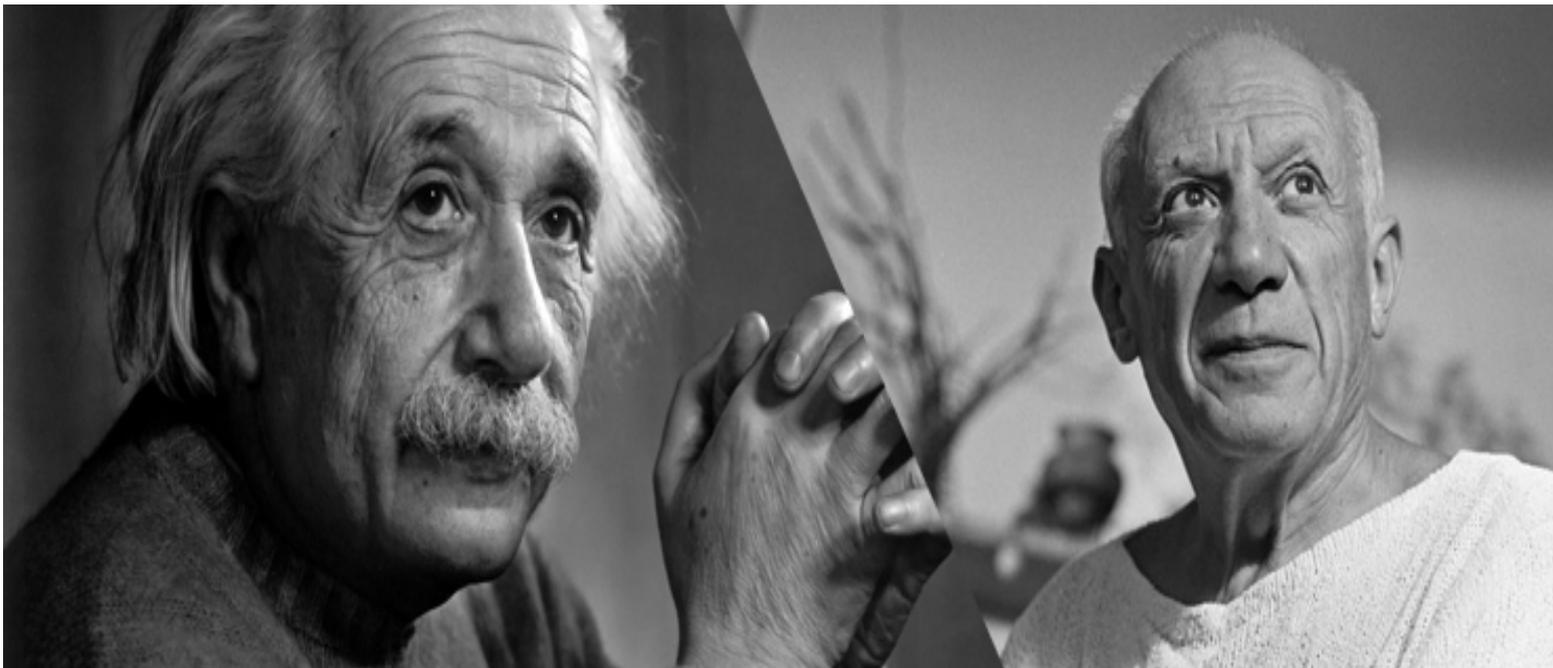


# Are you the Einstein or Picasso of business?

**Business leaders** need to combine four “fusions” to create a winning business ... to drive **innovation and growth** in more intelligent and stretching, engaging and practical ways ... and with **a touch of genius**.



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What do the most successful businesses do differently than mediocre ones? They see the big picture. They see things differently and do different things. They connect the unconnected, challenge the conventions, look for new opportunities, and are not afraid to try new ideas. They are inspired businesses, with a sense of “genius” about them.

## What is genius?

Geniuses have given the world everything from Theory of Relativity to penicillin to the World Wide Web. But what *is* genius? Academics and philosophers have long tried to define the answer.

Based on the latest research, it is clear that while genius is often thought to equate purely to intelligence, it is not necessary to have an extraordinarily high IQ, to speak 15 languages by the age of 8, or to master the intricacies of quantum mechanics. Genius is less about how intelligent you are, and more about how you apply that intelligence in creative ways.

