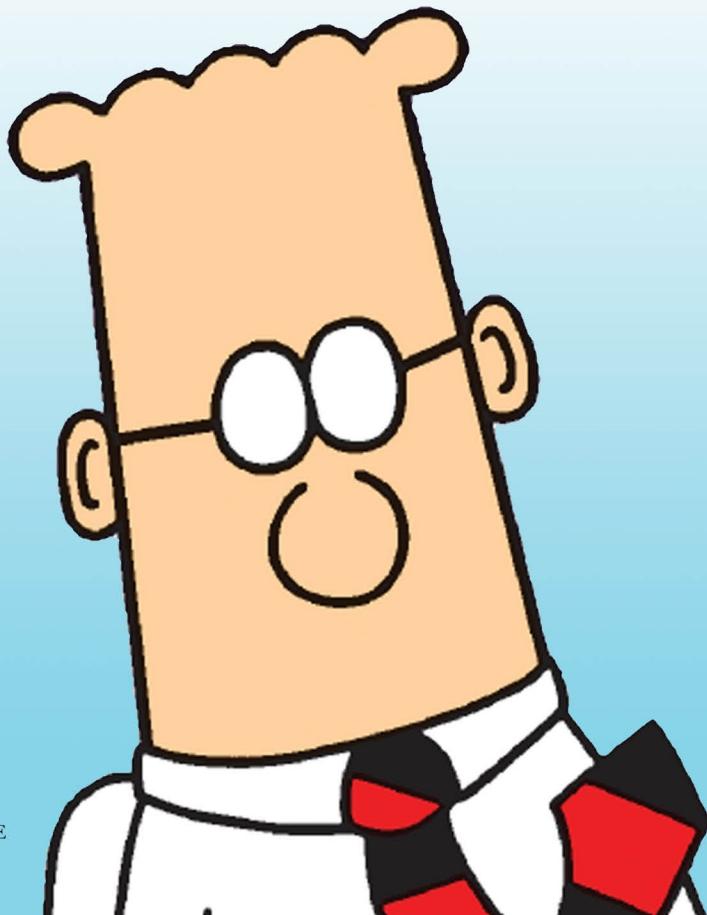


THE ASPEN INSTITUTE COMMUNICATIONS AND SOCIETY PROGRAM

SOLVING THE DILBERT PARADOX

BY RICHARD P. ADLER



Solving the Dilbert Paradox

Richard Adler

Rapporteur



Communications and Society Program

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Washington, D.C.

2011

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The Aspen Institute
One Dupont Circle, NW
Suite 700
Washington, DC 20036

Published in the United States of America in 2011
by The Aspen Institute

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Printed in the United States of America

ISBN: 0-89843-545-5

11-006

1816CSP/11-BK

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This report is written from the perspective of an informed observer at the Aspen Institute Roundtable on Talent Development. Unless attributed to a particular person, none of the comments or ideas contained in this report should be taken as embodying the views or carrying the endorsement of any specific participant at the Roundtable.

Foreword

Institutional leaders often claim that their most important concern is the selection, retention and satisfaction of quality talent. Yet, true to the popular Dilbert cartoon, many of the very talented employees that these leaders have in their sights are under-appreciated, under-utilized and dissatisfied. This “Dilbert Paradox” finds expression in wasted opportunities for organizational learning, collaboration, and access to knowledge and ideas outside the corporate hierarchy.

In response to this dilemma, in July 2010 the Aspen Institute Communications and Society Program convened leaders from diverse organizational perspectives to discuss how firms and organizations can overcome the “Dilbert Paradox.” How can they maximize the innovation and productivity that talent—inside and outside of the organization’s walls—can offer?

In the hyper-connected world of instant global commerce and competition, steady results are not enough. The firm of tomorrow needs to innovate through contributions from all employees. Thus the question top executives face today is how to structure firms to create an environment that encourages talent productivity through innovation and creativity? Talent is an increasingly important asset, and learning how to develop that asset has become an urgent priority.

This report, written by Richard Adler, is the third in our series of roundtables on Talent Development. It captures the insights of the conference, exploring the issues of organizational structure, technology, culture, leadership and policy.

In start-ups everyone involved tends to feel they are part of the family or at least a piece of the story. How can larger, more established firms create a similar sense of commitment? This report details how some large organizations, as well as start-ups and small companies, have been experimenting to give their employees new opportunities to make productive innovations. And it finishes by exploring policies to enable the United States to be a platform for self-realization and innovation.

Acknowledgments

I would like to take this opportunity to thank the Deloitte Center for the Edge for being our senior sponsor for the Roundtable. In addition, we thank InnoCentive and Credit Suisse for sponsoring this conference; John Hagel and John Seely Brown for their inspirational leadership and their suggestions and assistance in recruiting participants, and Richard Adler for weaving the Roundtable's dialogue, background readings, and his own independent research into a concise and coherent report.

Finally, I thank Kiahna Williams, Senior Project Manager, and Tricia Kelly, Assistant Director of the Communications and Society Program, for their efforts in producing this report and the Roundtable itself.

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Washington, D.C.
March 2011

SOLVING THE DILBERT PARADOX

Richard Adler

Solving the Dilbert Paradox

Richard Adler



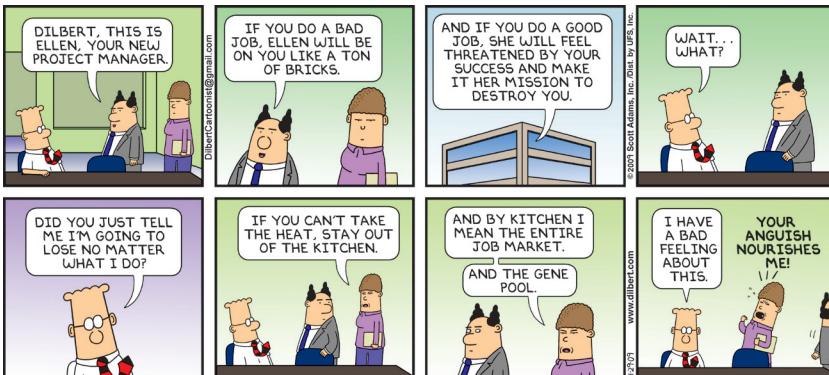
If you ask top executives at almost any company what their most important priority is, they will almost invariably say that it is “talent”—the quality of the people that work for them. But if this is true, how to explain the enduring popularity of Dilbert and its portrayal of beleaguered workers trying to survive in an environment where independent thinking is discouraged, individual initiative is anathema and risk taking is routinely punished?

The explanation for this seeming contradiction, according to John Hagel, Co-Chairman of the Deloitte Center for the Edge, is that executives typically think about talent in relation to two specific tasks: attracting talented people to their companies initially, and retaining them if they seem likely to leave. What gets ignored is everything in between these two points. If executives think about developing talent, they typically see it in terms of providing training. But the value of formal training is becoming increasingly marginal. Real talent development is the product of an environment that encourages workers to improve their capacities by taking responsibility for making meaningful contributions to their organization. This involves encouraging people to identify problems that need to be solved or opportunities that can be pursued, then empowering them to take on these challenges.

Another misperception about talent development is that it is relevant only to employees with the highest leadership potential—usually a fairly small, select group. But in fact, every employee has some talents, and the most successful firms will figure out how to bring out the talent in all of their workers. The real solution to the Dilbert Paradox does not involve creating new training programs to improve workers' skills but a far-reaching rethinking of the entire work environment—operations, information technology, strategy development—in a way that maximizes opportunities for talent development.

The question that was at the center of the 2010 Aspen Institute Roundtable on Talent Development: What prevents us from resolving the Dilbert Paradox in a way that creates a positive, productive work environment and supports the development of talented workers at the same time?

The roundtable began by examining the underlying causes of the paradox and the barriers to creating more supportive workplaces. It then explored potential strategies for overcoming these barriers and, in particular, the role of leaders in bringing about these changes. The final session addressed how public policy might promote a more effective approach to talent development.



