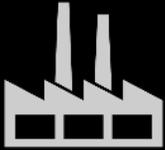


# Are You and Your Company Ready for the Imagination Age?

By Katharine McLennan (June 2018)

**INDUSTRIAL  
AGE**

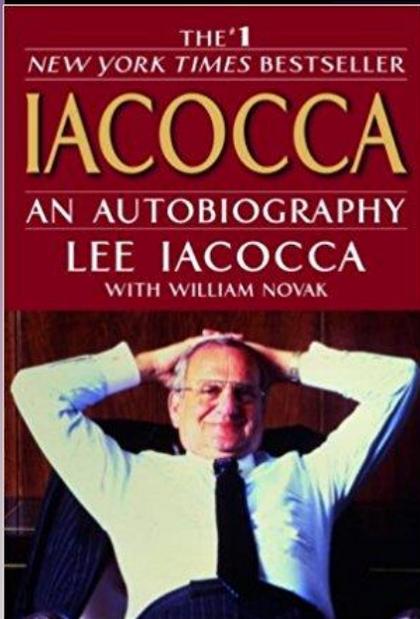


**INFORMATION  
AGE**



**IMAGINATION  
AGE**

**YOU?**



TimeToReflect.Today

IN THIS ERA OF THE IMAGINATION AGE\*, talent drives strategy. The Information Age has passed. Knowledge and therefore strategy quickly become a commodity that can easily be discoverable and passed on within hours between competitors across the world. The precious combination of continuous idea generation, customer enthrallment, employee activism and laser-like continuous improvement is an outcome of getting the right talent loving what they do, whom they work with and where they work as well as constantly adjusting the skills and psychology they need for the world that is emerging. This is the number one job of the CEO, and we are looking for a CEO that is ready to take that responsibility. There aren't many yet.

You've heard it before – in fact in 1997, the term "*The War for Talent*" was coined by McKinsey's Steven Hankin<sup>1</sup>. The ensuing book<sup>2</sup> in 2001 went on to describe how important the timeless principles of attracting, developing, and retaining highly talented manager was and how important talent was to the creation of value in an organisation. The book spoke at that time about A, B, and C talent players and used examples from companies such as GE, the Home Depot, PerkinElmer, Amgen and Enron.

But in 1997 and indeed in 2001, times were different. We were firmly in the Information Age, an age where knowledge and strategy reigned supreme and talent wasn't quite king of the kids. We still had yet to develop the type of connectivity and analytics LinkedIn, Facebook and Google would bring to us. We still had yet to understand the potential of cloud-based databases – in fact we had just launched Netscape (previously Mosaic) as an IPO in 1995, which by our calculation was the actual start of the Information Age officially. We needed Human Resources to manage the bulk of our organisations which remained in the Industrial Age and thought of its employees as "costs" which needed to be managed and maneuvered. Employees thought they needed to be protected through unions. Employees were the "human resources" as opposed to the plant resources and factory resources of the Industrial Age and the intellectual property of the Information Age.

And then 2001, the scandal in Enron broke out followed by Worldcom, Tyco, Healthsouth, FreddieMac, and AIG, and we

wondered if people were to be trusted after all. We responded with two decades of increasing regulation, restrictions and oversight to ensure those human resources would at last behave themselves. Perusing the front pages of the newspapers these days leads us to believe that we haven't exactly accomplished much by the billions of dollars we have spent in regulation and the bureaucracies and red tape we have established as a result. We have read in particular about all of the bank scandals and insist that the so-called "culture scandals" that have been discovered are really underlying long-term issues of talented people who have lost their compass north bearing and have applied talents in misdirected ways that could have possibly been detected had their motivations, disappointments, frustrations, disillusion, anger, and resentment been understood and then reoriented to a career, leader or environment that fit them more effectively. We can guarantee that depression, anxiety, drugs, and alcohol were all at play—all symptoms of people whose dreams were not being found in the work they were doing. Restricting and punishing them further by police type action is not the solution. Papering over this with revised values, new leadership development programs, nine-box talent diagrams, reformed performance management systems is also not the solution.

And then 2008, Lehman's collapse completely sent the business world into an Amygdala Hijack<sup>3</sup> of "freeze" – and if you were lucky as an organisation "fight" for survival and unlucky – "flee." Finance leverage and strategy still had to rule as we determined what we had to demerge and what the fortunate ones of us could acquire at a most excellent price. It is a shame that

83% of the organisations who went into acquisition mode failed to add any value to their organisation<sup>4</sup>. Had they attended to the individual talent and culture with the right approach, they would have. Instead, they chose to concentrate their focus on finance and strategy and left psychology and talent to chance. Big mistake.

Since 2008, we have certainly been experiencing the US Military's coining of the term VUCA, which by now all of you should know what that stands for. Those relishing companies such as Facebook, Amazon, Google, Sinopec, Berkshire Hathaway, China Natural Petroleum, Toyota, Volkswagen, Apple, Exxon and Walmart exponentially accelerated, and we watched the digital so-called disruptors of the gig economy arrive in the likes of Uber, Air BnB, Udemy, Shyp, UrbanSitter, etc.

It is clear to us that knowledge and having the best strategy in town is no longer the distinguishing characteristic in the winning companies – it is "talent." When the internet arrived, we moved out of the Industrial Age into the Information Age and the likes of the McKinsey, Booz, Bain and BCG firms moved the most efficiently to leverage "knowledge" and "strategy" as the thing you had to win and to grow. In today's world, however, the world has become so porous and quick that knowledge and strategy move between competitors within hours if not seconds and become outdated as soon as the first customer interacts with the service and begins to fundamentally change the underlying market dynamics in unexpected ways. We are now more than ever in the Imagination Age.

\*The term Imagination Age was described by Silvia Damiano as a context to her aboutmybrain.com i4 Neuroleader Leadership model that we need in this era for leadership today. See her book called Leadership is Upside Down on Amazon where she explains this new era of leadership

	INDUSTRIAL AGE	INFORMATION AGE	IMAGINATION AGE
Where is value created	Through return on capital and therefore constant maintenance, growth and efficiency of underlying plant (equipment, property, IP). The acts of acquiring and leveraging plant and property capital most efficiently drive economic value.	Through the speed of knowledge transmission – as expressed in systems, processes, IP and seen in the rise of the consulting industry, services economy, software, tourism, and education. The acts of analysis and thinking are the main drivers of economic value.	Through the ability to generate new ideas that command a significant first mover advantage in the market. These ideas can't be easily copied in the market because of the nature of the customer relationships. The customers want to buy from and then co-create to make even better over a lifetime relationship. The acts of creativity and imagination are the main drivers of economic value.
The CEO	The analytical capitalist who rose up through the ranks – an industry expert who knows how to leverage plant capital well, who excels in “Lean Six Sigma” and “Total Quality Management” principles	The charismatic strategist who can build knowledge pathways most rapidly and efficiently across the organisation and inspire a provocative and profitable vision in the customers, shareholders and Wall Street	The intuitive integrationist who creates the future through facilitation of collaborative imagination and constantly focusing on the system and individual points of talent acceleration – fascinated with capability across the human potential and robotic frontier
Where the diary of the CEO gets used up	In operations effectiveness reviews, in raising capital, in meeting investors, shareholders, in finding growth and efficiency possibilities, M&A	In strategy differentiation searching, globalisation, offshoring, customer segmentation, customer intimacy tactics, raising capital, shareholders, M&A, knowledge management systems, IT, digitalisation, channels	In external and internal talent dialogues of insight, development and delight; in long-term capability investment determinations, in culture driving story-making forays and measuring, supply chain talent collaboration learning, learning, learning, reflection, and more sleep and exercise and healthy food, breathing and water than ever before
The most important partner for the CEO	The CFO –because this is the person with the capability most required – the financial engineering required to leverage capital the fastest and most efficiently – and the knowledge of how to raise and leverage capital for growth	The Strategist – because this is the person who will formulate the source of value for the company and ensure that it is understood and sustainable – note many companies outsourced the strategist in the 1990s and 2000s to McKinsey, Booz, Bain and BCG.	The Chief Talent Officer: just as in the movies with the Director/Actor pair, this Talent Officer is critical to finding the right 2-3 % of the talent and getting the best out of that talent to make the “film” excel or not. And unlike movies, working with talent over years is a tricky business as a human passes through various life stages and hits all kinds of unexpected personal snags.
The agenda of the Board each month	<ul style="list-style-type: none"> <li>• M&amp;A for growth opportunities</li> <li>• Critical Risks: Finance, OH&amp;S</li> <li>• Capital Review/Approval</li> <li>• Strategy review</li> <li>• CEO choice</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory adherence</li> <li>• Remuneration governance</li> <li>• Critical Risks, other</li> <li>• Capital requirements/approval</li> <li>• M&amp;A approvals</li> <li>• Strategy review</li> <li>• CEO succession</li> </ul>	<ul style="list-style-type: none"> <li>• Long term Talent Health of Critical 2-3% talent value and succession</li> <li>• In-depth view of health of culture with analytics backed up by psychological profiling as never seen before</li> <li>• Long term investment in talent and capability including competitive profiling</li> <li>• Critical financial risks</li> <li>• M&amp;A approvals</li> <li>• Strategy co-creation given the talent understanding</li> </ul>
The investment in enterprise systems	Largely focused on the Enterprise Resource Planning systems (ERP) that spans manufacturing processes, ordering, payroll, enterprise asset management, and accounting/finance as well as employee vital data.	Focused on integrating very unwieldy versions of ERP's and moving them to the cloud to allow for radical simplification, integration and constant upgrading. A huge push for Customer Relationships Management systems that make the n=1 era of knowing every one of your customers intimately	Must focus now on your internal employee. As much as you know about the customer, you must now know about your employee – their vital data, their motivations, their desire for the future, their experience in the past, their personality, their network, their performance as it gets delivered, their reputation. This information and system needs to be co-created and constantly live and accessible.