From Aristotle to Mozart to Einstein to Picasso to Elon Musk and Warren Buffett, every genius throughout history has displayed the following nine characteristics of genius:

- *Original*, or open-minded, free from conventions, and able to take new perspectives and deconstruct problems;
- *Conscious*, or aware of what’s going on, what changes are taking place, what patterns are unfolding;
- *Analytical*, or able to work through problems logically;
- *Creative*, or open to possibilities, taking mental leaps, and using hypotheses to solve problems;
- *Synergistic*, or prone to think in parallel, tolerate ambiguities, and connect the previously unconnected;
- *Prolific*, or able to generate many ideas or solutions;
- *Pragmatic*, or mindful of the need to turn theories and concepts into practical realities;
- *Visionary*, or able to communicate more holistically and without words; and
- *Self-confident*, or filled with the courage to hold firmly to his or her convictions.

The combination of intelligence and imagination, the connection of opposites, is the source of new insights, of unusual ideas, and of extraordinary results.

Applying the ideas of “genius” to business requires us to start from a new perspective: from the future rather than today, and from the outside rather than the inside. It also requires us to interpret and apply these new perspectives more powerfully, seeing the bigger picture and making new connections, and making sure that the radical part of ideas are not lost as they are put into practice.

Genius is therefore about *fusion*: connecting opposites that together are more than the component parts.

In the rest of this summary, we will explore the four fusions that together deliver a more inspired business:

**The first fusion is between right brain and left brain.** This requires you to take a more creative approach to your challenges, and to focus your imagination on what matters most.

**The second fusion is between future back and now forward.** This means seeing opportunities and creating tomorrow while also delivering today.

**The third fusion is between outside in and inside out.** This requires you to do business based on the customers' needs, rather than on your own needs or on what you have always done. And

**The fourth fusion is between radical ideas and practical action.** This means making every action count, ensuring that radical ideas deliver more significant impact.

To create these four fusions, you must also focus on 12 elements that are essential to business excellence.

- Fast growth;
- Business bubbles;
- Leadership;
- Growth markets;
- Smarter strategies;
- Business innovation;
- Customer power;
- Brand propositions;
- Market networks;
- Energizing people;
- Inspiring change; and
- Delivering results.

We'll discuss each of these 12 elements in the context of the four fusions. Now, let's explore the first fusion that leads to business genius.

## **Fusion 1 ... left brain + right brain**

Business geniuses use their *left brain*, the analytical side, to lead and grow their businesses intelligently with thinking that is objective and focused. At the same time, they also use their *right brain*, the creative side, to lead and grow their businesses imaginatively with thinking that is intuitive and holistic.

Unfortunately, many business people approach the future of their companies and markets with only their left brains. Clearly, we need both – left and right brain, intelligence and imagination -- but it is the connections between the two that make the difference.

To succeed in business today, to make sense of our changing, even chaotic, world, to be effective entrepreneurs and business leaders, we have to function with our *whole brain*, not just part of it.

There are three concepts to consider in the left-brain, right-brain fusion:

- Fast growth;
- Business bubbles; and
- Entrepreneurial leaders.

**Fast growth** means more than just expanding your sales or market share. You want to create sustainable, profitable growth.

So how does a business, large or small, create and sustain profitable growth? The answer is already in our heads. As human beings, we have an enormous capacity to think, to sense and respond, to innovate and to change. We each have 100 trillion brain cells, and probably use about 1 percent of them at any time.

A genius is someone who uses more of his or her potential brainpower simply by forming more connections between the brain cells on the left, analytical side, and the right, imaginative side.

The same is true of businesses. A successful growth business is first an imaginative business. It then intelligently focuses on the best opportunities. While most of today's businesses are dominated by left-brain thinking, the right-brain thoughts are what enable companies to imagine new products and new markets.

Growth businesses succeed by thinking more broadly, and by doing so they see more opportunities to exploit, more ways to be different than competitors, and more sources of future profit.

But growing a business is rarely easy. There are always growing pains, and it can be difficult to recognize and deal with the challenges.

Typically, during the lifetime of an organization there are seven stages. They are:

- Creation;
- Launch;
- Stabilization;
- Extension;
- Maturity;

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- Evolution; and
- Exit.

The seven stages will differ somewhat from company to company. Some enterprises will evolve rapidly and some slowly – while a few will appear to leap ahead with great agility through a long life span.

