DISCONTINUOUS CHANGE:
What Does 1913 Teach Us?

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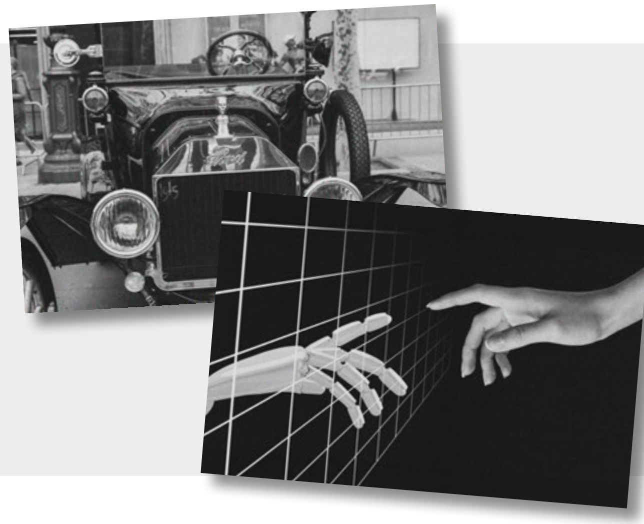


"To be the best you had to be faster than all the rest."

As we face the second quarter of the 21st-century, there is every indication that we are at a turning point. To get a sense of the scope, scale and speed of disruption involved, we have to go back to the introduction of the assembly line in 1913. What happened a hundred years ago wasn't simply change, it was "discontinuous change." What was is no longer and what is about to be totally replaces it. As for speed of change – in a decade and a half (1909–1925) the world was turned upside down. In 1908 Ford Motor Company hand built only 729 cars. In 1925, Ford's assembly line produced two million of the legendary Model T. From two cars a day Ford went to 10,000.

There are seven clear lessons for today's leader:

1. In 1900 there were thousands of small factories making horse-drawn carts, wagons and buses. These were highly skilled operations. A wheelwright apprenticeship was at least five years. Overnight those factories were gone and so were the fortunes they created. Expect the same kind of business and social impact from artificial intelligence (AI). When the mother of a Spartan warrior sent him off to battle, they parted with her simple life or death message. "The life of the phalanx rests with your shield. Come home with it or on it." Today's business warrior faces a similar challenge. "When the emerging technology train takes off be on it … or be crushed by it."

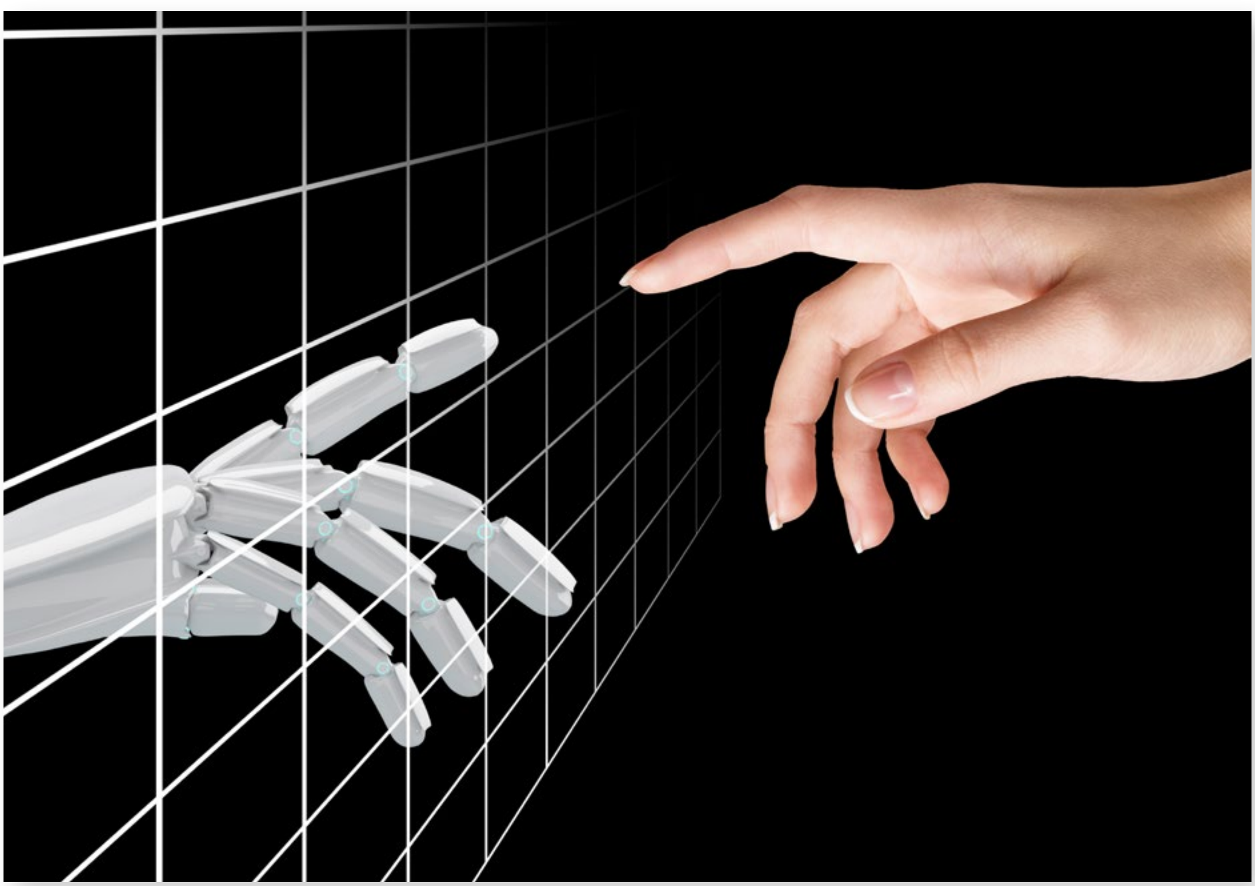
2. The name of the new game in town isn't simply better results, it's a faster way to be. Faster because the world is getting ever faster. Faster because the only sustainable competitive advantage is how quickly you learn. The learning introduced a hundred years ago was packaged as "scientific management." Efficiency and the stopwatch ruled. To be the best you had to be faster than all the rest.