# More background to the Three Eras

## *The Industrial Era*

A hundred years ago, the last Russian Tsar was abdicating amidst the Russian Revolution and the US President Woodrow Wilson was asking Congress to declare war against Germany. The Suffragettes were making their first protest outside the White House for the right to vote. Babe Ruth was pitching for the Red Sox. The Germans were making their first air attacks on England. The Dutch dancer Mata Hari was being executed by firing squad for spying for Germany.

The leadership model we needed for most of the last century was based on a “manager” who had control of physical assets and equity and could leverage this capital to gain the most return on equity through efficiency, repetition, scale and scope. The Industrial Age occurred between 1800 and 1960 as humans created tools and machines that fostered our manipulation of nature. The Industrial Age’s leadership model was based on top-down and directive autocracy.

The leader at the top was expected to know more about the organisation and the market than anyone else in the company and therefore have the most informed view of what actions to take. Strict rules were in place, and accountability infringements had consequences. In this model, the workers were not expected or empowered to think for themselves.

At the centre of this Manager’s craft was politics: knowing how to manage upwards and across to win allies, knowing how to demonstrate promotion worthiness and knowing how to protect his flanks from attacks from both within and from the market. The art of “P.R.” for management would have been established at this time, as external and internal communications departments arose and began to track not only the reputation of the companies externally, but also the reputation in the top 100 lists of influential leaders.

As pressures for a more participative management model began to grow with workers demanding a greater say in their work, a more democratic leader needed to emerge. Towards the end of the 20<sup>th</sup> Century, we wrote many articles distinguishing Leadership from Management, arguing that people follow their Manager because they had to, but the followed leaders because they wanted to. We began to seek a “visionary” leader, a leader who could see through to the future, painting

the perfect pitch to the more and more data-hungry Wall Street analysts made famous in the 1980’s.

In this 20<sup>th</sup> Century, one could begin their career as an individual contributor and work her way up from Supervisor to Manager and then finally reach the superior class of “leader” – if she were successful. Ram Charan and Steve Drotter’s influential work in *The Leadership Pipeline*<sup>5</sup> was very useful in this, alongside Elliot Jacques’ *Requisite Organization*<sup>6</sup>. A successful leader had to respect the differences he would have in the people working for him across their different contexts. Paul Hersey and Ken Blanchard’s Situational Leadership model guided these leaders on when to coach, when to direct, when to delegate and when to support.<sup>7</sup>

In the 1990s, Edward Deming’s Total Quality Management reigned. Process Re-engineering was all the rage amongst management consultants as efforts to reduce cost and drive efficiency were made. Logic reigned. Businesses were represented as closed systems of complexity, and we became enthralled with how much we could measure, benchmark and exhibit by the newly emerging tools of Excel and PowerPoint.

The world “culture” still referred to the ethnicity of our workforce – and General Electric ruled in the definition of leadership with its concepts of leadership pipeline and the nine-box grid of measurable potential and performance. We got lost in hundreds of hours of performance management and the introduction of Jaques’ requisite 7-layer of complexity to design our corporations of complexity.

I am old enough to at least reflect on the last decade of the Industrial Age. Indeed, in 2015 when I teleported my virtual self instantaneously from Sydney to Washington DC via YouTube in a digital message to my former high school classmates, I reflected on the figures and events in leadership in 1985: Ronald Reagan, General Secretary Gorbachev, Pope John Paul II and a female Prime Minister Maggie Thatcher. Thanks Maggie and Queen Elizabeth II for getting a woman in there somewhere – not to mention Justice Sandra Day O’Connor.

At the same time, the French were sinking the Rainbow Warrior in Auckland, the FDA was developing a blood screening test for AIDS and the first heart transplant was being done. The movie Back to the Future debuted in 1985, forecasting what 2015 would look like, actually getting right wearable

technology, videoconferencing, mobile payment, virtual reality and drones.

*(I dare you to write about 2030-you will only see it when you believe it).*

## *The Information Age*

In the same year I attended the high school reunion virtually, I also attended the 20<sup>th</sup> reunion of my Stanford Business School class of 1995 ‘old-school style’ in the flesh via the airplane tube. When I think of that intervening decade of 1985 to 1995, I recognise that just as I was leaving Stanford in 1995, we were entering an age that called for a new model of leadership.

In my graduating class were Jeff Skoll, one of the founders of eBay, as well as the venture capitalist behind Hotmail, Steve Jurvetson. At the reunion, I reflect on Warren Buffet speaking to my corporate investment class in 1995 about avoiding technology investment, as he argued it would never be as reliable as the steel-capped boot industries of the world.

Being reminded of the dot.com crash in 2001, he had some points, but if his close friendship with Bill Gates is anything to reflect on, even Warren would have had to agree that with 1995’s Netscape getting listed, we had entered a new age of Information. It was not ONLY about who had the most physical property—it was also about who could get to information the fastest, distribute it across the relevant value chain most effectively and grow that information’s power most exponentially. With the arrival of electronic email, the consulting houses of McKinsey, Booz-Allen & Hamilton, BCG and Bain would flourish in the race to harness information as a leveraging point as they learned to share and leverage global know-how the quickest.

In this Information Age, leadership changed from managerial to visionary—he who had the most knowledge and the most compelling picture of a future could rise to the top. We extolled our leaders during the 1990s as we watched Louis Gerstner, Andy Grove, Jeff Bezos, Michael Dell and Bill Gates reinvent the way we grew capital and how fast we could grow markets.

We created our own version of global Greco-Roman theatre at the launch of the



latest technology by Microsoft and Apple. We rewarded our leaders with more and more share options. Our Boards became obsessed with the complexity and fairness of short-term and long-term incentives, as their very survival depended on their satisfaction that these remuneration structures were truly rewarding real value being created.

In leadership development in the Information Age, we began to teach our leaders more than just the requisite managerial skills of delegating, project management, resource allocation, capital management and running efficient team meetings. We began to see that the ancient art of conversation and Socratic questioning must be restored. As one-way feedback became an important tool, the rise of the Leadership Coach began. We started to combine the insight of the psychologist with the wisdom of the strategic advisor – our society’s latest incarnation of the Court Jester for the King.

John Whitmore provided the world with the coaching GROW model which we could follow when we wanted to convert our mindsets to become better leaders.<sup>8</sup> Leadership 360 tools became the weapon of choice to open our human psyches to a new understanding of how we were being “seen” by our people, peers and managers.

With Daniel Goleman, we adopted the term ‘emotional intelligence.’ We began to agree that perhaps humans were emotional at work as well as home –and that IQ wasn’t all that we needed.<sup>9</sup> Some of us dared to add Spiritual Intelligence as a trifacta of IQ, EQ and SQ, looking for that perfect all –round Renaissance leader.

As we celebrated the resourcefulness of everyone, we saw hundreds of versions of the “high performance” team models and how to create and sustain one. All were various iterations of forming, storming, norming and performing.

We dared to suggest that self-managed teams could actually lead organisations without having the smartest guy at the top dictate the daily instructions. Even more challenging to hierarchical mindsets was Robert Greenleaf’s Servant Leadership: the leader at the top being there to serve the employees, the client, the shareholders and the community.<sup>10</sup>

But most of us were papering these new tools and techniques over a leadership model that remained, at its heart, Command

# The Information Age and Trust allowed Sydney Olympics to be the success it was (not to mention a few other items)

The City of Sydney won the right to host the Olympics in 1993, arguably in the “Industrial Age,” an age when information was still being transferred largely by facsimile and telephone and photocopy.

I had the honour of joining the Sydney Organising Committee for the Olympic Games (SOCOG) in October of 1996 as Program Manager for Operational Integration, in charge of conceptualising and then driving the operating planning for the Games. At the time I joined, we had 100 staff for SOCOG. We would grow our forces from 100 to 3000 paid staff, 60,000 volunteers and 70,000 contractors by 15 September 2000 across 40 functions, 40 venues, 5 cities, 220 visiting countries, 10,000 visiting athletes, 5000 officials and thousands of press, broadcasters and sponsors.

What we had that no prior Olympics had was . . . the arrival of the Information Age – two absolutely magic ingredients:

- Netscape going public in 1996 was an indication that the world of internet had gone global AND
- The Atlanta 1996 to Sydney 2000 was the first ever English to English Olympic transition Games ever in history

I am forever indebted to the Information Age arriving and my dear colleagues from Atlanta for the hours and hours that they spent with me and the thousands of planning documents that they did not have to fax to me or ship to me in photocopy form. This was one of the critical factors of success for Sydney – not to mention two major favours from the gods: the weather and the lack of terrorism.



and Control. When Lehman Brothers collapsed in 2008 following hot on the heels of Enron and Arthur Andersen, we went back to revel in methodologies such as Lean Six Sigma and Agile Workforces, while we worked under an extraordinarily increased amount of regulation.

Sadly we never reached the promised land of “Change We Can Believe in” that Obama enticed us with in his 2008 election victory. The day he was elected was an extraordinary day of possibility in so many ways – perhaps we have all taken it for granted over the last decade in our determination to see only mediocrity. We were insistent that the world was simply complex, not chaotic and could be managed as such.