Certain evolving companies remain relatively small – and may have to be highly imaginative to generate enough cash to survive and thrive. Some large companies will have equally tough challenges, struggling to remain innovative and find new markets.

However, the bottom line is that customers will pay more for great products. They will purchase, at a premium, brands they trust and solutions that truly meet their needs.

Similarly, shareholders will invest in businesses that consistently provide them good returns. It's that simple to comprehend – and that difficult to achieve.

A good example of amazing product growth is Red Bull, the energy drink. The drink originated in Thailand. The man who primarily marketed it in the West – Dietrich Mateschitz – had previously been head marketer at a German toothpaste company.

In the 1980s, product sales struggled in the West. Red Bull's brown color was unappetizing, and some consumers described its taste as downright disgusting. It also contained twice the caffeine of a regular soft drink. However, that turned out to be a positive with consumers who wanted a non-alcoholic pick-me-up. Mateschitz and his Thai partner who invented the drink, Chaleo Yoovidhya, persevered. They added some sugar, and marketed the product as a legal stimulant that was "cool."

The marketers priced Red Bull much higher than soft drinks. They also used radical new techniques – such as advertising it on PlayStation and sponsoring a Formula 1 car – to pitch the product. Eventually, in a world where people habitually see themselves as energy-deprived, it caught fire – first in Australia, then in Europe, and finally in America. With a low cost of production and a high retail price, the product became a money tree.

By 2006, sales of Red Bull had totalled three billion cans in 130 countries.

As for Mateschitz, he accumulated a fortune of \$5 billion. His partner made even more. Red Bull proves a fascinating point: People will drink something with a high price and odd taste if they believe it provides benefits. Thus, if you have a product that looks unappealing at first, don't give up hope. Make it "cool" and trendy, and customers will beat a path to your door.

In business, there are three **growth platforms**:

The first is *operational growth*, which means *doing more of what you do*. A company can grow operationally through developing:

- New customers;
- New channels;
- New products;
- New communication; and
- New pricing.

For example, Starbucks coaxes customers to spend more money at its coffee shops by offering a broader range of beverages, plus food, music CDs, and gift items.

The second growth platform is *innovative growth*, which means *doing what you do differently*. This type of growth relies on developing:

- New concepts;
- New applications;
- New markets;
- New partners;
- New processes; and
- New structures.

For example, HSBC constantly seeks to develop new financial services for its many audiences.

Finally, the third growth platform is *strategic growth*. That means *doing different things*. This can be done through developing:

- New ventures;
- New categories;
- New businesses;
- New acquisitions;
- New capabilities; and
- New business models.

For example, Apple fundamentally rethinks markets, such as the music industry, and reshapes them to its own vision.

Now let's consider the second element: **business bubbles**. Bubbles in this sense are short-lived opportunities. Of course, bubbles burst, so you need to move quickly, or avoid them altogether.

History is filled with examples of bubbles, from the Dutch tulip mania of the 16th century that sent the price of a single bulb soaring to the cost of a house, to the

dot-com frenzy of the early 21<sup>st</sup> century that created outrageous market capitalizations for Internet firms that never turned a profit.

The point to remember is that not every great business idea is sustainable. Some of them will turn out to be fads. By using a combination of right- and left-brain thinking, executives and entrepreneurs can both imagine opportunities, and analyze those opportunities for risks.

For example, while many Internet companies went bankrupt, the ones that combined both imagination and intelligence, such as Amazon and Google, have survived and emerged as powerful businesses.

It's critical to stay alert to both threats and opportunities. Businesses face many challenges now and in the coming decade. They include:

- Worldwide concerns about the environment and climate change;
- Increasing constraints on the supply and use of natural resources;
- Geopolitical instability;
- An aging population in developed countries;
- Social backlash against corporate activity; and
- Growth of the public sector – often at the expense of the private sector.

However, there are tremendous opportunities for creative and courageous businesspeople, including:

- The growing number of consumers in emerging nations;
- The increasing availability of knowledge and our ability to exploit it;
- The development of technologies that empower consumers and on-line communities; and
- The ever-faster pace of technological innovation.

This leads to the third element of business excellence: **leadership**.

Results-oriented leaders must understand that different types and styles of leadership will be necessary during the various stages of the business life cycle.