November 2009

Defining the Dilbert Paradox

Why do workers feel disgruntled? People get discouraged when they feel that they are not able to use their full capabilities to make a meaningful contribution or are not recognized or appropriately rewarded when they do contribute. According to John Hagel, capitalism has historically regarded workers merely as components in a larger system—as cogs in a machine—a view that has little place for individual initiative. In such a system, workers work to get a paycheck, not in order to feel satisfied. Work has been engineered to maximize output, not to encourage individual autonomy.

But change is in the air, and not just in the United States. Kyung Yoon, Chief Executive Officer of Talent Age Associates, described the experience of the largest steel foundry in China. At first, workers there were happy to have jobs and were willing to work hard every day under close supervision. But over time, they came to believe that they could do better and were no longer satisfied to serve as standardized components in a big machine. Increasingly, they are expressing themselves and airing their complaints on the Internet.

Worker alienation is particularly endemic in big organizations. People working in small start-ups are generally happy because there are few rules that must be followed and roles are not rigidly defined. As Reid Hoffman, Executive Chairman and Founder of LinkedIn, put it, “everyone is part of the story” in a start-up. Since success is rarely if ever guaranteed in the early days of a new venture, everyone must operate close to the edge. In fact, the experience of being in a start up is something like throwing yourself off a cliff and attempting to build an airplane on the way down. If you succeed, you get to fly; if not, it’s game over. In such a high stakes environment, it is hard to feel unneeded or unmotivated.

In a large enterprise, by contrast, it is much rarer for everyone to feel that they are “part of the story.” Once a company has more than a few hundred employees and multiple levels of management, executives inevitably begin to worry about how to keep control over what happens. An emphasis on control is particularly true in a world in which business is being driven by short-term expectations about performance.

The desire for predictability often leads to a proliferation of rules and procedures. Even in an environment that supports collaboration, too much expression of individual initiative is often discouraged because it can interfere with the smooth functioning of teamwork. The ideal employee in such a setting is someone who subsumes his or her personal interests to the larger goals of the firm.

Feeling that one is part of a story that makes sense is important in order for workers to feel good about their jobs, but it is not the whole picture. Art Kleiner, Editor-in-Chief of *strategy+business* Magazine, noted that most people are engaged with several different stories at the same time: the story of their company, the story of their profession, the story of their individual life circumstance, and the story of their family. When these stories are not in sync, people get upset, and it is often easiest to express dissatisfaction with one's job.

Jonathan Spector, President and CEO of The Conference Board, noted that workers are deeply influenced by the way that they interact with their managers. In fact, if a company has a compelling story about its mission or its values, and a manager is not living up to that story, the effect can be worse than not having a clear story at all: story and management must be aligned. Ian Friendly, Executive Vice President and Chief Operating Officer of U.S. Retail for General Mills, agreed that the role of the manager is critical. Surveys done in his company have found that workers are affected by both the organization's macroclimate—how the company is doing and how its mission is perceived, and their individual microclimates—their particular roles and how they relate to their immediate supervisors. Of the two, the latter is consistently more important in determining workers' morale.

At eBay, which grew from a small start up to a large organization in a relatively short period of time, there has been a major focus on expanding the leadership capacity in the company, according to Beth Axelrod, eBay's Senior Vice President for Human Resources. Their company recognizes that its people "seek meaning and a sense of purpose" in what they are doing. There are many different ways to make sure that employees believe that what they are doing really matters, but no amount of "meaning" can overcome the impact of a bad manager or make up for the violation of a worker's trust.

Defining Talent

As the Roundtable progressed, participants realized that they needed a common understanding of what they meant when they talked about “talent.” Tara Lemmey, Chief Executive Officer of LENS Ventures and Net Power & Light, offered the Wikipedia definition of talent as “an innate aptitude possessed by a few people. Talent is not the same thing as a skill, which can be acquired.” (Hire for aptitude; train for skill.)

Talent ≠ Skill

Diana Rhoten, Co-Founder and Managing Director of Startl, agreed that talent is different than skill. It is, she suggested, closely related to an individual’s disposition and personality:

Talent = Skill + Disposition + Personality

Brian Behlendorf, Collaboration Advisor to the U.S. Department of Health and Human Services, noted that in the world of open source development where he spends much of his time, the most valuable people are those who work hard, are productive and are able to communicate well:

Talent = Skill x Creativity x Ability to Communicate

John Hagel suggested that talent involves a distinctive outlook, which he described as a “questing disposition”—a propensity to actively seek out and take on challenges because they are challenging. It also includes the ability to develop relationships with others, both within and outside of one’s particular organization, that effectively leverage one’s individual abilities in order to deliver real value internally and externally:

Talent = Skill + Questing Disposition + Relationships

Finally, Joi Ito, Chief Executive Officer of Creative Commons, added the concept of a person's "worldview"—one whose outlook is goal-oriented, socially-oriented and collaborative.

Kyung Yoon pointed out that the definition of talent has evolved over time. Originally, it was thought of as something rare and unique, "an innate ability possessed by a few people," something that was associated with movie stars and models and was not part of the vocabulary of business. Then it became fashionable to talk about talent as a characteristic of outstanding top executives. More recently, we have begun to see talent as something that can be found at every level of an organization. One reason for this change is the growing popularity of lattice structures designed to empower everyone no matter where they are located in a corporate hierarchy. Technology has also been a factor: by plugging into the network—even from home—anyone can be instantly connected and empowered.

Although characteristics such as disposition and worldview may be extremely important, everyone's worth in a business context is ultimately determined by their ability to produce something of value. One way to quantify talent, according to Dwayne Spradlin, President and Chief Executive Officer of InnoCentive, is by looking at the net present value (NPV) of individuals' ability to turn inputs into outputs, or their productivity.

Noting that talent may be a characteristic of an individual or of a group, Deloitte Partner Jeffrey Schwartz offered one more definition:

Talent = Ability of an individual or group to achieve a goal

The Imperative for Change

Why is the notion of talent coming to the fore at this particular time? John Seely Brown, Independent Co-Chair of the Deloitte Center for the Edge, pointed out that most large companies in existence today emerged and grew in an era that was generally more stable. But now we find ourselves in a period of constant, rapid change. Time has, in effect, sped up. As a result, leaders need to understand power in terms of the ability to get things done rapidly:

$$\text{Power} = \text{Work done per unit time}$$

If U.S. businesses are to remain competitive globally, good performance is no longer enough; companies must move from good to extreme performance. Ann Pendleton-Jullian, Walter H. Kidd Professor and Director of the Knowlton School of Architecture at The Ohio State University, noted that if the former is mainly a matter of discovering and exploiting good ideas, the latter involves getting people to stretch beyond what they ordinarily are capable of doing.

In such a hyper-connected environment, an effective leader needs to be willing to take risks and to create an environment that encourages risk taking among others. This involves allowing people to fail with the knowledge that there are support systems in place to back them up. At the same time, “mortal fear” can provide a powerful antidote to complacency and become a motivator for extreme performance. Scott Pitasky, Corporate Vice President for Talent and Organization Capability at Microsoft, added that one of the most important roles of a manager is understanding how much mortal fear employees can tolerate in order to decide how much challenge to provide to them.

This new, more open environment is based, in part, on the connections made possible by the emerging architecture of networks, which Ann Pendleton-Jullian described as “rhizomic,” a non-hierarchical structure (like lawn grass) that promotes a multiplicity of connections.¹

A shift does seem to be occurring in business from a focus on ladder structures to lattice structures. Different organizations are at different stages in making this transition, but the emerging model is not about “managing the firm,” but rather “orchestrating change” or “composing the organization” to grow. Instead of talking in mechanistic terms about “maximizing human capital,” we need to find a more biological language to help us understand the new workplace. Tara Lemmey pro-

...the emerging model is not about “managing the firm,” but rather “orchestrating change” or “composing the organization” to grow.

posed replacing the concept of managers with concepts like curators, coordinators and supporters. While managers are vital in process-oriented organizations, where they are typically focused on maintaining control over a firm's ongoing operations and activities, the main tasks of these new roles are to provide a "big vision" that gets everyone to buy in and to create an environment that allows workers to function well under conditions of uncertainty. By allowing, even encouraging, workers to take risks and try new approaches to solving problems, these leaders help them to develop their competencies. While the concept of an orchestrator is appealing, it only makes sense in the context of a truly networked organization. It is necessary to have a functional lattice structure in order to view talent as a collective capability rather than as a static, individual attribute.

