



## **Genius Files #7: Enlightened Leadership in the Intellectual Economy**

By

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It's not our father's business world anymore. Increased competition, decreased barriers to entrance, the growing world market and the changing relationship between organizations and their employees; all this makes today's business landscape radically different from what it was only a generation ago.

The world of business is transitioning from an industrial economy to an intellectual one...on a grand scale. The competitive advantages of old are no longer the competitive advantages of today. Not only is technology more easily and quickly duplicated, but offshore competitors can do it for less. The number of competitors has never been higher, and more often than not what makes one company better than another is not its production facility, its marketing image or its secret formula. More often than not, it is a company's human capital that separates the winners from the losers.

Author Jeff Angus, in his new book *Management by Baseball* draws a simple yet effective analogy for this transition of the business world from an industrial to an intellectual economy.

He talks about how the equalizing effect of technology and competition make

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organizations more like professional sports than ever before. In any sport, the key differentiator between a mediocre team and a great one is the talent it possesses. With all other variables in the sport being the same (e.g., field size, equipment, rules, etc.) the only thing that is different between any two teams is the people they have and the level of talent they bring to the field. The engine that drives professional sports is purely its human capital.

In the new business economy we find ourselves in today, we see this same leveling of significant competitive advantages across most industries. This leaves human capital as one of the last places where a company can truly differentiate itself and gain a competitive advantage.

The final take-away is this; whereas the most valued assets of old used to be physical and financial capital, the most valued asset of the new economy is human capital. Today – instead of all profits being generated by machinery and labor – all profits are generated between the ears. And those leaders who fail to really get this will lose out to those who do.

## **Best Practices - Learned Lessons**

To help today's leaders maximize their human capital, here are some best practices drawn from the field, from real clients, and through our two hundred and fifty management consultants in the Americas, the United Kingdom, South Africa, Australia and Asia.

### **Lesson #1. New Knowledge and Technologies**

Recognizing the need to change management principles may be one thing - actually doing it is another. To move management principles to the next rung on the evolutionary ladder requires new knowledge and technologies. Most often this means the incorporation of knowledge and technology that was not available when previous management principles were created. The solution to a problem requires new thinking and new approaches.

Enlightened leaders take advantage of new knowledge. A full ninety percent of what we currently know about how the human brain works has only been learned in the last ten years. Old principles of human management simply didn't understand what it was they were designed to manage (i.e., people). As we discover more and more about how our brains work, though, we are discovering knowledge that can be applied to managing both others and ourselves more effectively.

Enlightened leaders incorporate this new knowledge into their management systems. They take advantage of what is now known about how the human mind works and what it can tell them about: natural behavioral preferences, motivations, even decision-making talents and non-talents.

Today there are all sorts of very accurate, very reliable and very easy-to-understand tools available to aid corporations in making decisions about their people. Gone is any psychobabble that requires a PhD to understand and gone are the 45-minute tests in a quiet room. Today's new human sciences go much deeper than first generation instruments could. They look at new areas of natural talent that play a much deeper role in an individual's success and satisfaction at work.

By using these modern tools leaders can drastically improve their decisions around who to hire, where to place them and how to manage them. Without them, management is left to speculation, trial-and-error, and the almighty "gut feeling."

## **Lesson #2. Always select for the win/win outcome**

For most of history, the process of hiring a new employee involved a greater focus on the company's needs and much less on the prospective employees' needs. The main focus was on what the applicants brought to the table, not what the table held for the applicant. It often took on more of a win-lose scenario, where the primary focus was on what the company needed not the other way around.

Enlightened leaders change that. They see the relationship more as a mutual partnership than a subjugated one. It has to be a win-win for both sides. A worker in Henry Ford's day sought to fulfill much more basic needs like food and warmth. Today's worker, however, seeks to fill needs much higher needs - and they seek to do so at work. Put bluntly, they expect more from their jobs than simply a paycheck and two weeks off each year.

