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1 – THE FUTURE ARRIVED YESTERDAY

Every trend in the corporate world – technological, managerial, financial, and cultural – is pushing companies toward ever-greater virtualization: the dismantling of every traditional organizational structure and their replacement with networks of free agents. So Michael Malone told us nearly 20 years ago in *The Virtual Corporation* (1992). But after two decades of radical change, Malone now writes in *The Future Arrived Yesterday* (2009), there is mounting evidence this model *does not work*.

Why does it not work? Because rapid and fundamental change is now the norm: constant, continual, and unrelenting. This sets up the contradiction that will define all enterprises in the years ahead:

Successful companies of the future must find a way to continuously and rapidly change almost every one of their attributes – products, services, finances, physical plant, markets, customers, and both tactical and strategic goals – yet at the same time retain a core of values, customs, legends and philosophy that will be little affected by the continuous and explosive changes taking place just beyond its edges.

In other words, rapid change and growth is risky, but necessary. There is no slow-growth alternative. A new model of management and governance is required, and Malone believes he has discovered it: the Protean Corporation (protean as in “shape-shifting”).

The Protean Corporation is able to anticipate change, change its shape accordingly, and also to adapt to change. A Protean Corporation is an enterprise that features: (1) an amorphous

external form that uses technology to rapidly adapt to changing situations with regard to markets, customers, competition, finance, and even ownership, and (2) a slowly evolving internal center that uses interpretive tools to maintain the identity and continuity of the enterprise over time.

The Protean Corporation can be seen as a series of concentric rings of engagement with the long-term success and fate of the enterprise: the Core (a small group of employees who understand the company’s history, philosophy and culture and who oversee its infrastructure, training and strategic planning); the Inner Ring (salaried employees with benefits and flexible working arrangements); the Cloud (contractors, consultants and free-lancers who allow the company to respond nimbly to change); and the Family (“Fateholders” such as suppliers, customers, shareholders, analysts, financial institutions, labor, community and regional governments).

What does a protean Corporation do?

1. The Protean Corporation continuously works to maximize value in all of its endeavors.
2. It establishes a corporate environment that is conducive to attracting the most talented people, and provides them with the tools to get their jobs done.
3. It manages its talent pool to obtain maximum quality and productivity from all potential employees at every level of employment.
4. It creates an environment in which intra-preneurs can construct new enterprises that pursue valuable new market opportunities.

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5. It establishes mutually beneficial relationships with members of its Family.
6. It pursues common interests with members of its Neighborhood.
7. It obtains maximum value and reach from members of its Community.

The premises on which this book is based are undeniable, and will be familiar to our readers:

1. The accelerated pace of technological change will continue.
2. The number of new consumers in the world is about to triple, making the world economy structurally more volatile.
3. Industrialized nations, but especially the United States, are becoming more entrepreneurial.
4. A new generation of young people, with different attitudes toward institutions and authority, is entering the workforce.

5. Companies, by their very nature, want to grow and endure.
6. Human nature has not changed.

The forces affecting these premises are Centrifugal Forces (technology, culture, demographics); and Centripetal Forces (human needs for socialization, commitment to a larger purpose, continuity and constancy, and a sense of legacy). Together their effects are rewriting the definition of what it means to be a company.

In Malone's view, in the future American society will be filled with protean organizations; not just businesses, but institutions, schools, governments, agencies, churches, non-profits and the like. By the time this revolution is complete, he believes, America itself will be profoundly changed. It will finally become what it has been moving toward for two centuries: *the world's first entrepreneurial society*, the first nation where the dominant ethos is innovative, risk-taking, amnesiac, opportunistic, and thoroughly independent and individualistic.

2 – MANAGEMENT REWIRED

Businesspeople are taught to make decisions with facts and logic and to avoid emotional bias. But according to the latest research, we almost never decide rationally, despite thinking that we do. Our experiences carry an emotional charge, encoded in the synapses of our neurons. And when we try to deny what our emotions tell us, we lose what we've learned from the past. According to Charles Jacobs, author of *Management Rewired: How Brain Science Is Revolutionizing Business* (2009), our emotions can help us make better decisions – including business decisions – than our logic.

The author assesses the implications of recent neuroscience research on business-world competitiveness. He explains how research involving brain scans, cognitive experiments and behavioral stud-

ies should change all aspects of management, from strategies to sales, to leadership. Jacobs contends that most of what we take for granted about management is probably wrong and counterproductive. The better path is frequently counterintuitive.

For example:

- Feedback – both positive and negative – doesn't improve performance. Positive feedback has no effect on an employee's behavior and that negative feedback only makes bad performance worse.
- Pay doesn't really drive performance. When we do work that's inherently engaging, the neurotransmitter dopamine is released, creating feelings of pleasure. But when we work

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primarily for money, the dopamine isn't triggered and it's harder to stay motivated.