The entrepreneur, with a relentless focus on turning a concept into a new business, is one kind of leader. In contrast, large organizations invariably demand a leader who can deal with politics and etiquette.

In the seven stages of a business, the *creation and launch phases* lead toward the next stage: *stabilization*. That's where many companies begin to start treading water – and where some small businesses cease growing.

The *stabilization* phase is where the typical entrepreneur fails to move ahead. However, the more flexible leader – using both sides of his or her brain – sees new and better opportunities.

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As businesses move into later phases – such as *extension* and *maturity* – more companies begin to stand still. They will start to optimize their existing portfolios, making the most of their existing brands.

Only companies with bold leaders will reach the *evolution* stage. It demands that leaders fundamentally challenge strategies and assumptions.

That often means considering entry into entirely new categories, or engaging in new partnerships, or refocusing a business model to concentrate on emerging markets.

There are at least seven common styles of leadership, and each type has its own strengths and weaknesses:

- *Charismatic leaders* are strong at inspiring change, but weak at maintaining the status quo, which quickly bores them.
- *Directive leaders* are strong at making quick decisions, but weak at engaging senior people.
- *Commanding leaders* are good in a crisis, but bad at longer-term thinking.
- *Aristocratic leaders* are strong on traditional, formal leadership, but weak on driving innovation or change.
- *Guardian leaders* excel at maintaining a steady state, but tend to avoid necessary change.
- *Intellectual leaders* are strategic and visionary, but poor at understanding normal people who lack their high levels of intelligence. And
- *Relaxed leaders* are skilled at listening and facilitation, but often avoid difficult decisions.

There are no rights or wrongs, although a person who seeks to be anybody but himself is inevitably going to be found out as a fake, and will end up personally frustrated. Leaders of organizations today will need to embrace a number of these traits, even changing their styles from time to time.

However, the successful business leaders of the 21<sup>st</sup> century, in big companies and small, share five common characteristics that combine the passion of the entrepreneur with the discipline of the corporate executive. These five characters are the “five Cs” of the new business leader:

- *Catalyst of change:* The leader constantly seeks new possibilities, challenging the business to think differently, to be more innovative and effective, faster and with more impact.
- *Communicator of vision:* The leader articulates a clear and inspiring direction for the business, living the values and personality of the brand, and engaging all stakeholders in active dialogues.
- *Connector of people:* The leader brings the best people and best ideas together, internally as well as from outside the organization, to generate bigger and better ideas and solutions.

- *Conscience of the business:* The leader champions business ethics and corporate responsibility, cultural diversity, equal opportunities, and staying true to the business purpose and brand values. And
- *Coach of high performance:* The leader works with and supports all levels across the organization, from the boardroom to the shop floor.

## **Fusion 2 ... future back + now forward**

You move your business ahead not by looking backward at the past – or even by fixating on the present. Rather, you gaze creatively into the future and then begin working backward toward the present.

That approach gives you an advantage over competitors, who often get mired in a perpetual present. So, don't get stuck in the conventions of today, but rather pull off the creative trick of looking at what tomorrow's demands mean for your business today.

This fusion relies on three elements of genius, including:

- Growth markets;
- Smarter strategies; and
- Business innovation.

Of course, to succeed in the future, an organization must find new sources of growth. Markets are constantly changing, and the needs and tastes of today's customers are likely to be much different even a few years from now. In addition, new markets are constantly opening up to businesses that are alert to opportunities.

For example, according to Michael White, the chairman and CEO of PepsiCo, "Ninety-seven percent of growth in the next 25 years will come from emerging markets."

So where should leaders look for tomorrow's **growth markets** today? Here are nine areas to explore:

- *Green markets* are made up of *conscience consumers*, those who believe passionately in preserving the planet;
- *Silver markets* consist of silver-haired Baby Boomers who are healthy and wealthy – and yearn to start new careers and travel the world;
- *Pink markets* are made up of the large and affluent gay and lesbian communities, which buy more premium technology products than other consumers, yet are largely ignored by mainstream brands;
- *Red markets* are remnants of the former Soviet countries that now have booming, entrepreneurial economies and consumers who crave the latest fashions;

- *Blue markets* are located in the southern region countries, ranging from South Africa to Brazil, and from India to Dubai; these nations are moving rapidly up the economic ladder;
- *Grey markets* contain the high-tech enthusiasts sometimes called *early adopters*, who have a passion for the newest gadgets;
- *Brown markets* consist of people fascinated by older, “retro” products, ranging from early digital watches to antique furniture;
- *White markets* are the low-cost markets, served by such businesses as Aldi supermarkets and Virgin Blue air travel, that reflect everyone’s love for a “bargain”; and,
- *Gold markets* are the luxury goods markets, driven by strong demand in Asia and the U.S., that are perhaps the world’s fastest growing category.