The enlightened leaders of today appreciate this and focus on a balanced approach to selection where they seek to satisfy the "Four Variables of Selection":

1. What does the job require (for success)
2. What does the job provide (to the individual)
3. What does the individual require (to be satisfied)
4. What does the individual provide (to the job)

By treating the selection process as match-making between two people, enlightened leaders ensure that they are satisfying both sides of the selection coin. They do this by comprehensively understanding the core competencies of the job, and being able to compare the needs of both the job and the individual to find matches that last longer and are more productive.

Again, use new technologies to help in this selection process:

- Decision-making profiles – to understand *What* natural talents a person might

- possess
- Motivational profiles – to help understand *Why* a person is motivated to use their talents and work
  - Behavioral profiles – to help understand *How* a person likes to exhibit their natural talents and motives

In so doing, they ensure that people are using the right talents, for the right reasons, in the right way.

### **Lesson #3. Manage the Individual**

Enlightened leaders realize that the individuality of talents so they appreciate the need for individual paths to success. The objective may be universal, but each individual's approach must be tailored and customized. Unenlightened management assumes that all people can follow the same path to the end objective, and they end up creating very rigid, detailed methods and rules for working. This fails to appreciate the individuality of the workforce, which fails to maximize the full potential of that workforce.

I may be taught the steps of the sale, but in order to be most effective I must adapt that role to maximize my unique strengths and minimize my unique weaknesses. I must find my own way to successfully accomplishing the goal. I cannot do the job in the same fashion as someone else or I will be trying to succeed using someone else's talents, not my own.

This approach requires enlightened management principles that are flexible enough to allow the manager or employee to modify their own approach to the objective. In other words, management must be willing to let the individual chart his or her own course to the objective. Here we find many enlightened leaders expanding upon Drucker's Management by Objective principles.

### **Lesson #4. Develop the Individual**

Just as they seek to appreciate individual strengths, weaknesses and talents when hiring and managing people, enlightened leaders also realize that when it comes to developing them, they must also develop the individual. This means that not every person will want or need the same training, the same career path or the same growth opportunities. They don't assume that every sales rep wants to become a sales manager. They don't look down on someone who has found their niche and has decided to stay there, instead of climbing the corporate ladder as all good manager *should* do.

Enlightened leaders know there are many paths to personal success and happiness in their organization. Unenlightened management assumes that everyone can achieve success in pretty much the same way, following the same procedures, techniques and

paths. Enlightened managers realize that Sue may want to stay a customer service representative for 20 years, and be the best damn representative the company has ever seen.

If we look at professional sports, again, we see a great example. Most professional coaches were not super star athletes and most star athletes make poor coaches. The talent set possessed by the best in both roles are quite different. Since natural talents can be quite fixed and habitual, many times such promotions serve only to undermine the individual's success, cause poorer results, increase frustration and end in termination (voluntary or otherwise).

Enlightened leaders and enlightened organizations appreciate this and create many levels of success within a single chain that allow employees to be promoted while staying true to what made them successful in the first place.

Instead of promoting someone out of their natural talents, try giving them a way to utilize them even more.

## **Summary**

Human capital is the new most important asset and companies that appreciate this and respond accordingly greatly increase their odds of thriving, while those that don't are in for a rude awakening and years of double-timing it to catch up.

The new intellectual economy requires that every level of the organization realize these facts quickly and everyone executive, line manager, and front line supervisor will need to integrate this awareness into the very culture of their organization in order to succeed.

People are no longer something that just HR worries about. Talent is now everyone's number one job because without it nothing else happens. Those who don't get this will quickly be surpassed by those who do – and at light speed.

Remember, today all profits are generated between the ears!

The Genius Files is a series of educational articles crafted from lessons learned in the recently concluded Genius Project (a seven-year, 197,000, twenty-three country study of what drives individual excellence in the new knowledge worker economy).

The Genius Project is the foundational research behind the latest book from Innermetrix Inc Founder and CEO Jay Niblick titled, *What's Your Genius – How the Best Think for Success*.

To view the entire Genius series, or to learn more about how you can unleash your own genius, please visit <http://www.whatsyourgenius.com>.