The new generation of leaders is different. When Stanford advertised for people to do their MBA in 1993, they argued that 70% of those graduating would be able to secure a job with a Fortune 100 company within six months. Having attended my reunion twenty years later, this advertisement has drastically changed. Now Stanford cites that 70% of those graduating will be starting their own company –and even starting it while they are studying.

These individuals entering the workforce are at their highest productivity when they understand the desired results, have the resources to get the job done, and are left alone to get results. Heavy supervision irritates them, motivating them to leave companies that limit their freedom to perform.

In fact, ‘Diversity and inclusion’ policies incessantly searching for a solution to getting more women into senior positions in a large corporations often overlook the very culture that these amazingly independent and courageous women require to thrive.

Having a look around at the 100 women I graduated with at Stanford twenty years after we graduated, I was not amazed to find that 90% of them choose not to work for corporation and instead adore the freedom, creativity, accountability and results-driven focus of running their own entrepreneurial companies. They have more time and often far more money to live the life they want – with time for their families, their communities and for themselves.



# The Imagination Age

The arrival of Uber, PayPal and Airbnb is a relief to us. Perhaps we are now back on some kind of expansionary path in seeing the world in very different ways – unexpected ways.

Unlike the Industrial Age's 150-year reign, the Information Age seems to have come and gone over 20-30 years. Now something new is brewing, something that is evoking different leadership models. Witnessing the launch of Tesla's Home Battery that powers our homes through the solar panels on our roof makes us think that we do have a future amidst the chaos of terrorism and environmental destruction. Whilst control of physical assets and access to information are helpful to a successful strategy, they are no longer sufficient to create value sustainably. A third element is required – the asset of

creativity. This asset requires organisations to be nimble, courageous, trustworthy and forgiving. These organisations are places where ANYONE can be a leader and in fact, must be a leader, which is this time defined as a "creator."

Teams and companies come together from all over the world, coordinating virtually to accomplish things we would never have dreamed of even a decade ago. They disband just as rapidly to re-form in another geography for another project. Each person must lead the group around them through different

elements of personal power, that is less and less defined by a location on the hierarchy of the org chart but rather by the influence of their idea.

No one member of the team can now come up with the idea themselves –and the Wisdom of the Crowds does really prevail.<sup>11</sup> In fact, a leader in this world must be trained to accept vulnerability in the face of NOT knowing, because it is in the rested beginner's mind that new ideas will emerge. Each person must lead the group around them through different elements of personal power, that is less and less defined by a location on the hierarchy of the org chart but rather by the influence of their

idea. So from the Industrial Age of Deming to the Information Age of Gates and Jobs, we enter the Imagination Age of leadership with no clear role models – yet.

Ervin Laszlo, the Hungarian philosopher of science, systems theorist, and integral theorist, writes that we have arrived at a "Chaos point" in which we must now choose a future of evolution or a future of extinction<sup>12</sup>. Laszlo identified 2012 as the world at the crossroads, where it can either devolve towards untenable disaster or become the "gateway" to a "new epoch of planetary development" and the birth of a "radically new kind of consciousness." If it is indeed the latter that is borne out, he saw this new world flourishing by 2025.

To flourish, we must integrate the best of our insights in technology and science with lessons we have learned from our short history on earth socially, economically, and politically,

don't want to be constrained by devotion to one team and they need to move across teams regularly.

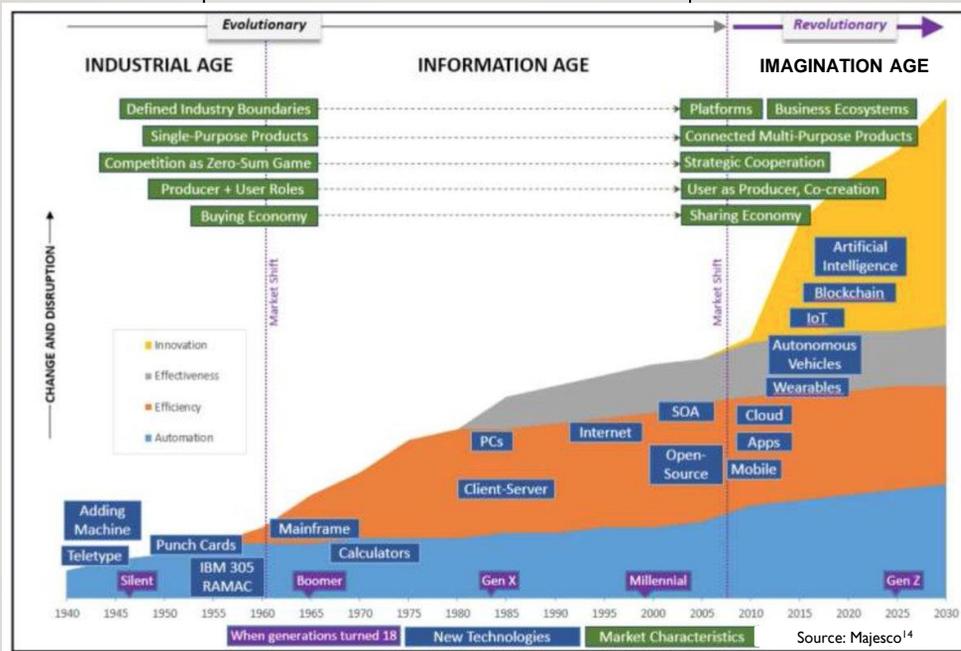
In some ways, 2018 might indeed mark a "Back to the Future," as these Millennials in their own version of covered wagons become the pioneers of our next decades. Instead of pickaxes and ploughshares, they will use data, networks and robotics. They won't be constrained by geographic, cultural, gender or language barriers. That the World is Flat<sup>13</sup> is taken as a given to them. No part of the world is considered overly adventurous to them. A variety of new arrangements for global working will emerge. People from all over the world will transact via eBay-inspired bids that allow someone in Mongolia to contract someone in Ecuador and be coordinated by someone in New Zealand. A leader will now be responsible for coordinating the big picture and contracting a wide range of independent and

consortia to deliver on it. They will need to develop superior skills of innovation requiring imagination and a systemic "seeing" of how all the parts fit together to make a coherent whole.

Successful leadership will

master the art of collaboration, connecting independent performers into networks focused on specific goal accomplishment. Motivations for these people will include various forms of compensation, but will be strongly focused on making a positive difference for others and the world around them.

These leaders will know how to influence rapid waves of innovation that alternate with execution, with an agility of resources that can constantly adjust to the new horizon that emerges with each stage of development. As with the pioneers of ancient times, the ability to adapt to meet the unexpected will be critical. The leader who is in the highest health of mental fitness will succeed.



and with the ancient sources of wisdom that have accompanied us throughout.

This leader may be created from the highly sophisticated left-brained capitalist who led us through the Industrial Age and who learned to leverage information assets to produce amazing companies arriving overnight. But these leaders will need to activate the rest of themselves to help us in this new age. They need to unlock and leverage their creativity.

Millennials are arriving into our workforce who know how to collaborate far more than we do. They have been better educated about working in groups than any other generation and their digital networks and instinct to collaborate rather than compete are far more developed. They



# Talent is "king" in the Imagination Age

"Talent is king" proclaims the newly published *Talent Wins*,<sup>15</sup> written by three co-authors Ram Charan (co-author of *The Leadership Pipeline* amongst many others), Dominic Barton, the Global Managing Partner of McKinsey and Dennis Carey, Global Vice Chairman of Korn Ferry:

*"Talent has never been more important to the success of a corporation. Talent is king. Talent, even more than strategy is what creates value. The implications of this are profound."*

We who have been learning chess lately would say "Talent is actually queen," but let's not argue with these three gentlemen. We are just delighted they wrote the book as it is about time and their voices will be required to make the industrialists and "informationists" sit up and take notice. Talent drives strategy now rather than the other way around.

We are seeing this everywhere we look. Product and services IP are easily copied within days if not hours. Strategies are easily replicated and discerned between one company to another. The strategy consulting firms of McKinsey and their competitors can no longer purely consult in strategy alone—they must offer their clients implementation advice, culture advice, leadership advice, governance and now more than ever talent selection advice. The interaction of customers with products and services and the astronomically accelerating

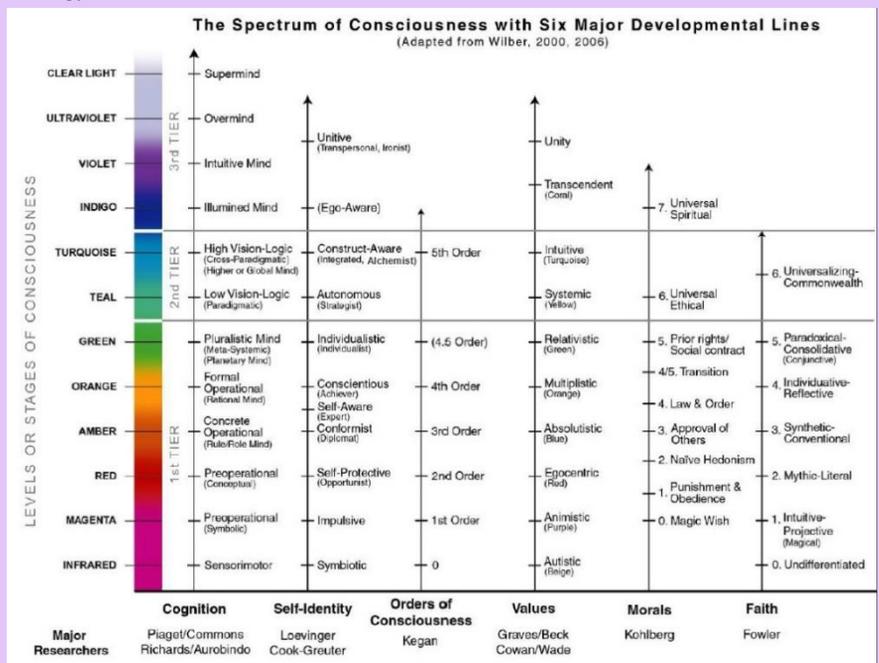
# The Imagination Age is calling for Evolved Employees

For thousands of years we have known there are many levels of how a human grasps the world and there are millions of pages written on hundreds of intelligences such as IQ, emotional intelligence, spiritual intelligence, spatial reasoning, verbal reasoning, Gardner's multiple intelligences, etc.