- Setting measurable objectives can often backfire on management unless employees participate. Quantifiable objectives cause workers to fixate on the short term and sacrifice long-term focus
- Managers who produce the best results are the ones who do the least managing. Closely supervising employees is the surest way to have them abdicate responsibility, thus forcing management into a vicious cycle of micro-managing.
- Smaller rewards motivate employees more than big ones; having interesting work is more motivating than a pay raise.

Jacobs suggests that “the management revolution is about no longer forcing people to do things but encouraging them.” He believes in the power of stories to affect change. People desire to be part of something bigger than themselves, and to realize their fullest potential. The transformational leader creates a story about the kind of change necessary to align the needs of employees with those of the organization.

Once we understand the lessons of neuroscience, writes Jacobs, we can create more effective strategies, inspire people to maximize their potential, and overcome the biggest hurdle to improving business performance – making change stick.

3 – INSTANT TURNAROUND

The estimated cost of employee turnover in the United States is \$1.7 trillion annually. How can managers turn these costs into profits? By getting employees to become more committed and dedicated to work, and thus, more productive. How to accomplish that? According to Harry Paul and Ross Beck, authors of *Instant Turnaround* (2009), by creating a happy, positive workplace and valuing employees.

Start from the reality that people intentionally regulate the amount of effort they put into their jobs based upon how they feel they're being treated. It then becomes the job of every manager, team leader, supervisor, and executive is to treat people in such a way that they become excited about applying *all* their *discretionary effort* toward performing their jobs. Using both parables and real-world studies, *Instant Turnaround* aims to show how to turn the workplace into a *destination* – a place where working is engaging, enjoyable and fulfilling.

While empowering employees is a straightforward concept, according to the authors, most managers

“don't live it.” But they should. Management at all levels should take an interest in their employees as people, and rely on empathy and compassion rather than fear and threat as motivators. They would be amazed at the results: increased performance and productivity, almost instantly.

How to do it? By doing the following simple things sincerely, consistently and well:

- Be real
- Be appreciative
- Be interested
- Be nice

In other words, treat people like they really are your most important resource. Respect them. Ask their opinion on things, actively listen to what they have to say, and take their advice when warranted. Say please and thank you, frequently. Spend time on the front lines alongside employees. Extend compliments where appropriate. Encourage having fun. [Some businesses have turned to laughter yoga to elevate the workplace atmosphere. I have seen it work;

Consulting in:

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Providing:

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my wife is a laughter yoga leader! See www.joyoflaughter.com.]

Oh, and one last thing: senior-executive support must be strong and visible.

According to Paul and Beck, getting people excited about coming to work and working hard is the best management bargain going. The costs in money, effort and time are minimal, but the results are profound and instantaneous.

4 – TOP TEN BUSINESS BOOKS FOR 2009

(parody from www.capitalistbanter.com)

Tenacity. Discipline. Innovation. You lacked all of these qualities in 2008. Avoid another year of failure by adding these Top 10 Business Books for 2009 to your reading list.

1. *The 4,867 Habits of Obsessive-Compulsive People* by Stephen R. Covey. Succeeding in business means minding the details. This book covers everything from “Be proactive 117 times a day” to “Wash your hands six times before leaving the bathroom.”
2. *Getting Sh-t Done* by David Allen. Updated edition for Generation Z.
3. *Good to Lousy* by Jim Collins. Why some companies make the leap...and how to avoid being crushed under them.
4. *Who Moved My Cheese? Episode 2: The Quickening* by Spencer Johnson. Two mice enter. One mouse leaves.
5. *How to Win Friends While Under the Influence* by Dale “Budman” Carnegie IV. Includes classic tips like, “Buy the next round,” “Dude, you could totally take that jackass,” and “Stop staring at her boobs.”
6. *The 40-Hour Work Week* by “A. Boss”. Full text: “I don’t pay you to read books. Get back to work.”
7. *The One-Minute Micromanager* by Ken Blanchard. Three hundred pages of strategy that boils down to “Here, just let me do it.”
8. *White Collar Crime for Entrepreneurial Dummies*. A complete how-to for embezzle-

ment, fraud and bribery, plus a razor-sharp back page for shredding the book.

9. *Made to Suck* by Chip Heath. Why some ideas survive and slowly choke the life out of your company.
10. *Random Metaphor Adapted for a Business Setting* by Seth Godin. The Tribes of the Big Red Fex kill a large Purple Cow to make a small Meatball Sundae because Small is the New Big or something.

CDI AT HIGHEST LEVEL SINCE SEPTEMBER

Our proprietary Consumer Demand Index, the only national consumer survey that measures actual spending intentions (as opposed to consumer “sentiment” or “confidence”), showed a significant upswing in May, driven by improvements in the index for clothing and the index for food/groceries. We take it as a fairly strong indication that the decline in US private consumption expenditure is bottoming out.

The CDI accurately and consistently anticipates movements in industrial production, consumer spending and, according to two recent independent analyses, outperforms competing indexes of consumer behavior (Conference Board, University of Michigan).

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