   There are three ways to learn. **Simple learning**. Theme: *Efficiency. Continuous improvement*. **Learning how to learn**. Theme: *Innovation*. Taking the product or services to the next level. **Learning how to learn limited only by the imagination of the learner**. Theme: *Creativity*. Reinventing the market. At each stage of learning speed and agility take a quantum step forward. In its day, Ford Motor Company dominated the automobile market. It did so because the company developed a manufacturing system that, when supported by the right approach to learning (instruction), made it impossible to compete with.

3. Although it wasn't framed as such, the name of the game in the early part of the last century was culture. In any period of discontinuous change you must get culture right. From our own research and that of others, today, only about one organization in five manages its culture. Power moves into a vacuum. If you are not managing your culture – it's managing you. If you are not managing your culture – someone else is. Meanwhile, culture is not a workshop, a problem to be fixed or a once-a-year topic on the top team's strategic agenda. And it's certainly not a project to be delegated to the human resource function. Consider the points at issue.

- Culture must be managed from the outside-in but demands leadership (inspiration) from the inside-out. Is it clear what tomorrow's customer wants to buy … and how they want to buy it?
- Rational decision-making or guesswork? Are you managing your culture? Do you have a meaningful way to measure the culture you have and the culture you need? How did you ensure that the executive you hired most recently was selected, in no small measure, because they were a "fit" for the culture the organization is moving towards? The single most problematic reason a new executive hire struggles or disappoints is lack of cultural fit/adjustment.

4. As it was a hundred years ago, organization design will be late to the party. It wasn't until 1931 that the "M" type structure evolved and, with its arrival, the true conglomerate. Although only in embryonic form, there are, nevertheless, a number of clear signals about where we are heading.



- The 20th-century hierarchical organization is ill equipped to support the agility and responsiveness needed today.
- Tomorrow's organization will be a team of teams.
- Tomorrow's structure will, of necessity, be Fast, Flat, Focused, Flexible and Fertile to new ideas.
- Assume an organization structure where there is virtually no hierarchy; the speed of learning and agility are a competitive advantage; and the capacity to self-organize is an essential characteristic. And to make all this possible? Factor in an AI core (hub) that connects different parts of a diverse network in real time – a hub that shares market information, ensures strategic clarity, captures success, stimulates innovation, facilitates community and enables **collaboration** to flourish.

5. As his business moved further into the 1920s, Henry Ford's refusal to bring the Model T up to date resulted in slumping sales. The myopic philosophy behind "any colour as long as it's black" eventually caused a loss of twenty dollars on each car produced. Trapped by his own success (and arrogance), Henry Ford came close to bankruptcy.

