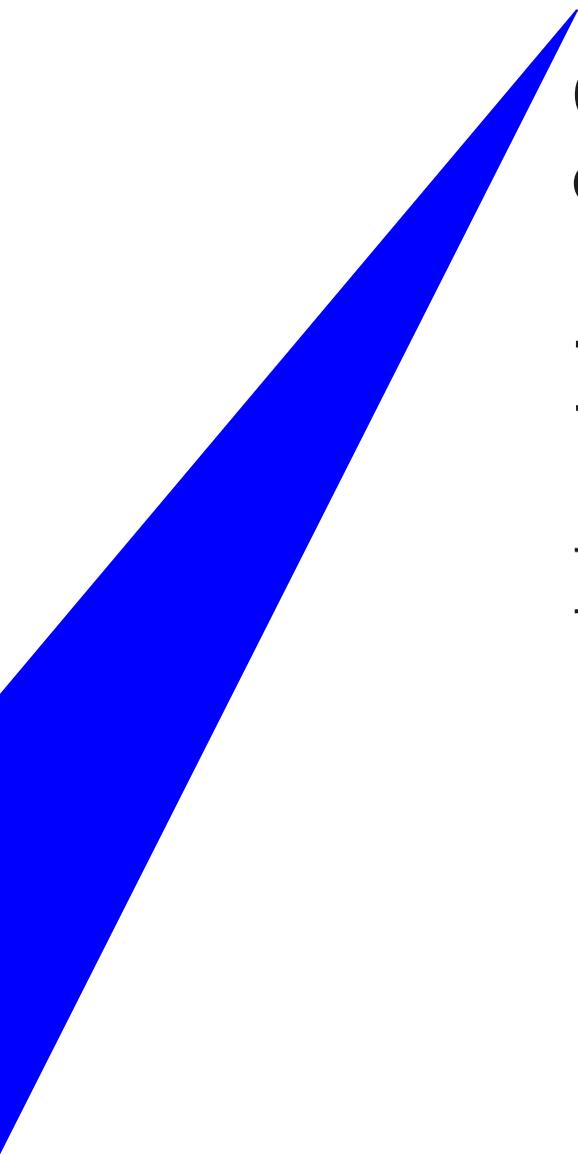




Be *Masterful*.



**Is Your
Organization
Changing As Fast
As Your
Business
Is Changing?**

But Apple really beats to a different drummer. I used to say that Apple should be the Sony of this business, but in reality, I think Apple should be the Apple of this business
-Steve Jobs

It is not the strongest of the species that survive, nor the most intelligent, but the one most adaptive to change
-Charles Darwin

Remember, at the end of the day, the ability to learn faster than our competitors may be our only sustaining advantage. Everybody else in the world is doing the same things we are. We're going to get there faster with better prepared people.
-Larry Bossidy

It's no secret that over the last fifteen years or so virtually every business and every working person has been buffeted by constant and relentless transitional – and, at times, even transformational – forces. However, the key to competitive advantage in these tumultuous times is still not broadly acknowledged.

Netscape thought they had it made as the first big players in the dot-com era.

Developers of the **Blackberry** once maintained a position that the phone would never gain much additional functionality beyond email. **Blockbuster** survived the transition from VHS to DVD and then failed to see the next big change. **Kodak**, once the global leader in photography, has seen a 96% fall in share prices as digital cameras have replaced film.

But did you know that **BMW** built airplane engines and motorcycles before ever producing an automobile? Or that **Cisco Systems** has created more wealth with under \$3 billion of capital than **DuPont** with over \$35 billion? In this day and age, innovation and adaptation are crucial, and, unless you're **Coca-Cola**, your company will likely have to make changes to your product or solutions in order to maintain a competitive advantage. But what's the best way to assure that your company is equipped to handle these inevitable adjustments?

What's the Deal?

In the Information Age, infotech is rarely the source of a truly competitive advantage – it's cheap, so everybody can acquire it and IT innovations are not typically difficult to replicate. IT innovations are certainly necessary, even mission-critical, but not very often are they an effective barrier to entry.

During the Agrarian Age, competitive advantage was all about land and natural resources. During the Industrial Age it was about natural resources and capital. But, in the Information Age, managing a company's ideas and leading its people are the premier and differentiating resources – although, note that now a "resource" is not a *thing* (land or coal or money) but rather it is a set of capabilities (like optimizing learning or human motivation).

Strategic Business Drivers

All of a sudden, strategic business drivers include culture, intellectual capital, knowledge management, and character! A recent study out of Wharton analyzes the impact in 3,200 companies of capital invested in IT assets (i.e., hardware and software) vs. money invested in training IT workers. Wharton researchers found that capital investments "may be a strategic necessity to stay even with the competition," but the investments in the workers netted much greater returns. One of the study's authors concluded: "Machines can't give you a competitive advantage. It's all about people."

Listen to Rosabeth Moss Kanter's view of this Era's strategic business drivers: "To compete effectively in (the information economy), physical assets, so important in (the industrial economy), matter less than intangible intellectual assets. World-class companies need an abundant stock of three resources: **concepts** – the best and latest ideas and technologies, which means investing in constant innovation; **competence** – the ability to execute flawlessly to world-quality standards while offering extra services to customers, which means investing in workforce skill and learning; and **connections** – the best partners to extend the company's reach and leverage its offerings, which means investing in collaboration. These assets rely on human capabilities: creativity and imagination, teaching and learning, trust and respect." *Again, the message here is one part technology and many parts human performance.*