Some believe that making this shift is not optional. InnoCentive's Dwayne Spradlin argued that if we do not master talent networks, we could become irrelevant as a society. We need to realize that talent development is not just about personal fulfillment for workers, but is a vital response to the growing pressure on businesses to improve their performance.



Barriers to the New Workplace

Is the platform burning? If you believe that American business is truly in trouble, then there is good reason to question the way things are being done and to be willing to take a risk in trying a different approach. But if you believe that there is no fire, that the platform is perhaps just getting warm around the edges, then there is not likely to be a sense of urgency about the need for change. According to Microsoft's Scott Pitasky, this complacent view still predominates in

corporate America. Executives may give lip service to the importance of talent development, but they actually invest relatively little to support it in relation to all of the other priorities that demand resources.

To illustrate the gap between perception and reality, Art Kleiner of *strategy+business* Magazine told a story about the launch in the early 1980s of a major new marketing campaign by ExxonMobil (known at the time as just Exxon) around the message that “the customer comes first.” To celebrate the kickoff of the campaign, the company organized a day-long retreat that involved some 3,000 people who participated both in person and by closed-circuit television. At the end of the day, the company’s top 25 executives met for a celebratory dinner.

After considerable dining and wining, one young rising star held up his glass to make a toast. “Gentlemen,” he stated, “we all know that the customer doesn’t really come first in this company. Joe [the head of the division] comes first. Then our CFO comes second, then our COO, then the head of our North American Operations, then the head of European Operations...” and so on. The customer, in this list, came eighth (the head of HR did not make the list at all). After this speech, all eyes turned to Joe to see how he would react. He just smiled, and the group broke into laughter. And the young upstart who had proposed the toast kept his job. The point of the story, Kleiner added, is that it is generally more useful to pay attention to what an organization actually does rather than what it says it does.

A major barrier to overcoming the Dilbert Paradox, according to John Kunzweiler, Chief Executive Officer of M Squared Consulting, is that American businesses look at their employees transactionally. Workers are paid for achieving specific objectives, not for being creative or coming up with innovative solutions to tough problems. As a result, “good ideas die on pay day.” Establishing a compensation structure that balances specific, measurable objectives with longer term development is a difficult challenge, and there is a massive disconnect between these two priorities in many organizations. Ian Friendly added that the highest priority at General Mills is “getting something done”—like making sure that the company’s yogurt gets on the store shelf. Compensation is related to outcomes. However, he noted that compared to European companies, American businesses are less rigid and more flexible in assessing and rewarding employee performance.

Kyung Yoon of Talent Age Associates, LLC also focused on the importance of compensation and of power. Workers are very conscious of who has power in an organization, which translates into: Who has the power to pay me and to give me a promotion? There is a real difference between this kind of hierarchical power and the horizontal power in networks where people can use their skills and talents to generate value for themselves and for others.

...“development is intensely personal” and depends on a high level of trust within an organization....

Beth Axelrod

Effective organizations find a balance between policies and practices that support individuals and those that support collective, collaborative action.

eBay's Beth Axelrod believes that most business leaders understand intellectually that developing people is a vital part of driving business performance. In fact, most leaders can look back at their own careers and find important moments of learning that helped make them who they are. But many of them are unable to follow through on this experience. They do not see talent development as an integral part of their jobs, and they do not know what they can do to provide learning expe-



December 12, 2009

riences for their own employees. Nor do they create an environment that fosters development. Perhaps most fundamentally, they fail to see the linkage between their own (lack of) focus on development of their people and corporate performance.

Axelrod also observed that “development is intensely personal” and depends on a high level of trust within an organization—trust between people and trust in the fairness of an organization’s processes. The best leaders demonstrate that they can be trusted and convey this sense to others; they act as role models.

Getting Past Dilbert

Patterns for establishing authority and exercising control are deeply embedded in a corporate culture. For a company that is not talent-driven (which probably encompasses the majority of large enterprises), making the shift to a new paradigm is a long journey. Jonathan Spector observed that he could not think of any established large company that has successfully made the transition from the old hierarchical model to a new talent-focused model. Managers in big companies routinely take actions that undercut workers’ sense of initiative and discourage risk taking.

Companies that are talent-driven typically begin as talent-driven firms. McKinsey is an example: it is not enough to be a great salesman there; if you do not also demonstrate leadership qualities, you will be fired. But this standard was established when the company was founded 60 years ago. Changing an existing organization is more difficult. Having spent 20 presumably fulfilling years at McKinsey, Spector has tried to introduce a similar culture at The Conference Board, a considerably smaller organization that he now heads. He has been attempting to bring about this change for three years, and he is still not confident that he will be successful.

Dwayne Spradlin, President and CEO of InnoCentive, pointed to the U.S. military as an example of a well-established institution that has undergone a far-reaching transformation. Rather than being trained

to simply carry out orders, today's soldiers are being prepared to make decisions on their own and to act as diplomats. If the military can change so dramatically, then any organization should be able to change.

Art Kleiner of *strategy+business* Magazine concluded the discussion by arguing that making the transition from a transactional perspective to a relational perspective is a key step in overcoming the Dilbert Paradox. He also made a useful distinction between three different types of power that exist within organizations:

...making the transition from a transactional perspective to a relational perspective is a key step in overcoming the Dilbert Paradox.

Art Kleiner

- *Hierarchical power* is based on who has the authority to pay me, a purely transactional model. From this perspective, power flows from one's position.

- *Functional power* is based more on who has the ability to get something done regardless of his or her formal title.

- *Cognitive power* describes the ability of people in an organization to influence the actions of others by the strength of their personalities and their convictions, by setting an example or acting as a role model that others voluntarily chose to emulate or follow. This type of power does not need to be exercised directly, but can be quite powerful and far reaching.

(A fourth type of power is *network power*, or the ability of individuals to leverage their own abilities by connecting with others, both inside and outside an organization.)

In many organizations, it is possible to find examples of each of these styles. It may be that an organization's ability to achieve a balance among these different types of power can provide a good measure of its effectiveness.

Strategies for Overcoming Dilbert

Some organizations—including some large, well-established ones—have taken deliberate steps to move from focusing solely on pursuing scalable efficiency to creating a working environment that supports individual development and encourages solving problems through tinkering and improvising. In some cases, these strategies involve providing periodic opportunities for employees to work outside of their usual roles, often through collaboration on an innovative project. In other cases, they may entail a fundamental restructuring of how work is done.

Reid Hoffman, Co-founder and Executive Chairman of LinkedIn, started the discussion by citing the AnnaLee Saxenian's classic study of regional advantage.² She found that the unparalleled success of Silicon Valley in harnessing innovation was based in large part on the extensive interpersonal networks that exist among workers in the region, fostered by a culture that supports openness, sharing and mobility. More parochially, Hoffman described how LinkedIn has attempted to harness the creativity of its employees by instituting a formal process for breaking down the functional distinctions that limit peoples' creativity and initiative.

LinkedIn's InDays. The company sponsors a monthly "InDay" during which all employees are invited to set aside their normal responsibilities in order to work collaboratively on a specific issue or challenge. The topic for each month's activity is chosen by the company's executives and announced in advance, and everyone in the company is encouraged to participate—providing a combination of top down and bottom up initiatives. Participants self-organize into teams and make arrangements for their own work spaces and food for the day. Each team records its work in order to have an output to report at the end of the day.

These monthly events grew out of an impromptu "hackday" that took place during the holiday season in 2007, and each InDay now includes a hackday contest where teams of employees rapidly create a prototype of a solution, usually in the form of software. At the end of the day, each team is given five minutes to present its results to a panel of judges who award prizes for the best solutions. These hackdays have produced several results that have been adopted by the company. For

example, one team created an operations monitoring program that has become a standard tool used throughout the company. In the fall of 2010, the company launched LinkedIn Labs (www.linkedinlabs.com), a website that provides a public showcase for some of the more interesting products of the hackdays.