   To play the new game in town will demand new skills – some obvious, some not. Beyond skill, the environment is moving so fast that a step change (discontinuous change) means letting go of the assumptions that brought us to where we are – recalibrating what we know to be true – a way to think that is best described as a "beginner's mind." The arrogance of "knowing" casts a long shadow. Learn to see with new eyes. Let go of thinking that you know the best way forward. Listen to every suggestion and/or idea as if it's the first time that you have heard it. If you are open to being surprised, don't be surprised if you are surprised. "Don't go where the path may lead. Go where there is no path and leave a trail." – Ralph Waldo Emerson.

6. One hundred years ago (1918/1919) the world was overwhelmed by a pandemic – the Spanish flu. It killed more people than World War 1. The COVID-19 pandemic was something of a repeat performance. A million people died in the US alone. And yet COVID-19 was different. It was more than a public health threat. It was a social catalyst. A trend already underway was

given renewed emphasis. When you step back, pretty well everything is about power. And power in the organization is, undeniably, moving from the employer to the employee – from the shareholder to the key stakeholders.

Top talent is not only more difficult to find, it's more footloose than ever. This raises a pivotal business question, "Do you know – not think you know but really know – why your top talent stays?" If you are a leader, when it comes to retention, our research and that of others points to the following as having primacy.

- Hire the right people in the first place. As many managers have a somewhat superficial approach to talent acquisition, this is not an easy fix.
- Create a sense of belonging.
- Be a leader who cares.
- Live and emphasise the organization's values.

- Align opportunity with capability.
- Provide choice around blended employment. A 20th-century mindset means to be wedded to the traditional workplace. The dilemma? The employees the organization needs the most will demand a degree of choice.
- Deliver personal growth. When people stop growing, when they feel that they lack currency in the job market, looking elsewhere becomes inevitable.

7. The alter ego of discontinuous change is learning and development. Simply put: You can't develop the business unless you develop the people in the business. We are entering an era where people development is the make-or-break issue. You know you are developing the people in the business when the following are present:
   - The investment in people is informed by the culture/technology the organization needs to create.
   - The team leader works for the team.
   - Roles are structured such that capability and opportunity are aligned.
   - It is recognised that if you can't coach, you can't lead! To that end, coaching is alive and well – especially with those who hold down mission-critical roles.
   - Affirmation and "catching people doing it right" is a way of life.
   - The succession process is the envy of the competition.
   - The performance management process eschews the traditional normal distribution curve, a rating that reinforces mediocrity and a philosophy that means only one or two people on the team can be deemed to be operating at a level of excellence. In its place, a process that fully recognises the discretionary role of the team leader and their value as a coach … not as a judge.

Conclusion

When we look back a hundred years, it’s clear that embracing change as a future action isn’t an option. The top team might talk the talk but if they don’t walk the walk failure isn’t likely, it’s assured. As for discontinuous change? How people learn, technology, organization design, a reframed business model, remote employment, revisiting what it means to be a team, a reengineered supply chain and the need to revisit what it means to be a leader are the start of it. Measuring and managing culture is clearly part of it. But at the heart of it? Developing a beginner’s mind. And with 1913 in mind, remember, **it’s later than you think!**

John O. Burdett

"The only thing new in this world is the history that you don't know."

- Harry Truman

JOHN O. BURDETT has worked in over 40 countries as an executive and as a consultant for businesses that are household names. He continues to work on leadership development and organization culture for some of the world's largest corporations.

In 2019, his work with ABB's top 240 executives received a major international award for the most innovative leadership development initiative of that year. His ongoing partnership with TRANSEARCH International means that his proprietary work on talent acquisition, in any one year, successfully supports many hundreds of top leadership appointments on six continents.

He has written extensively on executive coaching and was awarded international coach of the year by the Finnish Institute of International Trade. Business graduates at the University of Texas indicated that his material on coaching was the single most valuable learning source they took away from their undergraduate degree. He has also coached numerous executive teams around the world in how to coach. He currently coaches a select group of CEOs.

Apart from a range of corporate leadership workshops, he has taught at business schools on both sides of the Atlantic. His work on the MBA program at the University of Toronto received a teaching excellence award. John holds a doctorate in management development and is a Fellow of the Chartered Institute of Personnel and Development.

In addition to numerous business articles and twice being awarded article of the year by MCB publications, John has published 16 books on leadership, talent management, coaching and organization culture. A number of them bestsellers. His most recent book is a fully revised version of his international bestselling book on executive integration: *Without Breaking Stride*. To download his current business articles go to www.transearch.com/orxestra/downloads