can say. Think of the corporate implications. Instead of organizing along silos of functional knowledge, organizations will divide themselves according to the knowledge, aspirations and biographies of their people.



## **9 The next level of work specialization**

Companies used to create and exploit. No longer. Look around and you will see that the acts of creation and exploitation are increasingly separated. On the one hand, are companies geared towards exploitation – for example large multinationals – and on the other there are creation houses, smaller research-driven firms. This means that large companies will spend less time trying to turn themselves into funky design studios and more time working with funky design studios. Working with others is one of the great corporate challenges of the next decade.

## **10 Capitalists anonymous**

With our pensions and stocks in privatized companies and so on, we are all capitalists now. Look behind a big company name and you will now find another big institutional name. Look behind that and you will find another institution, and another. There are no owners in the conventional sense. Big capitalism is increasingly anonymous. Soon, there will be meetings at which attendees will begin by admitting: “My name is John. I am a capitalist.”

## **11 Interactive everything**

Communication and pleasure used to be linear and discrete. Writing and reading. Foreplay and sex. Now, activities are entwined and interlinked in a bewildering array of combinations. The new logic is interactivity in everything. Welcome to the age of the combo where the mayo is mixing with the mustard, the cheese melting into the ham. This is where the peripheral is blending with the mainstream, where students have different relationships with their professors, where buyers and suppliers behave differently, where patients Google their symptoms before visiting the doctor.

## **12 Simple silence**

Our senses are working overtime. Looking for a premium-priced luxury product for the next decade or longer? Think simplicity. Picasso drew a dove in eight seconds with just one line when he was 80. Only a master can simplify. Think space. In China it doesn't matter where you travel, you will see people. In the urban age, the space to think and move is a rarity. People yearn for contemplative solitude. Think silence. iPods, mobile phones, cars, voices, music. The relentless cacophony of urban living takes its toll. The art of escapology will become the art of survival. We are all Houdini.

## **13 Media is material**

One hundred years ago, artists and painters worked with paints and pigments, charcoal and pastels. Materials change. Today's artists are adept at manipulating images in Photoshop as their predecessors were skilled with brushes. They tinker with pixels. They digitize. Is there anything intrinsically inferior in what they create? No. Beauty is beauty. Art must be art. Now, apply the same thinking to business. Today, organizations have a wealth of new materials to acquire and manipulate in pursuit of temporary monopolies. They can play with the pixels or stick with the pastels. The choice is theirs, but there is a choice.

## **14 Self-assembly lives**

Things just got personal. Freedom is the new unstoppable virus. Look at the rise of microfinance in some of the poorest countries in the world. Thanks to people like Mohammad Yunus some of the economically disenfranchised can now take their rightful place in the economic world. More and more of us are loosening the mental shackles. Choice rules. The old ways of living have been abandoned – in Europe, Asia and the Americas. Traditional institutions no longer accept responsibility for us. Welfare institutions are being dis-

mantled through neglect or through political dogma. Their decline is a fact of life – which even higher taxes could not put right.

More freedom equals more responsibility. If you do not make choices, someone else, somewhere else, will make them for you. And you can be sure that they will not care too much about your well-being. We are alone. The new Welfare Society – because this time it is a society rather than a state – is designed by IKEA. It comes in self-assembly flat packs and, as you may have noticed, there are no assembly instructions.

## **15 Soul food**

More freedom implies more responsibilities for taking care of those around us. As Charles Handy has noted, the market – the dominant institution of our times – is not a substitute for responsibility, merely a mechanism for sorting the efficient from the inefficient. A number of business bestsellers have appeared since *Funky Business* which heavily criticize market capitalism and global brands. Anti-capitalist protests indicate a growing frustration with the institutional arrangements currently in place. They also, largely, miss the point. Global market capitalism is not a political ideology. It is neither good nor bad, right nor wrong – it just is.

Market capitalism is a machine. But a machine does not have a soul. We have to develop the soulful accompaniments to global capitalism as we go along. We need to realize that technological development necessitates changes in our institutions and in our values. If there are no such changes, technological progress will not produce the financial, emotional and human value we anticipated. The so-called digital divide is not a consequence of the technology as such, but rather of our inability to create a world where more people are given an opportunity to develop their talents.