From Robert Maslow's Hierarchy of Needs<sup>16</sup> to Jean Piaget's Theory of Cognitive Development<sup>17</sup>, to Erik Erikson's Development Theory<sup>18</sup>, to Clare Graves' Spiral Dynamics<sup>19</sup> to Ken Wilber's AQUAL Matrix<sup>20</sup> to Dr. David Hawkins' kinesiological Levels of Consciousness,<sup>21</sup> we have always been fascinated by how a human develops and where each of us are located on the curve. Since the dawn of religion, every mystic knows that there are different levels of enlightenment and the religions are remarkably similar in their methods of achieving that enlightenment.

In organisational development we have applied these models through Robert Kegan's Theory of Adult Development<sup>22</sup> Susanne Cook-Greuters's Leadership Maturity Model<sup>23</sup>, and Terri O'Fallon's StAGES model.<sup>24</sup>

In the Imagination Age, we will be particularly interested in the 2-5% of our employees that are responsible for creating the majority of the value in our organisations and for setting the tones and pace of our organisations. They will definitely not all be at the top and they will often be hard to find, spread across functions, geographies, ages, and levels. We believe these people will be those at very high levels of stages of consciousness, and we are investing more and more time understanding what it takes to identify these levels and how one can advance across these levels. We are finding more and more the importance of spiritual, physical and mental wellbeing in this pursuit and referring back to the wisdom of our ancient philosophers and scriptures, who always knew the answers that we so efficiently forgot in our race to acquire technology.<sup>25</sup>



pace of technological change means that no one strategy can be set for the 5-year plan we once concocted with our BCG Dogs, Stars, Cash Cows and Question Mark scenarios. Porter's Five Forces analyses works a treat still but you better have data tracking the forces as the factors will shift tectonically every few hours and tell you a different story as soon as a customer interacts with the product or service

and starts changing it in a way that you the company never considered before, or a competitor jumps in unexpectedly, or a technology gazumps your best laid plans, or a government suddenly interferes with a gnarly regulatory structure that is inexplicable or a weather or terrorist incident arrives creating mayhem.

# In the Imagination Age . . . .

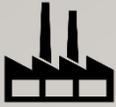
If you don't have talent inside your organisation who are:	Then you don't have the wherewithal to constantly
Watching the customer, competitor, technology trends	Address the shifting needs of the customer more efficiently and effectively than anyone else
Imagining the "what-if" – "how-can" – "if we could's"	Create a better future for the world technologically, health-wise, and environmentally-wise
Inspiring and teaching their people to use the same type of imagination	Generate new ideas from new talent arriving to your organisation attracted by the people's experience and enthusiasm within it
Growing in their own skill and developing in their own ability to interpret the world and then make sense of it	Teach talent more effectively than any other organisation
Learning to grow other talent behind them	Adjust and develop capability faster than any other organisation in the industry
Absolutely relishing their experience in life, knowing that their home in your organisation is a place of serenity, wisdom, courage and growth	Have employees who thrive with optimal brain, mind and body energy thus being at their most creative edge and generating a field that rivals the halls of an Olympic training camps, the hallways of Juilliard, the laboratories of the Indian Institutes of Technology, the training premises of NASA, or the quadrangles of la Sorbonne.

## And if you don't have this type of culture required for the Imagination Age and talent,

You'll lose your talent, you'll lose the ability to generate ideas and your company will simply not sustain its critical value creation source, no matter how much capital you have access to. Growth will not be possible without constantly engaged and downright passionate learners who are free to create in an environment that spurs them on, teaches them to recreate themselves constantly and attracts diversity from the planet that keeps ideas constantly new and fresh and relevant to what the customer needs – and what the world can produce sustainably.



## You as CEO



In the Industrial Age, you would have been highly likely to have come up through the ranks as an engineer, a banker, an accountant, and you would have stayed in that company or that industry for your entire career. At some point, doing an MBA would have made a lot of sense in your career as you diversified your technological capability into understanding the balance sheet, strategy, marketing, and just a modicum of organisational behaviour.

As an Industrial Age CEO, you would spend most of your working day in driving the components of the Return on Capital. You would be invested in programs such as Total Quality Management or Process Re-engineering. Mergers and acquisitions would interest you particularly through the ability to leverage the financial side of the equation (the power of leveraged debt) and you would be very interested in the power of benchmarking your operational effectiveness across your multiple departments to ensure you were achieving "Best Practices" operationally. The idea of culture, talent and systemic leadership development would not take up much of your time and you would not be terribly interested in your HR Director. You may be so bold as to combine the HR Director under the CFO or even the Head of Marketing.



In the Information Age, you would have been much more likely to have had multiple industry and functional change throughout your career. You would be particularly adept at strategy and it is not unlikely that you would have spent your early years at McKinsey, Booz, Bain or BCG. You still achieved a prestigious MBA no doubt but you chose the MBA more for the possibility of changing your career than for the possibility of expanding your career at the same company.

You have charisma and know how to sell vision – to your customers, to your employees, to the analysts and to your investors. You spend a good deal of your time in the review of your strategic growth options as you grapple with the globalisation, outsourcing options, and especially the digitalisation of your channels as the world gets faster and faster. You become fascinated by the segmentation of your customers as you realise not all customers are created equally, and you invest significantly in the upgrade of your Enterprise Resource Planning Systems as it goes to cloud and in the Customer Relationship Management systems that get more and more sophisticated and predictive.

You become somewhat interested in talent as far as the ability to grow leaders who can leverage the knowledge and information capital most effectively and those who can lead your globalisation and digitalisation efforts of change programs. Culture becomes quite fascinating as you watch the world go up in flames with Enron and all of the following scandals of the early 21<sup>st</sup> century but then particularly as you see the world economy almost collapse under your feet with the collapse of Lehman Brothers. To you, however, strategy and product innovation still drives the main value creation and then you can determine what staffing you need. It is very rare to find any of you with your HR Directors in the centre of the huddles in which you create the vision, the strategy and the even the main implementation plan for the next 3-5 years.



In the Imagination Age, you are the epitome of "integration" – a rare integration of left and right brain thinking, East and West, science and art, engineering and anthropology, strategy and psychology, ancient history and science fiction. You can see patterns and ideas in other industries that could be applied to yours long before anyone else can see them and you can visualise futures from seeing ideas across multiple industries and working across the supply chain with customers and suppliers to integrate the best of these ideas.

As an Imagination Age CEO, you will spend more and more of your time on talent issues because your number one job will be about thinking about where to find the people who will be able to generate the ideas for the next leap in value of the company and how to continue to grow these people so that they are flourishing and attracting other people. You are Chief Coach and Chief Gardener, and in this Age, your precious assets are the 2-5% of your people who are your critical talent. Certainly, you are still out there spruiking for investors and enticing the customers, assuring the regulators and influencing the analysts with your provocative portrayal of the future backed up by the analysis. In this endeavour, however, your data and analysis not only includes the capital structure, the deep-dive of customer psychology and sentiment, the pricing sensitivities, and the competitive scenarios, it also absolutely carries the data and analysis of the talent who are going to deliver your future.

*As Aon CEO Greg Case says, "We spend our lives obsessing about how to get everyone to improve, to help them achieve their full potential."<sup>26</sup>*

You are now in effect the Chief Recruiter as is argued in *Talent Wins*,<sup>27</sup> and it is a never ending job. In the same way that a Coach of a major professional sporting team is intimately involved in scouting, selecting, onboarding, coaching, and training her players, you are also that person. You spend an equal amount of time with internal talent in assessing and developing them as you do scouting for external talent. Your external scouting takes you across multiple industries and geographies and it is in the conversations with these people that you are continuously generating even more of the ideas for your organisation even if you don't end up hiring the people you meet. By the way, as far as internal talent is concerned, you are spending time across all levels, because the top 2% of your critical talent are not defined by "level." They will not be defined exclusively by your Top 100.