Intuit's Brainstorm. Intuit, another successful Silicon Valley company, has also developed a number of techniques to “knock the rust off the machine” and encourage both good ideas and individual initiative. All employees are allowed to devote 10 percent of their work time to pursue personal projects (this compares to Google’s well-known policy of allowing staff to take 20 percent of their time for their own projects). According to Per-Kristian Halvorsen, Intuit’s Chief Innovation Officer, the yield on employee’s free time has increased over time. He also described Brainstorm, a wiki-like software tool created by a group of Intuit employees to help them propose new ideas, seek help from others to develop their idea by posting “help wanted” ads on the system and then track their progress.

Anyone in the company can use Brainstorm to review the status of ideas currently under development, add their own comments or suggestions, or request to join a project team. The system also makes recommendations on who might be a good addition to a team based on their activity within the system.³

The success of Brainstorm has helped Intuit move from introducing three or four new innovations per year from 1998 through 2007 to more than 20 innovations per year since 2007.⁴ Currently, there are more than 200 ideas under active development in the system. After growing Brainstorm internally, Intuit is beginning to offer it as a tool to other companies.

The Power of Permission at Hoover’s. A simple way to empower employees and encourage initiative-taking within a traditional organization is to give people permission to behave differently. When Dwayne Spradlin served as Chief Executive Officer of Hoover’s, a business information publisher, he found a lot of “entrenched behavior” that was nonproductive. To begin the process of change, he went to the group with the lowest average salary (and presumably the lowest morale), which was the company’s customer service department, and asked them to identify the biggest problem that they were dealing with.

This turned out to be the inability of customers to change their passwords online, which was responsible for generating approximately half of all calls that came in to the support department. The problem had been identified for at least two years and had been clearly communicated to the IT department, which had the responsibility for fixing it, but had not done so. Spradlin gave the customer service department permission to solve the problem themselves, which they promptly did. As a result, the employees went from “being beaten down to feeling super-empowered.”

The lesson from these examples is that allowing people to organize themselves around projects can be transformational. But it is up to leaders to move beyond the frameworks that they inherit and give employees permission to exercise the power that they in fact want to have.

The Direct Project: Accelerating Government Innovation. A relatively new initiative in the world of health care provides another example of the potentially transformational power of a project, in this case in the context of the federal government. In 2005, the U.S. Department of Health and Human Services (HHS) began to develop a National Health Information Network (NHIN). This was an attempt to create a robust electronic infrastructure for sharing important health-related information among multiple agencies.

The project grew out of a realization that a great deal of time and effort had been invested in developing standards for the format and structure of medical information (such as the data in health records), but relatively little attention had been paid to how this information could actually be shared by different parties. According to Brian Behlendorf, Collaboration Advisor of the CONNECT Program at the U.S. Department of Health and Human Services, it was as if the creators of the Internet had focused all of their attention on deciding whether HTML or PDF was the best standard for presenting information online, but forgot about creating a standard like the URL (uniform resource locator), the simple address scheme that was and is the key to allowing information to be easily found and accessed anywhere on the World Wide Web.

In 2008, to provide this missing component, the developers of the NHIN decided to create a “gateway” platform—NIHN Connect—a resource that any health care agency could run on the boundary of its

organization. The key principle of NHIN Connect was that it made it possible to send and receive messages in a standardized format to other agencies without having to prescribe how information inside an organization is organized.

The project was well funded, and was carried out in a traditional governmental process: specifications and parameters for the project were carefully defined in advance and a contractor was hired to carry out the work. In an effort to increase the usefulness of the NHIN, the government decided to use an open source model for development of the software.

In fact, this approach did expand participation in the project: an open source community began to grow around the effort and several private companies built applications to extend the functionality of NHIN. However, this effort also had significant limitations. Development was being done in Java, an open source tool that is powerful but relatively difficult to learn. Some parties criticized the effort as being too broad and trying to accomplish too much at one time. And using NHIN Connect required a relatively high degree of trust since (much like the web) information placed in the system would be available to any other party who requested it, a requirement that was at odds with the stringent standards designed to protect the privacy of sensitive medical information.

Then, in late 2009, a decision was made to pursue an alternative approach that would be faster and less complicated to implement because it was more limited in scope. This new project, known as NHIN Direct, would be more like a mail service in which two parties could directly exchange information between themselves (rather than making it publicly available), which simplified the issue of trust. In addition, the development process for this alternative would be much less structured.

Brian Behlendorf convinced HHS to experiment with a lightweight “organic” process that involved inviting any interested party to participate. He proposed to serve as orchestrator or coordinator of an open development process (an “air traffic controller”), rather than as a contractor responsible for writing the software. The goal was to have a working prototype completed by the end of 2010 (funding for the project would end in 2011).

The Direct Project, as it came to be known, was built around a wiki that could be accessed and edited by anyone (<http://nhindirect.typepad.com/nhin-direct>). A weekly open conference call was set up to identify issues needing attention and keep all interested parties informed of the project's process. Notes from the calls were published on the wiki.

When the project was officially launched in early 2010, the expectation was that it would attract perhaps a dozen outside participants. But within a few months, more than 60 organizations, including a number of major software and healthcare IT companies, had gotten involved. Over a period of nine months, the project progressed from an initial discussion of the goals of the project to development of a model to creation of a set of prototypes to the launch of two pilot implementations.

The goal of the Direct Project was not to replace the larger NHIN effort, but rather to serve as a complement to it⁵ (for example, the Veterans Administration is working on integrating the functionality of Direct into its implementation of NHIN Connect). The project shows how a small, focused effort can quickly yield results that provide an easy first step toward realizing the larger goals of a National Health Information Network. It also serves to demonstrate the advantages of an open, collaborative development process as a viable alternative to the slower, more structured processes that have been more typical of government-funded projects.

...allowing people to organize themselves around projects can be transformational.

Cisco's Councils. Can companies operate in more than one structural mode at a time? After all, the chances that a company will voluntarily abandon its core activities are very slim.

One of the most ambitious efforts to move from a traditional command-and-control structure to a more dynamic organization is underway at Cisco Systems, which has attempted to introduce a new structure even while maintaining its old organizational form. According to Annmarie Neal, the company's Chief Talent Officer and Vice President of the Cisco Center for Collaborative Leadership, Cisco's Chief Executive Officer, John Chambers, concluded several years ago that the company had to make a fundamental change in how it operated if it was to keep

up with the accelerating rate of change brought about in large part by the company's own technology, which powers much of the Internet. Chambers believed that when fully deployed in a company, technology has the potential to dramatically increase productivity. But to fully realize these benefits, companies have to change the way they operate. They need to become what he describes as dynamic networked organizations.

Although Chambers was committed to making a transition to a new way of operating, he faced a practical challenge: As a publicly traded company, Cisco must continue to meet the expectations of shareholders that the company will continue to generate annual revenues of at least \$40 billion with gross margins above 60 percent. This kind of consistent financial performance comes from scalable efficiencies. But while that may be a requirement for the company's present, it is not enough for the future. Chambers needed to figure out how Cisco could get the benefits of a new structure without prematurely abandoning the benefits of the existing structure. In other words, he was unwilling to kill off the old system until he was confident that he had something better to replace it.

Chambers' solution was to overlay a new structure of councils and boards on top of the existing functional organization. A council is made up of approximately 10 members from different parts of the company who are given a mandate to focus on a major area of opportunity that represents at least \$10 billion in revenue. For example, councils were set up to focus on enterprise customers, on consumers, on emerging countries, and on "emerging solutions," as well as a council that focuses on the company's internal business processes.

While the traditional organizational divisions are responsible for current performance, the councils have explicit responsibility to act "in the service of Cisco's future." To that end, their function is to create a vision and develop a strategy and an execution plan for each segment. Initially, executives were expected to spend at least 30 percent of their time on council activities, but more recently that expectation has increased to 50 percent as the contributions of the councils have become more valuable.