## **16 E-(motional) Business**

The key idea introduced in Funky Business, and one that we still firmly believe in, is that the way to trick the trap of the market is to appeal to the emotional human being – not the rational one. Our time is emotional. We no longer believe unquestionably in science. Scepticism took over after a century of pure scientific faith when things began to happen which we had been told were all but impossible – Chernobyl, AIDS, the Ebola virus and so on. When science can no longer provide reassuring answers there is only one thing left: what you can feel.

And so, true competitiveness must be built around something we all know exists but which is seldom discussed in the business world: emotions and imagination. Steve Jobs of Apple was asked about what makes the new Mac OS X operating system so great. He replied: “We made the buttons on the screen look so good you’ll want to lick them.” Not a single word about megahertz and gigabytes. Our senses are working overtime.

So, the question most companies need to ask themselves today is: do we love – not like or fancy, LOVE – our products, colleagues and customers? Are they passionate about you? The real acid test: during the last two years how many of your customers have tattooed your brand on one of their biceps? If Harley Davidson can get its tribal followers to do it – why can’t everyone else? Sounds too fuzzy and touchy-feely? Well, research in neuroscience shows that the brain’s limbic system, which governs our feelings, is way more powerful than the neocortex that controls intellect. The traffic instructions that evolution provided our brains with are pretty clear: emotions have the right of way. Logic just has to wait.

## **17 Grey spreads**

We all just got older. The over sixties are the new over thirties. Is your organization grey aware? The wrinklies now have crinklies; dollar bills burning holes in their brim full wallets.

## **18 RIP Inc.**

Where does this leave the standard business corporation? Answer: the corporation as construed and constructed throughout the last century is as extinct as a Norwegian blue in a Monty Python sketch. SOS Inc. The limited company was set up in response to the fact that we needed capital to utilize the full potential of new technologies. The beauty of it was that by minimizing individual risk, we maximized risk-taking. But what if capital is no longer the limited resource it used to be? Don't we need a new institution?

Technology now enables global, self-organizing systems like Linux and The Sims. Elements of self-organization are visible in the business models of Amazon and eBay. Organizational experiments abound, but perhaps even more important are the institutional implications. If knowledge and ideas are the most critical assets today, why should those who control them hand over any proceeds from their economic value to someone who can only contribute with "stupid" money? In capital intensive industries, yes, but in other cases we need to come up with an institutional innovation that helps maximize knowledge creation. The Internet opens the way for an interpersonal barter economy where we trade services and experiences. The fact that this stuff cannot be taxed also brings the new role of government to the forefront. Technological innovation has always and will continue to necessitate institutional innovation.

## **19 The you in network**

The rise and rise of social networking and created-by-the-customer business models is an incredibly powerful and interesting phenomena. Co-production is the thing. Mr Potatohead meets Ryan Air by way of IKEA. No wonder we were all elected person of the year by Time magazine in 2006. Look at YouTube and MySpace, and a whole new world and language appears. These networks are there thanks to technology, but they also exist because we have a deep and

largely unfulfilled need for a sense of community. “In Western societies, at least, there is a deep and deepening disenchantment with the able role-player or, worse still, the skilled apparatchik – of the political or corporate kind. We are increasingly suspicious that we are being ‘worked’. The search for authenticity is ever more pressing,” says Rob Goffee and Gareth Jones in their book, *Why Should Anyone Be Led By You*. “There is evidence of the desire for authenticity all around us in popular culture. The seemingly inexorable rise of reality TV (a truly Orwellian phrase as participants are manipulated for an anonymous and isolated audience of voyeurs) is one manifestation. Or we can watch soap operas portraying a nostalgic view of communities – filling the gap left by the decline in genuinely communal life. These questions about authenticity are related to a wider set of concerns about how we live now.” We all want to belong and to overcome the lack of community – as portrayed so powerfully in Robert Putnam’s *Bowling Alone*. This human need offers one of the great challenges and opportunities of our times.