# Sitting at the right hand of the CEO now



You as CEO will always need your CFO as you look at your profitability projections, analyse your performance over the last quarter, determine the funding you'll need and shape the capital structure that makes the most sense. That is a given. The person that gets added to make a triumvirate is the Chief Talent Officer. We have gone out of our way to not use "Human Resources" for two main reasons:

- Firstly, the term human resources connotes that these "humans" are some type of flat costs that neither depreciate or appreciate and fill some type of static vacancy in a static organisation structure. In the Imagination Age, however, humans are creators and as "assets," some of these can appreciate exponentially if invested in and nurtured and put in the right setting for that individual or that team
- Secondly, the Chief Talent Officer will not likely come from the existing ranks of your Human Resources team and they certainly will not have spent their life growing up in that department. You will see all kinds of backgrounds to this person, but like the Imagination Age CEO, they will be "Integrationists" thinkers that will be as equally adept at thinking about strategy and balance sheets as they are about deep psychological issues. They will understand systematically how to work

with anthropological culture issues across the world in changing behaviour on a large scale and at the same time, they will deeply understand the nature of human psychology and what makes people tick. They will be relentlessly curious about how people develop, what works for one person and what works for another – and not only how individuals develop but how teams learn

In the 21<sup>st</sup> century, learning and working as a team will become an art, unlike the 20<sup>th</sup> century where the individual contributor could be the "hero." We are seeing this more and more, for example, in the Netflix writing where teams of writers collaborate to make one brilliant TV series. We are beginning to see this emerge in some of the forms of education, where they are teaching the children to co-create, think out loud and solve problems in teams. This will take some time, because the generation we grew up in were educated as individuals, rewarded as individuals and taught to think in our own studies and offices and then come to the meeting to report our findings. Being vulnerable in the art of co-creation is a huge change for many of us that will require a facilitator who knows how to teach, how to create safe cultures, how to even seed the very rewiring of our neural patterns.

Where will this creature come from? Multiple possibilities! You will want to find them growing up with a combination of strategy, commercial, and P&L responsibility, but at the same time a deep passion for coaching and culture and an insatiable curiosity for what creates a certain culture and how people can better attain their own potential.

The current forms of Human Resources that we are seeing in the world will not produce this type of Talent Officer because the HR Industry is simply not producing the highly strategic, commercial, balance-sheet, financially savvy executive that you will need. The current forms of a P&L leader who would have all these business skills are not enough either, as it takes a very special psychology who can assess the potential of other talent, build systems of talent pipelines and know the groupings of hard data mixes with the right amount of qualitative observations that constitute the evidence pinpointing to the right investment the organisation needs to assemble for that capital appreciation.

What we will see is a forking of HR into two:

- HR Operations that will get more and more automated and turned back to the employees in self serve operations which are more and more seamless and straightforward. These will be managed in Shared Service Centres that do not need to be managed by a function called HR but can be managed just as easily by Operations or Finance
- Talent that will be comprised of a mix of the specialties that we now have today such as Remuneration Strategy, Development Strategy, Assessment, Acquisition, Data and Analytics. These talent specialties are evolving at a very rapid rate in terms of the technology that will be applied and the ability to deploy them in an integrated and coherent package that matches the strategic intent of what you intend to do with each of the people's talent you are attracting, developing, deploying and rewarding.

Organisations will no longer consider the investment in "HR systems" as the last item in their must haves for the year, but instead will be deploying state of the art Amazon-and-Linked In-and-Facebook-like applications that all employees use on a daily basis. This talent function will draw from the very sophisticated technologists and data analysts growing in the more successful companies who are as equally adept at building the employee systems and analysing the employee trends as they are at building the CRMs and analysing the customer trends.

Employee communication will be also state of the art and constantly evolving. Idea generation is critical and the more that employees can communicate in person or by video across the world, the better. Some of the more creative endeavours we have been involved with lately have included hiring TV producers from shows like *Ellen* to run the Internal Communications function. This has completely revolutionised content for talent to be engaged about what is happening with interviews of customers, talent from all over the world, leaders, industry, community provided in small bite-size segments at their call when they want to have a look at it.

We would predict that the current "HR Business Partners" we see today in each of the divisions of the business will slowly fade away into more of an administration function for the business if they survive at all.



. The people in these positions will have to determine if they can step up into being the Talent Officer for their business – are they able to:

- Co-write the business strategy of their division with the General Manager and Divisional CFO based on the in-depth analysis of the future capabilities they know the business has and what markets those capabilities can take them into at what prices/how fast/against which competition?
- Assess the financial and capital risks of investing now or later into particular types of new capabilities and talent systems for the business?
- Facilitate the executive team of the division in their quarterly strategic offsite, directing their thinking methodologies and orchestrating their interactions most effectively
- Work collectively across the organisation to determine the succession of talent and plot the 5-10 year interchange of talent that needs to occur for the best growth of the business

The current work of HR Business Partners in Divisions largely consists of case management – e.g. when an employee gets sick or is badly behaved or a manager can't handle a major leadership task, taking orders in recruitment, running outdated performance and remuneration process reviews, or constantly updating a very convoluted ERP such as Oracle in the pursuit of updating workforce planning numbers for the forecast that never matches Finance's version of the forecast. This type of work is going to go with automation and needs to go as soon as possible. What will remain is the work of the manager, not the work of the Business Partner.

## The roles of this Chief Talent Officer

So, let's now return to the concept of the Chief Talent Officer and name a few of their tasks:

### Talent Choreographer

In many ways the Chief Talent Officer has to take responsibility of the way the critical leadership and talent of the organisation spend their time together, the methodology of how they think and how they create, and the effectiveness of how they decide. Now more than ever, we become passionate students of the human thinking processes – both individually and collectively--- and we get very conscious of planning how our critical talent will interact with each other.

We never waste a meeting where our talent will interact with each other by having an inert agenda that wastes the opportunity for brains to interact and create. Such meetings would be better captured in a briefing note. Rather, we are constantly facilitating the time our critical talent spend to ensure we are interacting, thinking, finding out more, debating, pondering, challenging each other. This "choreographer" is an expert at the design thinking process and will want to really own how talent spends their most precious resource – TIME.

### Talent Asset Manager

Think of your Chief Talent Officer as you would the Asset Manager of a portfolio of extraordinary assets that have the potential to appreciate exponentially if this talent has been properly:

- Discovered in the market and matched to the culture carefully
- Onboarded and trained effectively to do the job first brought on to do
- Developed relentlessly to achieve more and more of their potential
- Delighted constantly to grow loyalty and passion about the community they are in

You would expect that like any great Asset Manager, this Talent Officer is constantly watching her portfolio with a combination of data, analytics and an extraordinary amount of intuition based on experience and a deep sense of how people think and how people succeed and how they fail.

### Just a word on time:



While we're speaking on time . . . In the Imagination Age, much of the output of our talent workers will not be measured by time and for these people there will be no notion of "Full Time" or "Part Time." This will be particularly important in the age of flexibility when more and more of our talent will be parents of young children or children of aging parents or night owls or early morning risers. The type of work in this era is akin to writing a book and won't be defined by the 40-hour work week. Some of your most valuable people could work 10 hours a week in the office and maybe 2 hours on the beach – who knows? The amount of input hours is irrelevant to the output in many cases and the Chief Talent function will need to work with each of your talent to understand what they need to be at their best output for both their individual needs ----AND the needs of having them to incite the energy around their team and the organisation. In this era, there will no such thing as "Annual Leave" either. On the other hand, this is not about staying at home, as now more than ever, thinking in teams across function, across communities, across sectors, across supply chains and across geographies will be necessary. The ideas will not come from working alone.

This will come from their own travels in life, which will no doubt have traversed multiple geographies, multiple industries – as well as many types of successes and failures, both in business and in their personal lives.

### Talent Development Manager

Not only is she watching this portfolio with thorough and provocative data and analytics, she is also developing this portfolio with precision development – i.e. she is working with an n=1 concept of talent, determining what each of her valued talent requires to get them up the next potential curve and to engage their hearts and minds even further. This type of learning is what differentiates the organisation



In the eyes of the talent and it is co-created constantly in new forms, new distribution methodologies, and new locations. Learning beyond the borders of the organisation is absolutely necessary and it will be highly likely that the Chief Talent Officer will use her global networks to set up collaborations with other like-minded organisations to exchange talent development opportunities to learn and accelerate even faster. This will certainly happen up and down the supply chain, and we will see this more and more across the business, government, non-profit and corporate sector more than we have ever seen it before – such as we have always seen it in the Silicon Valley and now in places like Israel and Berlin.

**Talent Psychotherapist, Neuroscientist, Wellbeing Coach**

In this era, we are interested in the 24-hour day of our top talent such as Roger Federer’s coach is interested in his 24-hour. How was his sleep? How was her diet? How is his emotional state? How is her breathing? How is the state of her physical fitness? Her neurotransmitters? His hormones?

In the Industrial Age, the HR Officer needed to ensure you still had arms and legs at the end of the day of a factory shift

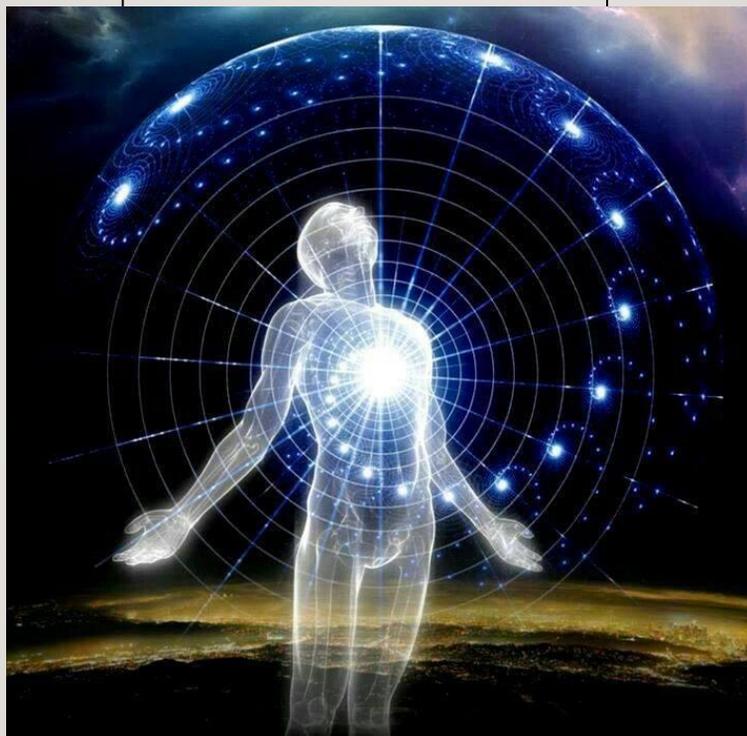
(OH&S) and that she could negotiate with the union that protected you. In the Information Age, the HR Director became more analytical around remuneration, particularly a hot topic after the scandals of Enron and the Lehman Brothers’ and the Board’s responsibility in setting a reasonable remuneration scheme that would not get them toppled by shareholders if it were not perceived as fair.