Within each council are a number of smaller "boards" that take responsibility for pursuing opportunities with a revenue potential of at least \$1 billion. Boards may focus on a new opportunity or on a sub-

segment within the scope of the larger council. The councils started out following a sort of nonprofit model, but have increasingly taken on the discipline of a “soft P&L” as a way of measuring their effectiveness.

A more recent and more dynamic innovation at Cisco is the Action Learning Forum (ALF), which is specifically designed to accelerate innovation in products or business processes. While councils are semi-permanent, ALFs have a finite life. They last for 16 weeks, at the end of which they are expected to come up with a concept for a new business or innovation with a potential of at least \$1 billion. Each Forum includes six to seven teams with eight to ten members selected from the company’s most promising high-potential executives. The company runs one ALF in the fall and one in the spring of each year. At the end of each ALF, the members are expected to present a complete business plan to a board that operates like an internal venture capital fund deciding whether or not to support the Forum’s plan.

Several major new lines of business, including Cisco’s Smart Grid Solutions and its TelePresence videoconferencing system, emerged from the ALFs. The Forums also made significant contributions to shaping business processes such as the company’s quality and portfolio management strategies. In some cases, the ALF team members disband at the end of their assignment; in other cases, they move on to implement the plan that they developed.

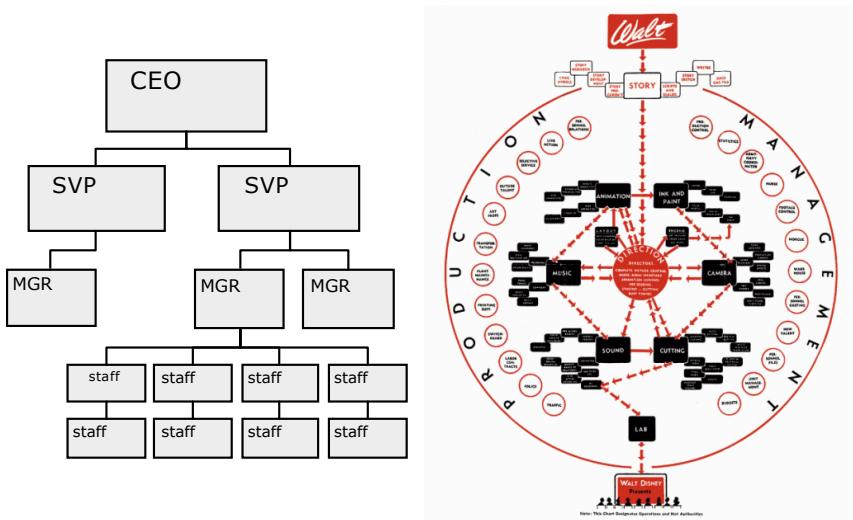
Hoffman’s Sandboxes. LinkedIn founder Reid Hoffman described two strategies for empowerment that he depends on when he is composing a new organization. First, he gives the people who work for him a “sandbox” that they can operate in, and then tells them not to bother him until they get to an edge. Second, he establishes what he describes as a “semi-explicit contract” with new workers that extends beyond their tenure at one company. This contract describes the kind of ongoing relationship that Hoffman is willing to have with them, including a way for them to ask him for help, if and when they decide to leave the company and move to a new position. Hoffman noted that he has established this kind of relationship with more than 2,000 people who have worked for him over the years.

Moving Beyond the Org Chart. Is it possible to enjoy the advantages of a traditional organization without having an organization at all, even having at least a minimum of structure? Two examples

of companies in different types of businesses, with different types of workers—LiveOps and LENS Ventures—illustrate how a very small core organization can leverage the assets of a much larger workforce. According to Tim Whipple, LiveOps Vice President for Community Operations, the company has taken advantage of advances in technology to provide clients with customer service and other call center applications through a network of independent contractors working at home. The company has just 330 full-time employees, but employs more than 20,000 individuals around the country. Thanks to an advanced technology platform, these individuals can work from home during hours that are convenient for them.

Another model for leveraging talent is Tara Lemmey's LENS Ventures, which describes itself as an "innovation investment and development company." LENS helps large organizations engage in the kind of forward-looking innovation that is typical of small start-ups. LENS works with companies such as American Express, Best Buy and Nokia to help them to "option the future" by identifying important trends and then collaboratively creating next-generation products and services that respond to these trends.

Conventional Org Chart vs. Creative (Walt Disney) Chart



Source: <http://daringfireball.net/misc/2009/12/disneyorgchart.gif>

Challenging the notion that every new opportunity is best addressed by hiring more employees, Lemmey believes that a better template for innovation is provided by the process of making a movie. When she was in college, Lemmey studied computer science and theater and film. After graduating, she worked as a filmmaker and a television producer. To create a TV program, a group of people were hired for a period of 13 weeks. After working together intensely for a finite period, the production team disbanded and went on to other projects. By working on multiple projects over time with different groups of people, individuals are able to develop their abilities and grow their network of contacts in the industry.

For the past decade, Lemmey has been applying this studio model to LENS Venture's engagements. The starting point for innovation in this model is not a business plan, but a script that tells the story of what a project intends to accomplish and what impact it is expected to have. What drives the venture is not direction from the "top," but rather a group effort, organized by a producer and director whose task is to bring the story to life. This concept is illustrated graphically by a "circular" org chart from Walt Disney that reflects a story-driven organizational structure, in contrast to a conventional hierarchical organization.

Other than a few people to fill core roles in finance and operations, there are no employees to hire. Rather, as script writer/producer/director, Lemmey identifies and recruits the talent needed to bring the script to reality—that is, to bring together teams ranging in size from four to more than 100 people with the particular skills and expertise needed to carry out the analytical and creative tasks required for each engagement. Key contributors may be anywhere in the world. Although it is preferable for a team to connect in person, some team members may never be involved in face-to-face meetings. There are some people whom she will work with on multiple projects, while others may be involved with a single venture.

Although team members operate as contractors, they are treated as more than just vendors. It is the power of the story that provides cohesion and a sense of direction to a project team. Just as a movie in production tracks its progress by viewing film shortly after it is shot (dailies), these projects focus on accomplishing a series of short-term

goals that team members gather (physically or virtually) to review on a regular basis. In this model, everyone has a role to play, and everyone on the team knows that they are part of the performance.

Lemmey acknowledges that the traditional model of the firm is appropriate for ongoing operations such as distribution or other routine or mechanized activities that depend on a substantial infrastructure. But it is not necessarily the best approach to pursuing new opportunities. If this new model takes hold, it would further erode the security that is typically provided by ongoing employment and expand the role of free agents. If people are going to work primarily as independent contractors based on their personal skills, we may see the re-emergence of guilds that support these individuals by providing opportunities for professional development over time and access to the benefits (like pensions and health insurance) that come from a long-term membership.

Seeking an Inflection Point

Initiatives such as these challenge traditional assumptions about the need for well-defined corporate structures and for well-specified roles for individual employees. But are they just isolated examples of experimentation or are they harbingers of a deeper change? As Ann Korologos, Chairman Emeritus of the Aspen Institute, asked, is this just more of the same in a new guise or is it a true inflection point?

What is different today is the rate of change, which is putting ever greater pressure on companies to innovate more rapidly in order to remain competitive. New technologies that allow for instant global communications and support new forms of connection and collaboration are part of the underlying drivers of change as well as part of the potential solution for coping with change. Perhaps the most distinctive characteristic of new technology is its ability to foster “horizontal” communications, not only within organizations, but across traditional organizational boundaries.

Ultimately, this big shift may impact countries as well as individual organizations. Tara Lemmey suggested that, if we take these trends

and their implications seriously, the United States itself could be seen as a “platform” whose most important export is democracy and whose fundamental goal is to maximize the human potential of its citizens. Platforms need application programming interfaces or APIs—a set of defined functions that allow a software program to interact easily with other programs. If the U.S. is a platform, it’s APIs—the distinctive characteristics that allow other countries to “plug and play” with us—are the English language, science and technology.⁶

Visas that allow talented foreigners to come to this country to learn and work are another critical API. Restricting access to this country by limiting visas, as has happened in the post-9/11 world, may be exactly the wrong strategy if the goal is to protect the competitive strength of the U.S. (for more discussion of policy issues related to talent development, see the last section of this report).

