

Unlimited Potential

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Newsletter

Rethinking the Future: Leadership for the 21st Century

“Today’s knowledge revolution, having launched a gigantic ‘Third Wave’ of economic, technical and social change, is forcing businesses to operate in radically new, continually shifting ways....every shred of industrial-era thinking is now being rescrutinized and brilliantly reformulated.” – Alvin and Heidi Toffler

The industrial age of business was a system that operated with linearity and logic – with vertical integration, synergy, economies of scale, and hierarchical, command-and-control modi operandi. This is giving way to new forms of outsourcing, minimization of scale, an emphasis on profit centers, networks and other diverse forms of organization.

When an old paradigm crumbles and a new one is not yet securely in place, we experience frequent bursts of creative thinking. Accompanying this is an equivalent degree of chaos and confusion, with feelings of uncertainty.

Moving into the 21st century amid such radical change and confusion has proved difficult for business leaders. What questions must leaders ask themselves and their organizations to gain clarity about the road ahead? How do you develop a new vision when there are hints that current strategies may not work in the future?

What business leaders will need is a more comprehensive model of reality. Leaders of the future must not only focus on economics and management issues, but also on ways to respond to social, technological, political, cultural, religious and environmental shocks to their systems. Hurricanes, tsunamis, war and terrorism can have a devastating impact on one’s business.

We need to rethink our previous assumptions about where we are going – in business, as well as our societal infrastructure. This mandate is further underscored by a growing sense of discomfort in the business community. What we have known and depended upon for past successes is no longer sufficient when preparing for the future.



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Past sources of authority and order have been eroded by new technologies and ideologies that have shifted power from the institution to the individual. Some people are more capable than others of assuming individual responsibility. It could be said that empowerment is not for everyone.

New Customers

With the demise of communism, one-third of the world's population has joined the ranks of consumers. Will capitalism become rampant and extreme, causing an even more serious division between the "haves" and the "have-nots"?

Capitalism and the relentless pursuit of prosperity are not without pitfalls. Some of us wonder where this is leading, and why we're racing to get there. What, exactly, is this race doing to our lives, communities and environment? These are uncomfortable questions in uncomfortable times.

In place of certainty, there is a pervasive sense that industrial societies are in deep trouble as we race toward the edge of chaos. This chaos is bearable if we regard it as a period of violent transition, where the old order of things gives way to the new. At the same time, there is also a sense of tremendous adventure and opportunity for all.

Preparing for Tomorrow

How do we construct a framework to rethink the future?

Many leaders have written about the needs of the future, but they do not offer a crystal ball. They do, however, provide a framework for thinking about the decades ahead, posing questions that we, as leaders, must consider.

Three concepts emerge from interviews and conversations with leading futurists, as revealed in the book *Rethinking the Future*, edited by Rowan Gibson (1998). Gibson's book was most assuredly ahead of its time, featuring concepts that are truer today than when he initially submitted his manuscript.

A Different Game

The first of Gibson's themes is "*the road stops here*" – the realization that the future will be different from the past. Most of us behave as though this is untrue. Today's leaders steadfastly cling to the notion that what worked in the past will work again. They also incorrectly assume that when things go wrong, they can be fixed, thus returning them to the way

things are "supposed" to be. This, unfortunately, is delusional thinking, as things will never be the same again. The past is gone: that was then; this is now. The 21st century is a new ballgame, and the rules are still being worked out.

New Rules

Gibson's second premise is that "*new times call for new kinds of organizations.*" It is incumbent upon organizations to navigate rough and uncertain business terrains that they have never before encountered. Organizations must be flexible and capable of handling the demands of the information age – not the industrial age of the past. What kind of organization will work at optimum levels in a "new rules" kind of game?

New Leadership

Gibson's third theme poses a critical question: "*Where do we go next?*" Leaders are finding it increasingly difficult to make confident strategic decisions. Yes, you need a vision, a destination and a point of view about the future. You also need to know in which direction to channel the efforts of the people with whom you work.

The problem with all of this? There is no concrete or tested roadmap. The future is *terra incognita*. Leaders will be forced to look ahead and explore for themselves when making decisions. The challenge requires a new breed of leader – one who is part explorer, part inventor and more visionary than predecessors. How do you become this type of leader, as well as hire your company's future leaders?

