



New World  
New Management

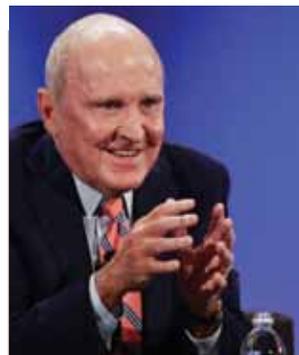
# WORLD BUSINESS FORUM

## EXECUTIVE SUMMARY 2010

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October 5-6, 2010 | Radio City Music Hall® | New York City

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This executive summary was prepared by business analysts from **ExecuNet: a private executive membership ([www.execunet.com](http://www.execunet.com))**.

Contributing were Lauryn Franzoni, executive editor; Robyn Greenspan, editor-in-chief; Joseph Daniel McCool, senior contributing editor; and Jeffrey Thompson, executive community coordinator. Since 1988, ExecuNet has helped connect nearly one-half million chief and senior-level executives to the people, opportunities and expertise they need to be successful – in their leadership roles and in their careers.

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# WORLD BUSINESS FORUM

In October 2010, business leaders gathered from all over the world to participate in the seventh annual edition of the World Business Forum in New York City. Bringing together a remarkable lineup of some of the brightest and most influential thought leaders on the planet, the Forum once again proved to be an incredible learning experience offering both insight and inspiration in equal measure.

This year's Forum took place in the context of the new challenges facing business in this new era. The agenda accordingly focused on three broad themes:

- **Economy, Trends, Change.**  
Understanding the new global context in which businesses operate
- **Leadership, Performance, People.**  
Creating and leading a culture of achievement
- **Strategy, Innovation, Communication.**  
Reinventing management fundamentals to drive results



October  
5-6

2010

Radio City  
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## Day 1

The opening session featured a dynamic presentation from [Jim Collins](#) revealing the secrets behind enduring companies. He was followed by [Jack Welch](#) in typically fiery form, offering candid insights on topics ranging from management, to the economy to politics. [Martin Lindstrom](#) had the audience captivated with his entertaining and revealing presentation of the power of neuromarketing, while [Charlene Li](#) discussed the implications for organizations of the growth of social networks. [Carlos Brito](#), the Brazilian CEO of Anheuser-Busch InBev, talked about how his company's performance culture plays such an important role in its success, while SAP co-CEO [Bill McDermott](#) gave his insights on doing business in the new reality. To finish the day bestselling author [Joseph Grenny](#) revealed his six sources of influence before [David Gergen](#), advisor to four US Presidents, gave his insights on today's new leadership challenges.

## Day 2

Day 2 kicked off with two contrasting economists. First up was [Steve Levitt](#) – bestselling author of *Freakonomics* – whose entertaining presentation looked at the lessons business can learn from economics and vice versa. Then came Nobel Prize winner [Joseph Stiglitz](#) in conversation with Carol Massar of Bloomberg TV, offering his predictions on the future prospects for the global economy. INSEAD's [Renée Mauborgne](#) and Tuck's [Vijay Govindarajan](#) gave their insights on strategy and innovation, while [A.G. Lafley](#) discussed his application of open innovation during his time as CEO at P&G. Former Vice President [Al Gore](#) gave an impassioned speech about the need for urgent action to curb climate change, while plane crash survivor [Nando Parrado](#) had the audience on its feet with his incredibly emotional tale of survival in the most extreme circumstances. The event closed on a high with [James Cameron](#), the world's most commercially successful film director discussing the importance of leadership and creative vision in any successful enterprise.

What follows serves as a record of these two unique and thought provoking days.

# JIM COLLINS

## Sustaining Great Results

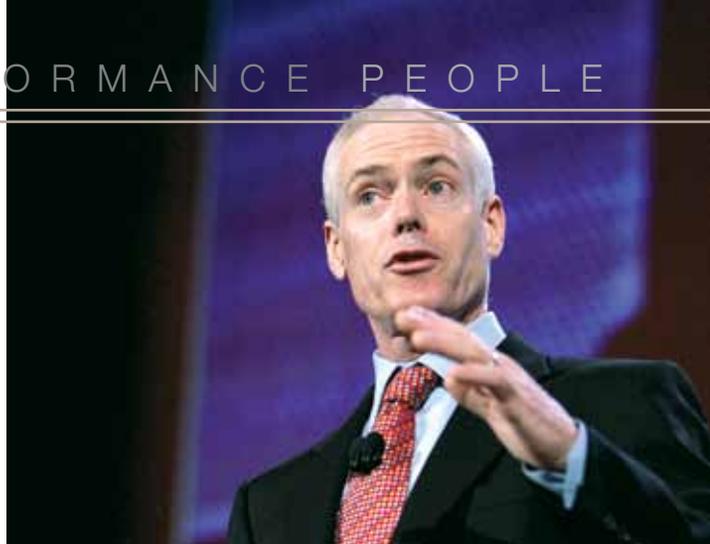
Early Diagnosis and Intervention Leads to Organizational Longevity

“Those who achieve success are not bound by their own story; if you want to predict the future, you create it,” said Dow Jones & Company CEO Les Hinton introducing leadership guru Jim Collins at the World Business Forum. Business is what’s ahead, not behind, yet Collins’ research in *Good to Great*, *Built to Last* and *How the Mighty Fall* looks back to determine the characteristics that give companies staying power.