Although the concept of the United States as a platform for maximizing human potential may seem somewhat far-fetched, it has some serious scholarly support. Art Kleiner cited the work of constitutional scholar Philip Bobbitt, who has argued that the basic rationale for the existence of the government of a nation has evolved steadily over the centuries: in the 16th century, the state existed to serve the prince; in the 17th century, it existed to serve the king. In the 18th century, the fundamental purpose of the state was to manage the country efficiently, and in the 19th century, its primary role was to forge the identity of the nation. In the 20th century, the rationale for the state became to better the welfare of the people of a nation. And now in the 21st century, the goal of the “marketplace state” is to maximize opportunities for citizens.⁷



July 20, 2006

Leadership in Talent Driven Organizations

In Dilbert's world, there are managers and executives who are a reliable source of misery and frustration for Dilbert and his fellow workers, but there are few if any true leaders. The problem is that the higher up the chain of command someone is, the less he or she is likely to know about the realities of the work that needs to get done to produce something of value. Their power derives from their position in a hierarchical structure, which can be disconnected from their knowledge or their ability to lead.

Leaders must leave space for workers to get things done.

Dilbert is, of course, a caricature. People at the top of an organization often deserve to be there. Many have worked their way up from the bottom and in the process have learned firsthand the inner workings of a business. Having a strong hierarchical structure in which decisions flow

from the top down is appropriate for an organization whose goal is to achieve scalable efficiency in its operations. Success in such a system is generally tied closely to operations (getting the yogurt on the shelf) and is measured almost exclusively in quantitative terms. A well-designed hierarchy is like a well-designed building: people feel comfortable in it because they feel that they fit. The problem is that, despite many years of experience, we still do not know very much about how to properly design a hierarchy. The reason that most people dislike hierarchies is that they have never been in one that was well designed.

Another complicating factor is that leaders' credibility is not based solely on the authority derived from their position. Credibility also derives from the sense of a leader's legitimacy, which cannot be conferred externally but must be earned. In fact, an important aspect of an organization's culture is the informal rules that specify how legitimacy is obtained. One of the main reasons that leaders who are brought in from the outside often fail is that they have authority but have to earn legitimacy from the people who work for them. According to Joi Ito of Creative Commons, true leadership is emergent. Most successful leaders do not even think of themselves as leaders until they find themselves being followed. In places like Japan and Scandinavia, workers choose their leaders, and their choice is ratified by the board.

Corporate leaders are generally responsible for three key domains: culture, strategy and people. According to Dwayne Spradlin, President and CEO of InnoCentive, Inc, culture specifies how much risk is acceptable to take and how much individual freedom employees are granted. While an organization's culture is vitally important, it is also difficult to change ("culture eats strategy for lunch"). The only one who can do it is an organization's leader. Timing is also critical: a crisis is often an effective spur for change, but it must be managed properly. Too much mortal fear or too much change can make an organization dysfunctional.

There is no single leadership style that works in all situations. Spradlin identified four distinctly different styles, each of which is appropriate to a different type of organization and a different environment.

First, there is the "leadership of hope" that inspires others to be brave and to take chances (the style that characterized President Obama's electoral campaign).

Second, there is "institutional leadership" that is based on setting an ambitious goal then motivating workers to achieve it (P&G's former CEO, A.G. Lafley, who opened up the company to new forms of external collaboration,⁸ is a good example).

A newer, less familiar form is "self-organizing leadership" exemplified by the open, explicitly non-hierarchical structure of Wikipedia.

Finally, there is "individual leadership" that can be manifested by workers at all levels in organizations who take it on themselves to make something happen (a style that is captured by the dictum from Mark Pincus, the co-founder of online game-maker Zynga, that every employee is "CEO of something.")

This latter definition is critical to talent-driven organizations that are committed to maximizing opportunities for all employees to take responsibility and drive change. A top leader, no matter how skilled, who is intent on making all of the key decisions personally, is an obstacle to empowering others in the organization. Leaders must leave space for workers to get things done.

**...a leader's role
should actively
encourage...pro-
ductive friction.**

John Seely Brown

What leaders choose not to do may be as important as what they actually do. John Kunzweiler, Chief Executive Officer of M Squared Consulting, described how he went to work for a company led by a former South African political prisoner who told Kunzweiler after he was hired that he did not want him to get consumed in the day-to-day details of running the company, to limit his work hours and not get lost in the forest. His job was to set the firm's strategy and then get out of the way. He discovered that it was not easy to resist the temptation to constantly "get in there and lead." Dwayne Spradlin agreed that "getting out of the way" is a form of leadership—and can be hard work.

**...true
leadership is
emergent.**

Joi Ito

What is particularly hard is to watch someone's project flounder and not move in and take over and fix it.

Another way for a leader to avoid stifling individual initiatives is to simply leave the office. Tara Lemmey, Chief Executive Officer of Net Power and

Light, recounted that as she was preparing to come to Aspen, a big argument was taking place in her organization about whether a particular initiative was a good idea or whether it was even possible. She departed without resolving the issue and subsequently got reports that what had been assumed to be impossible was in fact being done.

Lemmey noted that her views of leadership were strongly influenced by her experience as an early employee of People Express, the pioneering low-cost air carrier. Employees spent half of their time on the ramp, getting planes in and out, and the other half of their time in functions like marketing and PR. When there was a crisis, everyone pitched in until it was resolved. Employees were divided into 10 different teams and each team was instructed to choose its own leader. Some people actively campaigned for the job; in other cases, people who were chosen to be team leaders got tired of the role and gave it up. Initially, those who were selected as leaders were generally the "coolest" people in the group, but before long, those who were the most organized tended to get the job.

The logical extension of this experience is an organization that is role-based rather than hierarchical. In such a structure, the board or the CEO is not "at the top," but is responsible for defining and main-

taining a long-term vision for the organization. Rather than relying on traditional leaders to make decisions for others “below” them, there can be “super-nodes” of people who coordinate other roles and actions. As Beth Axelrod noted, an important criterion for a new leader might be someone who can be the “social architect” of an organization (though she acknowledged that this concept is probably not commonly found on a board’s list of abilities they are seeking in a leader).

There are, in fact, multiple models for leadership in both hierarchical and talent-driven organizations. In both cases, the CEO is responsible for setting strategy and deciding how limited resources should be allocated. But in a talent-driven firm, some of the CEO’s traditional responsibilities are delegated to others. This diffusion of power can make the leader’s job more complex. If workers are free to disagree with decisions, some mechanism is needed to manage the tension.

John Hagel responded by proposing that a leader’s role should actively encourage what he describes as productive friction. This notion runs directly counter to the old view that the leader’s job is to reduce friction in the system in order to increase efficiency. But in this new view, friction can be useful if it leads to better solutions and spurs better outcomes. In a rapidly changing, hyper-competitive environment, a leader’s most critical challenge is to drive extreme performance. And the best way—perhaps the only way—to move to a new level is to ignite the passion of everyone in the organization. People who are passionate about something are a likely source of friction. By establishing mechanisms for resolving conflicts, leaders can help ensure that friction is ultimately productive.

Beyond the Box. Transforming the culture within an organization may be necessary to encourage talent development, but it may not be enough. John Seely Brown noted that the discussion to this point had been almost entirely focused “inside the box.” But this perspective overlooks the potential of building networks that extend beyond the firm and allow individuals to connect and collaborate with people no matter where they are located. Many organizations are dependent on supply chains (both backwards for inputs to production and forward to distribution channels). Brown asked, what is the role of leadership, and of productive friction, in supply chains? How can a company leverage the talent that resides in these networks? Rather than seeing a sharp

boundary at the edge of an organization, what happens if the boundary between inside and outside is seen as permeable?