These aren’t mere niche opportunities. Instead, they’re huge markets. For example, according to research by Bain & Company, the luxury goods segment is worth \$168 billion annually – and it’s growing at 7 percent each year.

It’s not like the past, when markets tended to be stable, predictable, and usually dominated by the same handful of companies. Now, business success depends less on making new products than on making smart choices.

This brings us to the fifth element of business excellence: **smarter strategies**. As Peter Drucker once put it, “Wherever you see a successful business, someone once made a courageous decision.”

Shaping your own future is about strategy, and strategy is about making tough choices. Businesses must look beyond their mission and vision statements to find a “higher purpose” that gives them meaning and personality.

For example, Disney’s higher purpose is “to make people happy.” Nike’s is “to enable people to achieve their personal best.” Sony’s is “to innovate in a useful way.” And Wal-Mart’s higher purpose is “to give the customer a good deal.”

More generally, companies tend to align around one of the following seven types of purposes:

- *Explorer companies*, such as IBM, seek to go where nobody has gone before or to enable people to do something new.
- *Challenger companies*, such as Virgin, play the underdog, taking the customer’s side and challenging bigger or more established brands.
- *Servant companies*, such as Google, believe in putting customers first and in treating everyone equally.
- *Quality companies*, such as BMW, strive for perfection and place the highest priority on product excellence.
- *Hero companies*, such as Microsoft, seek to change the world, and to deliver a better way of life for everyone.

- *Conscience companies*, such as outdoor equipment retailer REI, put principles ahead of profits, believing that business must be a force for good and that ethical and environmental responsibilities are high priorities. And
- *People companies*, such as Starbucks, put people first, caring for their employees, their customers, and the communities in which they operate.

The sixth element, **business innovation**, is the driving force of competitiveness, differentiation, profitability, and growth. There are three types of innovation:

- Business innovation;
- Market innovation; and
- Value innovation.

*Business innovation* addresses an enterprise holistically – in terms of products and services, channels and relationships, processes and supply chains, as well as business models and organizational culture.

*Market innovation* focuses on potential markets. It explores how to transform structures and practices, challenge rules and conventions, as well as change behaviors and expectations.

*Value innovation* captures elements of both business and market innovation. Its goal is to create win-win situations and produce value for all stakeholders.

Innovation is about the commercial implementation of the best ideas, whether those ideas focus on new products or services, new ways of working, or even the fundamental business model of the company.

Innovation might take one of the following forms:

At the level of *concepts*, companies innovate new business ideas that address customers' aspirations in new ways, that redefine the way things are done and the business model that supports them. Consider the way IKEA has transformed the world of home furnishings with its flat-packed furniture, or how Nike has created brand experiences at its flagship Niketown stores.

At the level of *solutions*, companies innovate product and service ideas that are more functional and tangible, that individually or collectively serve customers better. Examples include Dyson's bagless vacuum cleaner, the iPod as a digital photo album, and Ritz Carlton hotels developing a more personal style of service. And

At the level of *markets*, companies create new ideas that reshape markets, change people's behaviors, and drive new aspirations. Starbucks essentially created the modern coffee shop, with its diversity of offerings and a premium experience. Similarly, Apple's iTunes has revolutionized the ways in which people buy, listen to, and store music.

The next section – outside in, inside out – deals with seeing your business not only from the inside, but also from the outside, the customer’s perspective.

## **Fusion 3 ... outside in + inside out**

To achieve the third fusion that leads to business genius, you must accomplish two things:

First, engage your customers *intelligently* from the *inside out* – the business perspective – to be more distinctive, focused, and effective. And Second, engage your customers *imaginatively* from the *outside in* to be more responsive, appropriate, and personal.

Looking *inside out* is the traditional way of operating, with people in the business looking out – and the customers on the outside looking in.

It’s harder to use our imaginations to put ourselves fully in the customers’ shoes, to see things from their point of view. But it’s essential to escape from our self-centered perspective.