New Assumptions

The future is not a continuation of the past. Rather, it's a series of discontinuities. While this can breed opportunity, it's uncomfortable for those who lead to not know with certainty what lies ahead. We must challenge our assumptions at every juncture in the decision-making process, and unlearn the past. This can be tricky, as our assumptions are so ingrained that we hardly notice them. Trusted advisors and colleagues may hold the same assumptions and never challenge our thinking. An external executive coach can help with exploring outdated assumptions.

"If you want to escape the gravitational pull of the past, you have to be willing to challenge your own orthodoxies... to regenerate your core strategies and rethink your most fundamental assumptions about how you are going to compete." – C.K. Prahalad

Questions for the 21st Century

The following questions are a good launching pad for changing your linear way of thinking in our new nonlinear world:

- Why is the nature of competition changing so drastically?
- What is the new “network economy”? How does it fundamentally differ from the industrial economy?
- Is it better to be big and powerful, or small and flexible in the global economy? Should companies broaden their product lines, or should they become more specialized and focused?
- Will technology make geographical location increasingly irrelevant?
- Will Asia’s modernization shift the world’s center of economic, political and cultural gravity from the Western to the Eastern world?
- With the demise of communism, will different forms of capitalism emerge? Does capitalism have a future, or has it become a liability?
- As technology democratizes not just our workplaces, but our societies and world, does it foreshadow the end of government as we know it?

Organizations as Biological Organisms

In the 21st century, the new organization must leave all traces of slow, bureaucratic and hierarchical top-down systems behind. To thrive, it must become flexible, fast and attuned to customers’ needs.

The new organization will resemble a biological organism more than a machine. It will consist of a distributed network of minds — people working and learning together, both inside and outside company walls, with an invitation for customers to participate. Ideally, it will be conscious of the ways it affects the natural environment.

How can you prepare your organization to evolve in this direction? The challenge calls for radical change. As Peter Drucker has said, *“Every organization has to prepare for the abandonment of everything it does.”*

Here are some questions to examine:

- How do we create a radically decentralized, networked organization?
- Which principles will guide the successful 21st-century enterprise? Should top management give employees a meaningful voice when it comes to

ownership and running the company?

- As corporations and their networks become increasingly complex, how will we control them? Will companies develop a bottom-up type of control, as we find in a swarm of bees or flock of birds?
- Will the shift to a new management model become a global phenomenon, or will there be different rates of progress in distinct parts of the world?

What’s Next?

Many organizations are investing capital in operational efficiency, as if it were a destination unto itself. “Lean and mean” does not lead to success in the new century.

Winning organizations will be those that stay ahead of the change curve, creating new markets and reinventing the rules of competition. As Charles Handy says, *“The successful organizations will be those who ‘invent the world,’ not just respond to it.”*

New leadership is required. Leaders will need to look forward, scan the landscape, and spot trends and new opportunities. They will use advanced technology to give them an interactive, real-time connection with the marketplace, receiving feedback from sensors at the organization’s peripheries.

In the words of Rowan Gibson, new leaders *“will decentralize power and democratize strategy by involving a rich mixture of different people from inside and outside the organization in the process of inventing the future.”*

Review the following questions so you can rethink leadership and strategy for the 21st century:

- Is your organization managing the present, without thinking about creating the future?
- Who should be involved in developing and implementing strategy?
- How important will technology be in creating a competitive advantage?
- How can your company balance the need for radical change with the need for strategic continuity? When does it actually become necessary to change your competitive strategy?
- What can you do to make the most of emerging opportunities? How can you minimize risks?
- What will be required to lead successfully in a global economy?
- What can leaders do to ensure their corporate culture will be a strategic asset, rather than a change anchor?
- Does the organization have a responsibility to give people a connection with their purpose in life?

Six Steps to Rethinking the Future

Leaders are encouraged to think deeply about the issues that will change how business is conducted in the 21st century. There are no easy answers. Serious thought and discussion will help you stay in the game while the rules are being changed.

The following concepts deserve ongoing consideration among top management teams:

1. Rethinking Principles
2. Rethinking Competition
3. Rethinking Control and Complexity
4. Rethinking Leadership
5. Rethinking Markets
6. Retinking the World

(For more information on these concepts, and to access the thoughts of leading business authors, read Rethinking the Future, by Rowan Gibson (Nicholas Brealey Publishing, London, 1998). The book includes original contributions by Alvin and Heidi Toffler, Warren Bennis, Stephen Covey, Eli Goldratt, Gary Hamel, Michael Hammer, Charles Handy, Kevin Kelly, Philip Kotler, John Kotter, John Naisbitt, Michael Porter, C.K. Prahalad, Al Ries, Peter Senge, Lester Thurow and Jack Trout.)

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