There are compelling examples of how companies can leverage the power of external networks by orchestrating productive friction to improve everyone's performance. Li & Fung is a Hong Kong-based firm that has assembled a global network of more than 10,000 specialized apparel manufacturers. Li & Fung not only provides these suppliers with orders but promotes their constant improvement by benchmarking their performance and encouraging competition among network members. The power of Li & Fung's approach was highlighted in early 2010 when the company signed an agreement to provide up to \$2 billion per year in apparel to Wal-Mart Stores.⁹ This agreement represents a unique partnership between a powerful but traditional retail company and a distinctly non-traditional network-based organization.

Another example, described in last year's Aspen Institute Talent Roundtable report, is the Community Network created by SAP, a major supplier of enterprise software.¹⁰ This global online network links thousands of the company's customers with each other and allows them to collaborate on finding solutions to problems related to using SAP software. The network helps customers make better use of SAP's products, allows SAP to leverage the collective knowledge of its large customer base, gives individual participants opportunities to improve their skills and to gain recognition for their contribution, and allows SAP to leverage the collective knowledge of its large customer base. According to Mark Yolton, Senior Vice President for the Community Network, his biggest challenge now is to convince the company's management of the business value of the Community Network to SAP.

Public Policy Issues

How can public policy play a positive role in supporting the development of talented workers and encouraging the growth of talent-driven organizations? Policy options range from creating an economic climate that allows new ventures to flourish to policies that focus on updating laws governing labor relations or that make it easier or more difficult for talented individuals to work in the United States.

Although it is widely understood that the U.S. now competes in a global marketplace for talent, policies still exist that were developed

at an earlier time and that work against the development of talent. In addition, post-9/11 security concerns have tended to erect new barriers to the free movement of talented workers to the U.S. Other countries have been more effective in welcoming talent from around the world. In Singapore, for example, the Ministry of Manpower sees itself as responsible for attracting talented people who can contribute to growing the nation's economy. In fact, ministry staff members receive bonuses based on the number of people that they bring to the country as permanent residents. They offer a "concierge service" that will travel to other countries to facilitate migration of talented individuals to Singapore. The national government also maintains a website that provides easy access to information for foreign businesses interested in setting up shop in the country (see www.business.gov.sg).

By contrast, U.S. policies seem to be focused primarily on maintaining security by limiting immigration. According to Joi Ito of Creative Commons, the global allure that was once exerted by Silicon Valley has diminished as companies and individuals find attractive opportunities to work in many different countries. One barrier is U.S. tax policy, which imposes an exit tax on foreign nationals who want to leave the country after becoming residents. The result is to discourage entrepreneurs from establishing residency in this country. If it is serious about competing globally, the U.S. needs to work more on attracting talent, rather than erecting barriers.

Another example of a shortsighted view of the realities of global competition is seen in the 2006 controversy over the proposed management of six major U.S. ports by Dubai Ports World. The controversy focused on the presumed threat to national security that would be posed by a foreign company (and a Middle Eastern one at that) taking responsibility for the management of a critical part of the country's infrastructure. What got left out of the debate was the potentially positive impact of the takeover of this activity by a company with world-class expertise in these sophisticated operations. As John Hagel noted, if the takeover had been allowed to proceed, improvements in port operations could have had far-reaching, second-order effects in improving the coun-

...in a talent-driven firm, some of the CEO's traditional responsibilities are delegated to others.

try's position in world trade. A more enlightened debate would have included consideration of the effects of such a development on innovation and talent development in a global context.

In an intensely networked world, policy issues around talent go beyond the question of bringing talented workers into this country; they also involve policies that affect the ability of companies to connect effectively with talent anywhere in the world. This issue is framed in

If we are serious about promoting the development of talent, we need to look at developing policies that support the growth of networks....

terms of outsourcing and the threat that it poses to U.S. jobs. Protectionist policies are generally motivated by a desire to mitigate risk, but the cost of these policies can be to stifle innovation. If we are serious about promoting the development of talent, we need to look at developing policies that support the growth of networks that maximize connections among talented workers and employers.

Other policies affect the mobility of workers domestically. Today, nearly one-third of all American workers are not regular employees, but are independent contractors. Labor laws that were designed to protect freelancers from being exploited by employers also serve to restrict the kinds of work that non-employees can do and how they do it.

The problem is regulations have not been able to keep up with the evolution of how work is actually done. LiveOps employs more than 20,000 independent contractors around the country, but according to Tim Whipple, Vice President of Community Operations at LiveOps, the company has chosen not to engage with contractors in several states where freelancing is less accepted. LENS Ventures has just two employees (Tara Lemmey and an assistant), but works with hundreds of individuals who operate as limited liability companies (LLCs) rather than as independent contractors. In effect, she is hiring many small businesses. But an agency like the Small Business Administration works on the assumption that every small business intends to grow into a large business and does not recognize the potential of network effects that can be generated by the creative collaboration of many small enterprises.

Any country that is serious about creating an environment that supports talent development also needs to pay attention to its infrastructure, ranging from high speed rail to broadband communications to the impact of security-screening policies in airports. Policies that encourage home ownership also have the effect of limiting workers' mobility. And the country's educational system is probably the most critical infrastructure component of all. International surveys consistently show that the U.S. is no longer a leader in preparing students to compete effectively globally as well as domestically.¹¹

Building a Talent Coalition

As Deloitte's Jeff Schwartz observed, we are in a networked/ecosystem world, but our policies still are focused on protecting individuals and organizations. What is needed is a fresh analysis of the economic implications of this shift. And then we need to create a robust coalition that would promote a better understanding of how the world has changed and what is at stake. In fact, this topic could attract a coalition of "strange bedfellows"—liberals and conservatives, unions and academics—who could come together to support a common policy position on talent development. Cisco's Annmarie Neal also suggested that corporate globalization officers could be important supporters of such a coalition.

There are several themes that could provide an effective focus for such a coalition. Talent development is fundamentally about the opportunity of individuals to achieve their full potential, a goal that could attract wide support. Ian Friendly of General Mills suggested that policies that favor talent development are innately "citizen-centric." In addition, as the Conference Board's Jonathan Spector noted, there is potentially a strong alignment between the economic needs of the country as a whole and of individual firms around the issue of maximizing the development of talent.

Where should such a coalition focus its efforts? Most coalitions focus on Washington and national policies, but governors are also an important constituency, particularly in areas like educational policy. In terms

**Policies that
favor talent
development
are innately
“citizen-centric.”**

Ian Friendly

of research efforts, Joi Ito suggested that, rather than starting from the top down, it could be useful to seek “interesting places” where conditions have come together to support robust talent development, and then work with them to move even faster.

Conclusion

For much of the 20th century, the United States was the principal economic engine and the leading source of innovation for the world. As such, the U.S. was a powerful magnet for talent from all over the world, which helped to strengthen the country’s dominant role in the global economy. In Silicon Valley, arguably the global epicenter for innovation in technology, a large proportion of all start-up ventures were for decades headed by immigrants to this country.

Talent development is fundamentally about the opportunity of individuals to achieve their full potential.

By the end of the century, this country’s position as the dominant source of innovation in the world was much less secure. The ranks of highly educated workers have grown rapidly in many countries, which have emerged as formidable competitors for knowledge work as well as for low-wage manufacturing and services. Even companies headquartered in the U.S. have established major R&D centers abroad to develop new products for rapidly growing international markets as well as for this country. And while the U.S. is preoccupied with protecting its homeland against foreign threats, many other countries are lowering barriers and actively seeking talented workers to contribute to their economies.

To be sure, the U.S. still retains some important advantages: a strong entrepreneurial spirit, a large and diverse educational system, a culture that values (and expects) progress, and a lively consumer sector that welcomes novelty. But these advantages may no longer be enough. As John Hagel and John Seely Brown have documented in their Shift Index¹², the overall performance of American businesses, as reflected in multiple metrics, has declined steadily for several decades, making the U.S. less competitive globally. If we want to reverse this troubling trend, we need to get better at developing the talents of American workers and work

harder at attracting talent from elsewhere in the world. Examples presented in this report show that it is possible for organizations, both large and small, to move from good performance to extreme performance. The question now is what has to happen to turn these isolated examples into a broad movement to maximize the talent of all workers.