The three elements we will explore in this section are:

- Customer power;
- Brand propositions; and
- Market networks.

**Customer power**, the seventh element, refers to using your intelligence and imagination to do business in ways that truly serve your customers -- not on *your* terms – what, when, where, and how you want -- but on *their* terms – what, when, where, and how they want it done.

Today’s customers are more demanding – and discerning – than yesterday’s. Also, they may state their conscious needs in a truthful way, but their unstated needs – and wants – often matter even more.

Get to know your customers by talking to them and constructing “energizer pyramids” based on what matters most, rationally and emotionally, to real customers. For each customer you meet, try to identify the following three levels of the pyramid:

- Essentials;
- Enablers; and
- Energizers.

*Essentials* are “must dos.” These are the absolute prerequisites that the customer expects any brand to deliver, such as safety and security, as well as basic

expectations. For example, even a low-cost flight is expected to serve drinks on board, although they may come at a price.

*Enablers* are “differentiators.” These are product or service features that help the customer to do more, and that might be offered by some brands but not by others. Enablers become part of a rational trade-off between brands and prices. For example, some customers are willing to pay a higher price for brands that offer a wider range of colors, faster delivery, or 24-hour technical support. And

*Energizers* are “distinguishers.” These might seem small and trivial, but they can make a big difference to the customer emotionally. For example, a free copy of the customer’s favorite newspaper under the hotel room door, or a free toy that comes with a child’s fast-food meal, can deliver emotional value to the customer that is much greater than the economic value of the item.

The pyramid can be completed from the brand perspective: the product and services that address the customer at each level. But it is a much more powerful tool when it is constructed from the customer perspective, showing what the customer needs, wants, and would love to have.

Then you must make choices, deciding which of the customer’s needs, wants and desires you will address and how they will combine to create your competitive advantage.

Keep in mind that customers don’t think in terms of business sectors. One person’s car is a status symbol; for another, it’s part of a family vacation. One person’s phone is a device for staying in touch with friends; for another, it’s a business tool.

In other words, the product isn’t as important as what customers do with it. BMW doesn’t sell cars; it sells driving experiences. IKEA doesn’t sell furniture; it sells living solutions.

Whatever you do as a business, the customer typically has a broader agenda. Seeking to solve their problems or help them achieve their ambitions enables you to sell much broader solutions from your own product line. This gives you an opportunity to do more, to better meet needs and wants, and at the same time to sell more, charge more, sell other things, and drive profitable growth.

“Outside in” rather than “inside out” thinking starts with opportunities, rather than capabilities – finding the best markets, then developing the capabilities to win in them; finding the best customers, then bringing together the right products and solutions that enable them to achieve their goals.

This brings us to the eighth element, **brand propositions**. Also known as customer value propositions, brand propositions describe the value of a brand for the customer, the combination of distinctive benefits accompanying a specific price. The idea is to create net value superior to the competitors’ brands.

A brand proposition has five dimensions:

- *Who?* The target audience, as well as their issues and motivations.
- *What?* The primary benefits that you offer, supported by the key features of some of the products and services that can deliver these benefits.
- *Why?* The competitive difference in what you offer, and how it is better or different from what others offer.
- *How much?* The price position relative to alternatives, given the superior benefits offered. And
- *What not?* The trade-offs that the customer makes in choosing your brand compared to someone else's.

Brands were originally developed as labels of ownership. Now, what a brand does for people is all that matters: how it engages them, defines their aspirations, and enables them to do more than they could without it.

Truly powerful brands can cut through the noise and competition, and engage and retain the best customers in a way that delivers superior financial results in both the short and long term. A powerful brand is one that:

- *Defines* for customers a compelling purpose, a truly meaningful big idea that goes beyond the product or industry and really matters to people;
- *Reflects* customers and builds in their minds an image and reputation that has personal relevance, even if it alienates others;
- *Engages* customers in working with the company to realize the big idea;
- *Enables* customers to do more than they could otherwise;
- *Anchors* customers around something familiar and important, while everything else continues to change;
- *Evolves* as customers and markets evolve, with the flexibility to move easily into new markets;
- *Attracts* the target customers, building their preferences and sustaining a premium price;
- *Retains* the best customers, building their loyalty and encouraging their advocacy; and,
- *Drives shareholder value* by increasing profits, building investor confidence, and reducing the cost of capital.