In the Imagination Age, however, the ability of a human to generate ideas is completely conditional on their mental, physical and spiritual health, and as such we become fascinated by all of this. The Chief

Talent Officer is aligned with the best Performance Coaches of all sports and studies both the ancient approaches and the most modern findings of the disciplines of sleep, nutrition, exercise, breathing and psychology. He knows how to integrate these findings “on and off the playing field” – i.e. the office – and he knows how to inspire talent to learn to apply the insights into their day in order to perform “in the zone” for more and more of their day.

This is not the Age for more and more regulatory frameworks in order to control behaviour. This is the age in which we rely on our talent to model the behaviour that we all aspire to. We have spent years inside financial institutions and other organisations in which

Working to create more balanced leaders physically, emotionally and spiritually, the organisation creates a culture of people who feel safe to learn, safe to fail and then learn from their failures and able to deal with the vulnerability with a resilience that comes from 8 hours of sleep, excellent nutrition, full breathing, sound exercise and the participation in meaning making in a community that is doing things that make this planet a better place to live. These people know their work matters and they know how they can continue to learn throughout their life to reinvent themselves, for as they reinvent themselves, so does the organisation and the virtuous circle co-creates endlessly.



**Talent Data and Systems Analyst**

These Talent Officers will have grown up in very strong data and analytical careers and be very savvy on how to build systems to integrate data for the Imagination Age era.

These people will be tasked with blowing apart the unwieldy ERP Human Capital systems that are no longer relevant and are not integrated and instead they will work with the most tech savvy people in the market and internally to find employee friendly applications that interweave seamlessly into an employee’s work day. We are just beginning to see what some of these applications can do:

*In recruiting*, we are seeing software start-ups such as Gild, Greenhouse, Entelo and Jobvite link social media, CVs, and other public data to find job candidates whilst other companies are using artificial intelligence to sort through social media to match your organisation’s capability requirements with external talent supply

*In engagement*, we are seeing software that can discover what employees think about the culture through interpreting all of the communications and the intranet, determining who the real influencers and nodes of the organisation are (and who

the rise of depression and anxiety has resulted in more and more discoveries of scandals such as the corruption we are now seeing in some of our Banks. We believe this is not a result of the loss of some kind of moral standard in our leaders. It is because of the sheer exhaustion, the poor nutrition, the lack of exercise, and the increasing consumption of alcohol, drugs and caffeine that have caused the brain to malfunction – allowing the poor decisions to occur that would not have happened in the well rested, well fed, “well breathed” states.

More regulation will not fix this; it will only create more fatigue, more stress, and more malfunction.



should be) – we can see who in the organisation is in danger of leaving, and what is bothering the organisation and what is in fact delighting the organisation.

In talent pipeline planning, we can now accurately determine the “n=1” needs of each person in terms of what they are motivated to do next, where they are in their life stage, what skills they need to acquire, what type of personality suits them best in managerial style. The playing field of your talent becomes a massive chess game that takes place over years for an organisation and one that is constantly shifting in objectives – driving the strategic possibilities and responding to opportunities simultaneously. Having an ability to show each person the possibilities of their future moves and their learning agenda is one of the most enticing value propositions you can make to a person.

In performance management, after all of the experiments of the last few years, it is still important to have a system that captures data painlessly as near in time after the actual delivery of the job as possible and there are now real-time performance feedback mechanisms that are actually lifting engagement of employees more than ever whilst they are lifting the performance. These are extraordinarily rich and necessary in the Imagination Age where real time feedback creates better and better performance. Think Roger Federer. How would his performance get any better without any feedback and from as many sources as he could possibly find on all aspects of his performance?

The new Chief Talent Officer will know that the questions they need to ask and answer are questions that are answered by a combination of data and business experience and observation. They will know the data that needs to be collected and they will know how to collect that data most effectively with the passionate collaboration of the actual employee who must own their data and work with it. This is not an Industrial Age “behind closed doors” talent review exercise. This is about

knowing where you stand at all times and knowing why judgements are being made against your data so that there are always avenues available to you to do something about it.

### Talent Scout

If the CEO is Head Recruiter, then the Chief Talent Officer is the critical enabler to that function on the organisation’s behalf and is driving the vision of the organisation on what is possible over the next 5-10 years about capability expansion:

- What type of technical skills will the organisation require for the future and where will these be sourced most efficiently?
- What are new capabilities that are emerging in the market that the organisation should invest in – can we convert some of our people internally into these capability sectors or can we find acquisitions that we will do simply for the talent?

### Talent Capitalist

This Chief Talent Officer will have a very strong capability in corporate finance and will be fluent in the capital and operational costs of talent investments in the short term and long term. They will be able to argue the return differential of various options and even the long-term differential of investing in talent versus investing in a particular plant or software as they sit in collaboration with the CFO.

They will be an essential partner of the CFO in what the book *Talent Wins* called the “G3” – the CEO, the Chief Talent Officer and the CFO who will now spend considerable time together looking at all the capital allocation decisions, now including talent capital. Almost every strategic decision will have talent implications and every talent implication will have financial implications.

The Chief Talent Officer will be driving different models of

compensation that need to look very different for the 2-5% of the population who create all the organisation’s value. Most organisations are still operating under “bell curve” principles when it comes to pay differentiation but with the Imagination Age and the true value creators, the organisation will have to learn that they must pay these special people extraordinary premiums to stay and prosper and it is worth every penny. Compensation models will

radically change anyway in the future as we see many organisations even dropping their individual-based unwieldy bonus schemes which turn out not to ultimately drive performance and turn back to individual salary that can be increased more regularly to keep up with market pressures plus more team-based incentives that drive team morale.

Under compensation models, you as CEO will also note that this Chief Talent Officer will also command the same salary as the CFO if not more. At the moment HR Directors are typically paid between 50-60% of their CFO colleagues in organisations between \$5 billion and \$20 billion.<sup>28</sup>

- What are the long-term search partnerships we will make who will act as our eyes and ears in the market as we “mark” potential talent out for the next 3-5 years when we’re not ready to hire today but will want to hire in the next few years?

Both the CEO and Chief Talent Officer are as compelling as each other in the market when it comes to talking about the culture of learning and career at the organisation and what people mean and how much time and effort they expend on this precious asset. Their external conversations to analysts, shareholders, customers, government, regulators are more than often about the cultivation of talent and culture and their perspectives are always at the cutting edge.





### CEO Consigliere

The final role of the Chief Talent Officer will be in the playing of the consigliere to the CEO, someone who the CEO can trust with their innermost reflections, questions, concerns and ideas. They will have the maturity, grace, psychological depth and experience to assist the CEO on questions that most CEOs have typically felt very alone about such as:

- How to drive the Board – which topics to raise, which to stress, which to challenge, which to leave, which will seriously undermine the CEO
- How the CEO’s personality may be getting in the way of a healthy executive team, organisational culture, an effective Board relationship or even a healthy body and mind that can sustain itself over the next few years
- How to spend more time thinking in the long term rather than being caught putting out the fires
- How to manage the executive team disputes, or an executive who has gone off the rails

In many ways, the Chief Talent Officer can resemble a Chief of Staff and we believe it is not always necessary to have both of these positions in the new world of the Imagination Era.

This consigliere role is a very difficult role to play, as the Chief Talent Officer can often be seen as the Keeper of All Secrets if they are unskilled at knowing how to handle all the confidential information they will receive from their peers, their CEO and the Board. They will have to be extremely adept at instilling trust and maintaining that trust despite all the information they hold, which is often contradictory and highly contentious.

## There will be many things you will have to change about the way you approach talent in this new era

As you prepare to become the CEO of the Imagination Age, you must be prepared for the many changes that you will need to make in your organisation.

### Changes in what your Board discusses and in some cases the membership of your Board

The Board had been spending an enormous time ensuring that the remuneration of your most senior executives will meet shareholders’ approval and that has always been responsible for CEO succession. Many Boards have delegated this to a Remuneration Committee and a Nominations Committee. The Board does hear about culture at least each time the engagement results get reported for most organisations and is certainly going to get a sense of the health of leadership in the lead up to any CEO succession. The more healthy organisations are planning succession of their next CEO from the first day a new CEO actually starts, and this would include a very systematic program of review and exposure of the top 50 talent throughout the years of the current CEO tenure.

Now in the Imagination Age, we would suggest the Remuneration Committee be renamed and embrace all People & Culture issues, just as the Audit Committee embraces all financial issues. This Committee would review not only remuneration, but would review the health of both the internal and external talent pipeline regularly, the retention risks of particularly the top 2-5% talent, the initiatives being taken in leadership development, culture transformation and competitive moves in talent. The critical talent health and strategy would be shared with the Board each month, and we would suggest that the

Board have regular exposure to the top 2-5% talent in various programmed dialogues and luncheons.