These are some of the things we have observed and learned since Funky Business appeared. We hope that Funky Business Forever provides you, too, with some inspiration to observe and learn. If so, please let us know where it takes you.

*Kjell Nordström and Jonas Ridderstråle*  
August 2007







# **FUNKY TIMES**

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

JOHN LENNON

UNITE!  
PROLETARIER  
ALLERLANDER  
VEREINIGTEUCH!  
ПРОЛЕТАРИИ  
ВСЕХ СТРАН,  
СОЕДИНЯЙТЕ  
PROLETARIAT  
ALLER  
VEREINIGT  
ПРОЛЕТАРИИ  
ВСЕХ СТРАН  
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ALLER  
VEREINIGT  
ПРОЛЕТАРИИ  
ВСЕХ СТРАН  
СОЕДИНЯЙТЕ

PROLETAIRES DE  
TOUS LES PAYS  
UNISSEZ VOUS  
WORKING  
MEN OF  
ALL COUNTRIES,  
UNITE!  
PROLETARIER  
ALLERLANDER  
VEREINIGT EUCH!  
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ВСЕХ СТРАН  
СОЕДИНЯЙТЕ  
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VEREINIGT EUCH!  
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ВСЕХ СТРАН  
СОЕДИНЯЙТЕ  
PROLETAIRES  
DE TOUS LES PAYS,  
UNISSEZ VOUS!  
WORKING MEN OF  
ALL COUNTRIES,  
UNITE!



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.<sup>14</sup>

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

<sup>1</sup> 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

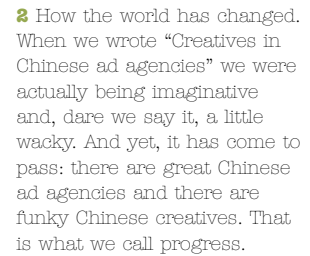
Honeker tea sets and Enver Hoxha memorabilia now. They were all dirty communist dictators, but they were also right.

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



🍷 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!<sup>3</sup>

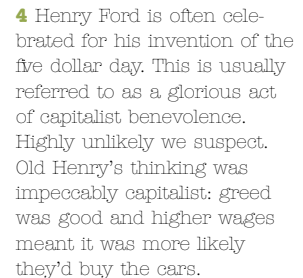
While the human brain is celebrated as the most wonderfully designed, incredibly intricate mechanism, the matter of who actually owns it is blissfully simple. It is not controlled by shareholders, investment funds, or any other body. George Soros may be able to destabilize currencies and markets, but 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”.<sup>4</sup> Now, most successful companies are more likely to ask – who needs hands?



<sup>4</sup> 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,

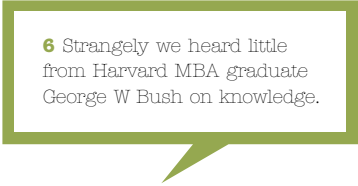
## BATTLE OF BRAINS





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”.<sup>6</sup> 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.



<sup>6</sup> 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 television 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.<sup>7c</sup>

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.

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

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.<sup>8c</sup> It envelops the human race.

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

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.”<sup>9</sup>

<sup>9</sup> 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.<sup>10</sup>

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.<sup>11</sup> 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.<sup>12</sup> 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), Poland<sup>13</sup> (38.639 million), Vietnam (83.5 (84million), Pakistan (162.5163 million), Indonesia (2465.5 million) and so on.<sup>14</sup> 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.<sup>15</sup> 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.<sup>17</sup>

## **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.<sup>18</sup> 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.

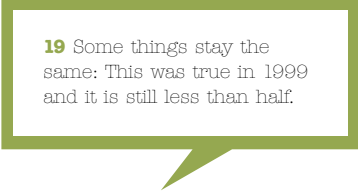
But, be warned, you will have to be unique in new ways. The old way of achieving uniqueness was to add a few extras to your product. This no longer works – it will be copied within days, perhaps hours, and consumers are no longer so easily fooled.

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.<sup>19</sup> 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 everything 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:

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

*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.<sup>22</sup> 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).<sup>24</sup> 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.



<sup>24</sup> 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**