In addition, all powerful brands have three simple components:

- They are functional;
- They are comparative; and
- They are emotional.

Therefore, you can articulate the essence of a brand proposition by answering the following three questions:

What is the core activity that you enable people to do?  
How do you help people to do it differently or better? And  
How do people feel about being able to do this?

The best brands enable people to do what they couldn't otherwise do. Sony is about helping people "go create." Nike helps people to "just do it." And Microsoft helps people to "realize your potential."

Brands can typically help people to do more in four different ways, by allowing customers to:

- *Do* what they want to achieve, through better functionality or support;
- *Be* how they want to be perceived, through a strong identity that gives recognition and is admired by others;
- *Belong* to a community that they seek to be part of, through improved connections; and
- *Become* somebody more than they are, adding the capabilities or confidence to do what they couldn't otherwise achieve.

Once a brand creates such a strong attachment with people, one that they find essential to their lives, then the brand becomes an "anchor" that is trusted and desired.

The ninth element, **market networks**, involves moving a business to a *networked approach* – one that's similar to the wildly popular social networks such as Facebook and MySpace. Networked markets are unlimited in reach, richness, and relationships.

It's been observed that each person on Earth is separated from every other person by only six other individuals. In other words, we're all more closely connected than we might imagine.

Consider the words of Robert Metcalfe, founder of 3Com, who proposed what's now called "Metcalfe's Law." It states that, "The value of a network is proportional to the square of the nodes."

Metcalfe's point is that a network's value lies not in its sheer size, but rather in the *connections* between the nodes, or people. The number of connections clearly grows much faster than the number of nodes. For example, if one extra person joins a group of seven people, that creates not a single additional connection – but rather 15 more.

When there were seven people, there were 49 connections – or seven squared. Now, with eight people, the connections jump to 64 – or eight squared.

Networks offer new opportunities to reach new audiences across physical boundaries, to target specific segments accurately, to collaborate with them more personally, and to deliver a richer brand experience for each customer.

Some of the implications are:

- *Ideas* spread virally among target audiences, particularly trendsetters and other “hyper-connectors.”
- *Communication* becomes instant and interactive, customized and collaborative. Rather than push expensive ads or mail millions of brochures in pursuit of a 1 percent response rate, you can target people more personally.
- *Distribution channels* are no longer stovepipe structures that push products and services at customers. They create a multi-channel, multi-media environment where channels interact together and complement each other. Syndication of content, for example, through RSS, is free and easy.
- *Affinity partners* offer tremendous opportunities to access whole communities of target audiences, attaching the values and loyalties of people to the partner brand to your brand.
- *Solutions* are broader and customized. You work with partners to really solve problems rather than sell products.
- *Experiences* are richer and ongoing. Networks enable experiences to be personal, shared, collaborative, and global.
- *Relationships* are collaborative and between users. People become loyal to networks, not to brands. And
- *Reputation* is driven by customers. One bad experience can spread quickly. Reputations can take years to build, but can be destroyed in seconds.

The next section deals with the final fusion, between radical ideas and practical action.

## **Fusion 4 ... radical ideas + practical action**

It is one thing to have great ideas. But unless those ideas get turned into practical realities that make a profit, they won't succeed.

The final three elements of business genius are:

- Energizing people;
- Inspiring change; and

- Delivering results.

**Energizing people**, the tenth element, focuses on creating a superb place to work.

Getting the most out of people, applying their talents, and growing their potential requires us to think of each employee as an individual. As leaders, our challenge is to engage, enable, and energize people with unique ideas and talents, who build reputations and relationships, and share their energy and passion with others.

However, a Gallup survey found that only 29 percent of U.S. workers feel actively engaged and committed at work. Yet, according to research by the Corporate Leadership Council, if people are committed to the organization they work for, they try 57 percent harder, perform 20 percent better, and are 87 percent less likely to leave.

So what really energizes people? There are five simple steps to building the organizational energy that drives engagement and performance. These five steps are:

- *Be open*: Share the big strategic challenges with everyone.
- *Open up*: Seek suggestions from all stakeholders.
- *Let go*: Give local teams the freedom to contribute.
- *Be supportive*: Show continuous and consistent interest. And
- *Maintain focus*: Monitor progress and hold on to the big picture.