You as CEO will need to ensure your Board and your Chief Talent Officer have a strong relationship and mutual respect. The Chief Talent Officer will definitely sit with the CFO and General Counsel on all Board meetings as the Board focuses constantly on Talent, Strategy and Risk.

The Board will want to know the answers to various questions:

- Are we growing our top 2-5% talent – and how do we know – are we incentivising them correctly
- If a top employee leaves the organisation, why did they go? Are we in danger of more leaving as a result?
- What is the organisation learning about development of talent – what is working and how do we know?
- How do we stack up against our competitors in our critical capability?
- What talent are we watching in the market?
- What will attract this type of talent to our organisation rather than any other organisation?
- What is REALLY going on in the cultural health of the organisation—what is beneath the engagement scores and how can we improve this?
- Where are the future capability gaps and what are we doing to plan for that in the next 5 years?

Boards should get out to see different teams throughout the geography to get a sense of the type of talent that are making the most difference to the value created – particularly the type of talent that is most difficult to find in the market.

Board Directors will also be involved in the recruiting of great talent where possible. If you don’t have Directors who can help you in this regard– the sourcing, the assessing, the engaging and attracting, you may not have the right Directors. Boards will indeed require more and more talent and culture expertise than ever before.

BOARD OF DIRECTORS



## Changes in your organisational design

The Industrial and Information Age Elliot Jaques-esque Seven Levels of Hierarchy cannot possibly move fast or flexibly enough to serve the needs of the consumer who wants to co-create with the organisation or talent who wants to feel empowered to be able to create, serve the customer without red tape and move around the organisation. It is essential also for the organisation to feel that ideas can move as fast as possible, up, down, and diagonally – and the fewer layers and fancy titles the better.

In the Imagination Age, we would predict that the layers of middle management will start to disappear as artificial intelligence and more and more tailored and collaborative communications tools such as Slack and Yammer take the role of the middle manager in ensuring that information and results pass between the executive and the customer. The static hierarchy that requires the middle manager lynchpin no longer makes sense as the organisation of the Imagination Age seems better run through project teams of talent assembled to design and experiment against the ever changing customer and market environment. This is an environment where customers want adaptation now and for their own segment of 1. This is not a mass production environment requiring the static delegation structures of the 7-level hierarchy.

In *Talent Wins*, Charan, Barton and Carey talk about the fact that the organisations of this age have not discovered any particular replacement of the static hierarchy but they are focusing on four words: “agility,” “platforms and networks,” and “meaning.”<sup>29</sup>

IT teams introduced us to the concept of agile teams, and we are now seeing the deployment of agile teams in many cross-functional teams including those that have marketing, sales, distribution, manufacturing, finance and HR. These tribes, squads, or teams come together to solve a customer project and then disband to go to another project when the outcomes are accomplished or when failure is reached. The post implementation review lessons are

then accurately taught to the organisation and failure is regarded as a success if the learning can be embedded into the organisation for future success. In these agile organisations, there is still a backbone of structure in terms of corporate finance, IT and shared services, but more people are deployed in customer-facing teams which are highly empowered to make decisions that work for the customer. The team leaders of these organisations are developed to be great leaders and development is provided on even the shortest of assignments as well as the all important feedback and career direction.

The talent that will staff these ever-changing teams will come from various talent pools that reflect the highly permeable workplace, a combination of salaried workers, contractors, gig-workers (think Uber drivers, Airbnb, ToolLocker, ParkingPanda, Closet Collective, Task Rabbit, Hello Tech). The talent will also include artificial intelligence in ways that we can just begin to imagine now. Integrating the AI with the human intelligence will become more and more of an art.

The trick to structuring these teams will lie in minimising the distance between the production of the product/service and the customer as the customer will want to take part in the co-creation as the product/service gets regularly upgraded. Delegating product design rights down to the units closest to the customer will be essential, much like the military has delegated its decision making rights to the soldiers in the field who can actually see the conditions of the terrain and the enemy much more accurately than the General in Headquarters.

These empowered customer teams will be charged with finding the solutions to customers’ challenges as they arise – not for the purpose of “shareholder’s return” – but for the purpose of delighting the customer and solving the problem at hand. This is where meaning comes in. Employees having more and more direct experience solving and improving the customer experience first hand will feel daily the mission of the organisation and understand what it means to belong to that mission. Employees having more and more involvement also with helping the CEO make the organisation a better place for talent will also feel more involved, more heard and more empowered.

Navigating a non-hierarchical organisation where you can’t whip out the organisation charts and “see who is in charge here” may seem tricky, but with the arrival of artificial intelligence it actually becomes far easier than ever before. In the same way that LinkedIn and Facebook can easily show you who is connected to whom, the arrival of Organisational Network Analysis techniques (ONA) will make it much easier for organisations to navigate these types of questions in talent-driven organisations:

- Who do our people go to for advice?
- Who do our people turn to as a mentor?
- Who knows the most about the future trends of our business?
- Who knows the most about this technology?
- Who do our people turn to for career advice?

ONA is taking information from emails, Yammer, Chatter, Instant Messages, Twitter, surveys, 360-data, performance data, and many other input data to look at the metrics that matter in networks such as:

- Centrality
- Betweenness
- Closeness
- Community structure
- Collaboration strength

Rather than the static networks that come out of hierarchical networks, ONA provides answers to the questions that Talent-Driven organisations need to know and do:

- Where is the emerging talent?
- How is the change management initiative working – and who can really influence it?
- Where are nodes that will really make a merger or acquisition work?
- Where will succession candidates come from – can you visualise them in the network by how influential they are?
- Onboarding: showing a new person the points of influence –and how to navigate an organisation that is not defined by “org charts”
- Mapping knowledge and expertise—how to find what you need to know through the mapping of where to find
- Improving office layouts – putting people who need to work together closer together
- Improving communications – showing where communications is falling down and need to be strengthened



## Changes in your talent practices

Whilst “networking” and “collaboration” have been words that we have been using for years, we now have the tools to work with them, and we have the youth who have grown up in knowing how to think with each other and solve problems together. Our talent practices are going to have to adapt:

- Job design and performance management systems are typically designed for the individual accountability, not the team accountability and the resulting reward system we have constructed has created an incentive system that has resulted in internal competition that at best has caused unnecessary tension between talent who would otherwise work well together and at worst has resulted in egregious and scandalous behaviour – because that’s actually what we were rewarding our employees to achieve
- Workflows and decision processes similarly are based on static nodes of “one” rather than shifting networks of collective thinkers, and we must learn to adjust the type of flow and decision making that gets done in an “Imagination Age” – it is not nearly as linear as it was in the “Industrial Age” – nor as hierarchical as it was in the “Information Age”

We will need to start understanding talent much more holistically by looking at how powerful they perform in the system. High performers will indeed still be performing high individually but they will also be at the same time developing others across the organisation, leveraging information across the networks they play in, and contributing to networks they play in both within and outside the organisation. They are constantly looking at their own biases and seeing how they can expand their networks by the memberships of thinking and technological memberships they are a part of as they constantly expand their understanding of the world.

In comparison, there are three other categories who will need attention in the system as well as high performers:

- Marginalised talent – low performers, technical experts, young professionals– who may not have learned how important it is to network and expand their influence across the organisation
- Collaborator talent: a very important source of collaboration in the organisation as it is often these hidden talent who are driving the networks but their

collaborative behaviours are not being seen by their managers. Leaders of the Imagination Age will be trained to see and reward this collaborative behaviour more and more so that these types of hidden talent are not demoralised and lost to the organisation.

- Underutilised talent – are those talent that are your high individual performers but who just don’t spend any time collaborating; they don’t share their knowledge or their talent with others; they don’t introduce colleagues to clients’ they don’t cross-sell; they don’t coach junior talent. Many of these have thrived in conditions where bonuses were high for individual performance

This next era will be about how we combine data with our intuition, and in our Talent Team we will need to deploy data analytics and software to calibrate top talent throughout the organisation to ensure we are constantly placing them in nodes where they will be challenged the most – and nourished the most. These should be nodes that they can create exponential value and set themselves for the years ahead. This will be a co-creation deal. They will see their data along with the Talent Team and they will also see the possibilities in the network and choose what makes most sense as we grow their career in our organisation – and as they help to grow the many people they will be mentoring along the way.

The predictive analytics software industry is emerging that will help us, companies like:

- HireVue which uses video technology to discern online tendencies to match culture
- Koru, a company that learns the culture of your organisation and then designs specific surveys to test incoming candidates
- Oblong, a company that helps organisations combine data and intuition to construct Talent War rooms to constantly run different succession scenarios
- Clustree, a program that broadens your pool of candidates by looking at what you are seeking and then going out and finding more candidates in the world who would fit the background even more effectively

As we are getting more and more data and software savvy, we will also be reinventing our remuneration and performance reviews to become continuous feedback systems that are a combination of individual performance and

collaborative new idea generation and execution. Crowdsourcing performance feedback will become the norm and will extend across the supply chain with the organisations that provide the richest, most precise, on-time performance feedback to the employee being the most successful. Imagine Roger Federer receiving a “1” through “5” on his tennis every six months as a feedback system! No, the best performance systems will be about the here-and-now and will focus on customer priorities, employee contribution and what could be better in the next moment and how the capabilities the employee is gathering can be applied to further their career and indeed the organisation’s success.