Notes

1. “Gilles Deleuze and Félix Guattari used the term ‘rhizome’ to describe theory and research that allows for multiple, non-hierarchical entry and exit points . . . In *A Thousand Plateaus*, they opposed it to an arborescent conception of knowledge, which worked with dualist categories and binary choices. A [lawn-like] rhizome works with horizontal and trans-species⁹ connections, while a [tree-like] arborescent model works with vertical and linear connections.” Idril Metaluna’s Blog, May 31, 2009. Available online: <http://idrilmetaluna.wordpress.com>.
2. AnnaLee Saxenian, *Regional Advantage: Culture and Competition in Silicon Valley and Route 128* (Harvard University Press, 1994).
3. Bill Ives, “Intuit Brainstorm Provides Innovation Management and Collaboration,” *The App Gap*, September 9, 2009. Available online: www.theappgap.com/intuit-brainstorm-provides-innovation-management-and-collaboration.html.
4. Tad Milbourn, “Catalyzing innovation and collaboration in the organization with Social Media,” PowerPoint presentation. Available online: <http://mediax.stanford.edu/docs/seminars/f09/IntuitBrainstorm.pdf>.
5. For a detailed comparison of Direct and NHIN, see Helen Pfister and Sandra Newman, “Nationwide Health Information Network and NHIN Direct,” iHealthBeat, November 4, 2010. Available online: www.ihealthbeat.org/features/2010/nationwide-health-information-network-and-nhin-direct.aspx.
6. Lemmey is currently writing a paper that explores this concept in greater detail.
7. Philip Bobbitt, *The Shield of Achilles* (Anchor Books, 2003).
8. For a description of P&G’s shift from internally-focused innovation to a model based on extensive external collaborations, see Larry Huston and Nabil Sakkab, “Connect and Develop: Inside Procter & Gamble’s New Model for Innovation,” *Harvard Business Review*, March 2006.
9. Karen Talley and Kate O’Keefe, “Wal-Mart, Li & Fung Sign Sourcing Deal,” *The Wall Street Journal*, January 29, 2010. Available online: <http://online.wsj.com/article/SB10001424052748704878904575031173584170054.html>.
10. Richard Adler, *Leveraging the Talent Driven Organization* (Aspen Institute, 2010).
11. See, for example, “China surges in global student test scores, a ‘Sputnik moment for U.S. education,’” *World Tribune*, December 13, 2010. Available online: www.worldtribune.com/worldtribune/WTARC/2010/mz1204_12_10.asp.
12. See <http://www.deloitte.com/us/shiftindex>.

APPENDIX

Solving the Dilbert Paradox

July 29–July 31, 2010
Aspen, Colorado

Roundtable Participants

Richard Adler
Research Affiliate
Institute for the Future

Beth Axelrod
Senior Vice President,
Human Resources
eBay, Inc.

Brian Behlendorf
Collaboration Advisor,
CONNECT Program
U.S. Department of Health
and Human Services

John Seely Brown
Independent Co-Chairman
Deloitte Center for the Edge

Charles M. Firestone
Executive Director
Communications and Society
Program
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Ian R. Friendly
Executive Vice President
and
Chief Operating Officer,
U.S. Retail
General Mills

John Hagel
Co-Chairman
Deloitte Center for the Edge

Per-Kristian Halvorsen
Chief Innovation Officer
and Senior Vice President
Intuit

Reid Hoffman
Partner
Greylock Partners
and
Co-Founder and
Executive Chairman
LinkedIn

Joi Ito
Chief Executive Officer
Creative Commons

Art Kleiner
Editor-in-Chief
strategy+business Magazine
Booz Allen Hamilton

Ann McLaughlin Korologos
Chairman Emeritus
The Aspen Institute

Note: Titles and affiliations are as of the date of the conference.

John Kunzweiler

Chief Executive Officer

M Squared Consulting, Inc.

Tara Lemmey

Chief Executive Officer

Net Power & Light

Annmarie Neal

Chief Talent Officer

and

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Cisco Systems

Ann Pendleton-Jullian

Walter H. Kidd Professor and
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Architecture Section

Austin E. Knowlton School
of Architecture

The Ohio State University

Scott Pitasky

Corporate Vice President for
Talent and Organization
Capability

Microsoft

Diana Rhoten

Co-Founder and
Managing Director

Startl

Jeffrey Schwartz

Partner

and

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About the Author

Richard Adler is a Research Associate at the Institute for the Future, Palo Alto, California. He is also President of People & Technology, a consulting firm located in Silicon Valley.

Richard has written a number of Aspen Institute reports, including reports from the two previous Talent Roundtables: *Leveraging the Talent-Driven Organization* (2010) and *Talent Reframed: Moving to the Talent Driven Firm* (2009). Other Aspen Institute reports that he has written include: *News Cities* (in press); *Media and Democracy* (2009); *m-Powering India* (2008); *Minds on Fire: Enhancing India's Knowledge Workforce* (2007); and *Next Generation Media: The Global Shift* (2007). He is also the author of *Healthcare Unplugged: The Evolving Role of Wireless Technology* (California HealthCare Foundation, 2007) and is co-editor of *Texting 4 Health* (Stanford Captology Media, 2009).

Richard is Fellow of the World Demographic Association and serves on a number of local and national boards. He holds a BA from Harvard, an MA from the University of California at Berkeley, and an MBA from the McLaren School of Business at the University of San Francisco.

Previous Publications from the Aspen Institute Roundtable on Talent Development

Leveraging the Talent-Driven Organization (2010)

Leveraging the Talent-Driven Organization details how a number of firms are using social networking tools to open up communication, collaboration and learning across boundaries, and leveraging these tools to develop new products and real-time solutions for customers. The report, written by Richard Adler, is the result of the Inaugural Roundtable on Talent Development. 48 pages, ISBN Paper: 0-89843-519-6, \$12.00 per copy

Talent Reframed: Moving to the Talent-Driven Firm (2009)

Talent Reframed: Moving to the Talent-Driven Firm offers new rules for organizations seeking to attain and develop a talented workforce amid a rapidly changing and increasingly globalized business environment. The report, which sets the premise for a new series of Aspen Institute Roundtables on the Talent-Driven Firm, explores how organizations can build talent by relying less on traditional command-and-control structure and more on horizontal collaboration and shared learning. The report, written by Richard Adler, also features a white paper by John Hagel and John Seely Brown. 46 pages, ISBN Paper: 0-89843-498-X, \$12.00 per copy

To purchase these books, please contact publications@aspeninstitute.org.

About the Communications and Society Program

www.aspeninstitute.org/c&s

The Communications and Society Program is an active venue for global leaders and experts from a variety of disciplines and backgrounds to exchange and gain new knowledge and insights on the societal impact of advances in digital technology and network communications. The Program also creates a multidisciplinary space in the communications policy-making world where veteran and emerging decision makers can explore new concepts, find personal growth and insight, and develop new networks for the betterment of the policy making process and society.

The Program's projects fall into one or more of three categories: communications and media policy, digital technologies and democratic values, and network technology and social change. Ongoing activities of the Communications and Society Program include annual roundtables on journalism and society (e.g., journalism and national security), communications policy in a converged world (e.g., the future of video regulation), the impact of advances in information technology (e.g., "when push comes to pull"), advances in the mailing medium, and diversity and the media. The Program also convenes the Aspen Institute Forum on Communications and Society, in which chief executive-level leaders of business, government and the nonprofit sector examine issues relating to the changing media and technology environment.

Most conferences use the signature Aspen Institute seminar format: approximately 25 leaders from a variety of disciplines and perspectives engage in roundtable dialogue, moderated with the objective of driving the agenda to specific conclusions and recommendations.

Conference reports and other materials are distributed to key policymakers and opinion leaders within the United States and around the world. They also are available to the public at large through the World Wide Web at <http://www.aspeninstitute.org/c&s>.

The Program's Executive Director is Charles M. Firestone, who has served in that capacity since 1989. He also served as Executive Vice

President of the Aspen Institute for three years. He is a communications attorney and law professor who formerly was director of the UCLA Communications Law Program, first president of the Los Angeles Board of Telecommunications Commissioners, and an appellate attorney for the U.S. Federal Communications Commission.