The eleventh element is **inspiring change**. Change is about transforming the way the business works, both in terms of its “harder” structures and processes, and its “softer” attitudes and behaviors.

Business leaders need to be change agents, sensing the need to change, then galvanizing, leading, and managing the process of change in their organizations because it is essential to survival today and to growth tomorrow.

There are four phases to the change process:

Phase 1 is *engaging in change*. This means you must:

- Evaluate the current business;
- Define a compelling vision;
- Make the case for change; and
- Engage stakeholders.

Phase 2 is *preparing for change*. This requires you to:

- Establish governance;
- Map out the change;
- Secure the resources; and

- Prepare people for change.

Phase 3 is *delivering the change*. This means you must:

- Develop pilot projects;
- Create symbols of change, such as giving up your corner office and moving to an open workspace;
- Take people with you by addressing their concerns and sharing your own; and
- Keep the business working while the change is underway.

Phase 4 is *sustaining the change*. This requires you to:

- Manage the change with a dedicated change team;
- Establish new metrics that measure the success of the change;
- Reward new behaviors by restructuring people's incentives; and
- Deliver the benefits by communicating how the successful change has resulted in a better customer experience and a more profitable business.

Finally, the twelfth element is **delivering results**, or achieving high performance today and tomorrow.

The purpose of a business is to create economic value – that is, to generate a return on investment beyond the cost of capital. It produces that value by working with a range of stakeholders – shareholders, customers, employees, and many others. And when the enterprise is successful, it shares its value with those stakeholders.

The value of a business reflects its potential to generate cash in the future. This potential is influenced by how likely it is to grow, and how quickly. A fast-growing, reliable business will be very valuable.

In the past, companies were largely tangible; they were manufacturing businesses that owned factories and equipment, making and selling products. The future potential was simple to estimate, based on how many products could be sold and the value of the plant.

Today's business is based on its brains. The most valuable assets in a business are no longer the hard things but the softer attributes that are hard to copy, such as ideas, knowledge, brands, relationships, design, and patents. Non-core activities such as manufacturing, systems, and logistics can be outsourced to others and are therefore less valuable.

In terms of intellectual capital, there are three building blocks that represent a company's intangible assets:

*Human capital* is the talent – the knowledge, skills, and ideas – possessed by your people;

*Customer capital* refers to the relationships with customers and the positive connections and word-of-mouth support you have from them; and

*Structural capital* is the organization's retained knowledge – both in its people and its databases.

Intangible assets now account for around \$22 trillion, or 61 percent of the \$36 trillion overall value of the world's publicly traded companies, according to the *Global Intangibles Tracker* published each year by Brand Finance.

And the intangible proportion of the value of a business is increasing. In the past five years, these companies have grown by \$9.4 trillion, with 64 percent of that growth due to intangibles. In some sectors, such as media and pharmaceuticals, 90 percent of a company's value is intangible.

A business in which the majority of assets is intangible requires a different form of management from traditional organizations. Investment should be focused on these intangible assets, rather than traditional buildings or stock. Each organization must find its own ways to unlock and apply these assets, relevant to their goals, and distinct from others.

What makes a business genius?

Business geniuses are made, not born. This means that you can learn how to think and act like a genius by understanding the four fusions and the 12 elements we've explored.

Let's quickly review.

The first fusion is between *right brain, left brain* and it has three elements: *fast growth, business bubbles, and entrepreneurial leaders*. A genius uses both the intelligence of the left brain and the imagination of the right brain.

The second fusion is between *future back, now forward*, and the elements are: *growth markets, smarter strategies, and business innovation*. A genius constantly seeks out opportunities to make tomorrow's profits greater than today's.

The third fusion is between *outside in, inside out*, and its elements are: *customer power, brand propositions, and market networks*. A genius focuses on giving customers what they need, want, and would love to have, rather than on what the company currently does. And

The fourth fusion is between *radical ideas, practical actions*, with the following elements: *energizing people, inspiring change, and delivering results*. A genius creates brilliant ideas and motivates people to use their intangible assets to create lasting value.

# LEADING THE FUTURE

The final point is to add yourself – your uniqueness, your passion and personality, your strengths and ambitions. Einstein and Picasso were both geniuses but in very different ways. Similarly you can be a great leader, but like no other. The challenge is to find the right balance in each of these fusions for you and your business. And then to do it in your own way. With a touch of genius.

Be bold, brave and brilliant.

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