As far as bonuses are concerned, we have a lot of rethinking to do and this article won’t pretend to have the answers. Individual bonuses, however, are getting more and more complex and don’t seem to be resulting in the type of behaviour we had intended them to, and we are interested that some companies, especially in the technology world, are doing away with performance-related bonuses. Instead they pay talent a base talent and they peg bonuses to an overall company performance.

The “bell curve” for most organisations still remains very narrow and undifferentiated regardless of how the bonus is calculated, which will not work if you need to retain the 2-5% of your talent who are truly creating the value in your organisation. You will have to reorient your pay towards these value creators significantly and top companies such as GE and Google are doing this.

Remuneration system will have to be as reworked as development systems as learning in the Imagination Age is a given part of each day. Knowledge never stays the same, market and customers constantly shift and skill obsolescence will be a given more and more often for your employees. A critical task of the Talent Team will be in charting the capabilities required to serve the everchanging markets and customers and determining how to keep the organisation up to speed. The development will need to come to the employee as a seamless part of their day – in an “as you need to use it” and “easily found” “bite-sized” practicable insight. At the same time, we will want to take employees out of their comfort zones from time to time, exposing them to different regions, languages, industries, thinking, and methodologies. Partnerships with universities and online providers will become important in this world.



## Changes in you as CEO

In the table at the front, we described you as

*The intuitive integrationist who creates the future through facilitation of collaborative imagination and constantly focusing on the system and individual points of talent acceleration – fascinated with capability across the human potential and robotic frontier.*

This is slightly different CEO than the Industrial CEO who tended to be the more analytical capitalist who was the industry expert who knew how to leverage plant capital well. This Industrial Era CEO would have spent a great deal of time in operations effectiveness reviews, in raising capital, in meeting investors, shareholders, in finding growth and efficiency possibilities.

This is also slightly different from the Information Age CEO who focused on strategy, particularly in differentiation, customer segmentation, globalisation, offshoring, customer intimacy tactics, knowledge management systems, digitalisation and channel building. This Information CEO could be the charismatic CEO who had the strategic vision taking the company into the next 5 years.

The Imagination CEO might be all of these "AND". We did specifically end the sentence with "AND." This CEO will spend much more of their time than ever in external and internal talent dialogues of insight, development and delight; in long-term capability investment determinations, in culture driving story-making forays and measuring, supply chain talent collaboration learning, learning, learning, reflection, and more sleep and exercise and healthy food, breathing and water than ever before.

Your mindset will be that "Talent Drives Strategy" and you will be obsessed with the following:

- Where to find people with the imagination and skills to propel the organisation
- How to position the most critical talent in the organisation in the most influential roles (which might be coaching/customer/design)
- How to find talent that the organisation lacks and where to find it

- How to continuously improve the imagination and skills of your people
- How to ensure your culture is fostering imagination and ethics at all times

If 40% of your time is still to be spent with customers, Board, media, lobbyists and regulators, you'll have to carve your 60% differently. Don't tie that 60% up in meetings that could be better used in seeing your talent both internally and in the recruiting you will have to do. You will want hands on in the careful review of talent up front, the succession planning, the establishment of incentive plans and the interpretation of network analysis that is showing where your talent is emerging as well as how your organisation is thriving.

You will want to consider yourself as the Chief Anthropologist to your organisation. You will want to understand what is driving your organisation. What are its energy levels, its motivation? Where are its new ideas? What is its speed to market? Where are its thrill of understanding the customer and the future? Where is its sense of urgency? Where is its desire and hunger to know, to learn, to get up after failure, to teach each other? Where is its compass of ethics pointing – to do the right thing for the customer? For the environment? For each other? Is this a place that would be a place for your daughter? For your grandson?

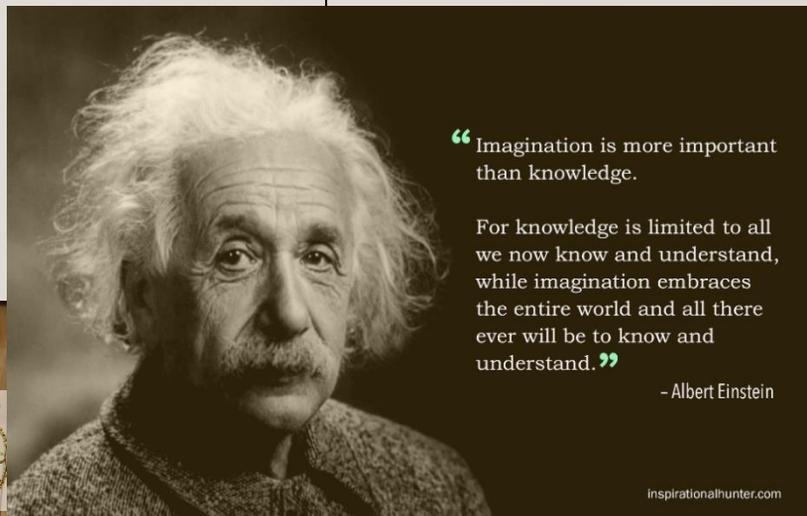
You will also want to consider yourself as the Chief Recruiter for the organisation. You will be Chief Scout in the same way a Major League Basketball coach goes out and knows intuitively the best talent, you will be the one luring the top 2-5% of talent in. This will mean often finding this talent in unlikely industries, unlikely countries, unlikely ages and demographics in this. In fact, you will often learn more from this external talent about ideas for your strategy than you do from any McKinsey consultant or Goldman Sachs investment banker. Get out there and know these talent. They will be your eyes and ears for the future. While you are at it, get

your Board involved meeting people and becoming the ambassadorial service you will need. If the War For Talent didn't start in 1999, it's here now. You can't afford to play for the best with all the ammunition you have.

Build a completely new Talent Team with the design we spoke about earlier in this article. It will not look like the old Human Resources you have grown up with and you will have to recruit, reward and move talent into it from many different parts of your business as well as from the outside. Demand rigour in data systems and psychological depth from this team because they are the capital specialists behind your most precious and exponentially appreciating capital. Demand from all your executives that they are taking their talent rigorously, looking at the data as they would any capital decision and model the talent conversations from the top.

And you personally? You will be as curious as they come about your own learning and your own development curve. You will know that you are surrounded by teachers – in your customers, your suppliers, your Board, your direct reports, and now, more than ever, your 20-year-olds entering the workforce. Spend time with them, unleashing them by ensuring you are providing them with the best playing field in which they are most nurtured. It is not up to you to determine the next five years with your grand strategic insight – it is up to you instead to set the multi-dimensional constantly-shifting chess board. Watch how those pieces flow in and out—which pieces need to be together to think and which pieces need to move closer to the customer, which need to move closer to R&D, which need quiet, which need noise, which need more data, which need less, which need more time, which need more rushing, and the list goes on. Where does each brain perform at its best and under which conditions – and how do you keep these environments both in the office and out of the office optimised for our talent?

We welcome you to the Imagination Age and look forward to working with you.



## Endnotes

I am grateful to Silvia Damiano founder of [AboutMyBrain.com](http://AboutMyBrain.com) for the inspiration of the "Imagination Age," the context she used for the i4 Neuroleadership Leadership model of the type of leader we will need in this age, which she so beautifully described in her book [Leadership is Upside Down](#).

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## THE POWER OF RESPECT

from the Latin Root

RESPECERE = TO LOOK AGAIN

## SAWU BONA:

I see you AND all of your potential.

## SIKHONA:

Thank you.  
Because you have seen me AND my potential, I exist in the world

## THE NELSON MANDELA RULE

Every single person who comes to speak with me has the potential of being as interesting as Nelson Mandela would be



*Strategy without operations is a daydream.  
Operations without strategy is a nightmare.  
Either without talent development is unsustainable.  
All without a kind and curious awareness of Self is meaningless*  
- Katharine McLennan



## About the author

Katharine McLennan's combined career spans corporate strategy, operations, talent/leadership development and self transformation. Her most recent corporate roles have included Senior Vice President of People & Culture at Cochlear, Head of the QBE Global Leadership Academy and Executive General Manager, Talent and Business Unit HR for Commonwealth Bank of Australia.

Katharine is now an executive coach and psychotherapist for a range of corporate, government and non-profit leaders of organisations, where she focuses on corporate strategy, talent and psychology. She also works individual facing depression, anxiety, addiction, trauma, and career transition.

Prior to her corporate career, Katharine spent 10 years in leadership consulting, providing advisory services on behalf of three major organisations: Heidrick & Struggles, the Mettle Group and PricewaterhouseCoopers.

Before becoming the passionate leadership developer, Katharine's execution and pragmatic sense was fully developed in her role as head of operational planning and execution of the Sydney Olympic Games between 1996 and 2000, as well as her experience in the non-profit sector with her work with the YWCA NSW. In this role she led the operational planning process for the venue operations and was the main facilitator on all operational planning and contingency exercises within the Sydney organisation. She continues today to advise the IOC and all Organising Committees in their operational planning, workforce strategies and leadership development.

Her corporate strategy background is grounded in her formative years with Booz & Co driving corporate growth strategies, business reconstruction and process re-engineering across industries such as health care, banking, telecommunications and logistics. Clients included CBA, NAB, Tubemakers, TNT, Telstra, Royal Adelaide Hospital, the Alfred Hospital and Royal Prince Alfred Hospital.

Katharine has degrees with top honours in Biology/Neuroscience and History (Duke), Business (MBA, Stanford), and Political Science (MA, UNSW) .

Katharine is a qualified psychotherapist ([PACFA](#)), and an Industry Professor of the University of Technology Sydney. She is also a Director of Petrea King's [Quest for Life](#).

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