Collins equates the demise of a company to declining health from disease. Symptoms become increasingly evident and recovery is possible — until Stage 5, where the condition is terminal.

### The Five Stages of an Unhealthy Company

**Stage 1-Hubris born of success:** “Bad decisions taken with good intentions are still bad decisions,” said Collins, and the antidote is for



leaders to have a special brand of humility and extreme ambition for the *cause* – not themselves.

Truly great leaders “have the guts to cut off your own arm if it has cancer.” He cites CEOs Darwin Smith, Kimberly-Clark Corporation, Anne Mulcahy, Xerox, and Herb Kelleher, Southwest Airlines, as examples of those who were willing to make that sacrifice “with the stoic will to do whatever it takes to make their enterprises truly great.”

**Stage 2-Undisciplined pursuit of more:** “Everybody loves you for your overreaching until you fall” said Collins, warning that great enterprises are more likely to die of indigestion than starvation.

Collins cites Packard’s law, named after David Packard, the founder of Hewlett-Packard: “If you allow growth in revenues, growth in scale, growth in new adventures to exceed your ability to have enough of the right people in the key seats to execute on that growth brilliantly, you will fall.”

**Stage 3-Denial of risk and peril:** Never mistake faith for facts, as the optimist is at risk of dying of a broken heart.

### Collins on *Good to Great*, *Built to Last* and *How the Mighty Fall*

“The answer could not be circumstance. It is first and foremost a matter of conscious choice and discipline. We became fascinated with how great enterprises stumble and how the mighty fall. We wanted to understand how this happens, and it was scary how far they fell.”

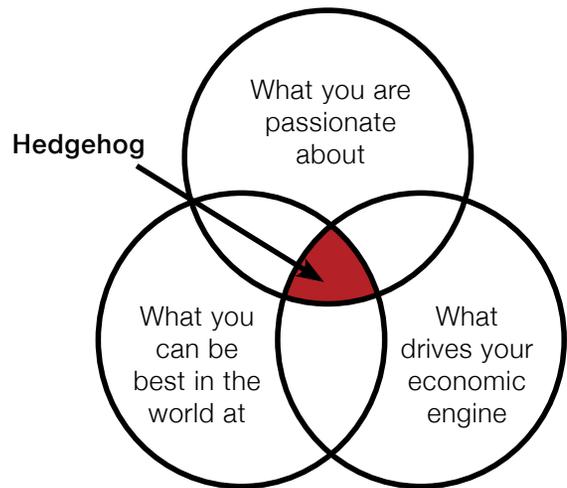
Collins used real-life, controversial cases to back up this truth. For example, a prisoner of war is subjected to extensive torture. Admiral James Stockdale told Collins he survived when others didn't because he was a realist who didn't rely on false hope. The Admiral's message is known as The Stockdale Paradox: "This is a very important lesson. You must never confuse faith that you will prevail in the end — which you can never afford to lose — with the discipline to confront the most brutal facts of your current reality, whatever they might be."

**Stage 4-Grasping for salvation:** Even with the aid of a heroic leader on a white horse or a game-changing magic bullet, many companies still fail in this stage. The antithesis, said Collins, is building a culture of discipline, by consistently pushing in an intelligent direction without stopping. "There's not one big push, but overnight successes are about 20 years in the making."

Using the three circles with the discipline to look inside and focus efforts, find what you can be the "best in the world at it or leave it for others."

## Meet the Speaker

Jim Collins studies how enduring companies attain superior performance and longevity. *Fortune* magazine has described him as one of the most influential management thinkers alive, and his work has been featured in many prominent journals and business publications. Jim has authored or co-authored four books, including the classic *BUILT TO LAST*, a fixture on the *Bloomberg BusinessWeek* best seller list for more than six years. His most recent book, *How the Might Fall: And Why Some Companies Never Give In*, was published in 2009.



**Stage 5-Capitulation to irrelevance or death:** Companies can fall into late stage 4 and come back when leaders emerged and broke the cycle of despair, but you cannot come back from stage 5, warned Collins. "Would we leave an unfillable hole if we left the planet? If you don't have the answer, you will go away."

Collins' checklist to assess organizational and personal priorities and to then get them in alignment:

- 1| Do your diagnostics.
- 2| Don't focus on your career; focus on building a pocket of greatness at every step.
- 3| How many key seats are on your bus? What percentage is filled with right people? What are you going to do to raise that percentage?
- 4| Double your questions to statements ratio in the next year.
- 5| The first question is: How is our world changing and what are the brutal facts? What's on your brutal facts inventory list?
- 6| Turn off your electronic gadgets and create white space — one day every two weeks.
- 7| Create a "stop doing" list. We can only manage our time, not our work.
- 8| Get inside your personal hedgehog.
- 9| Stop giving titles. The right people for key seats understand they do not have a job; they have responsibilities.
- 10| Set a Big Hairy Audacious Goal (BHAG) for at least 15 to 25 years in the future.

# JACK WELCH

## Management: Fundamentals and Achieving Success

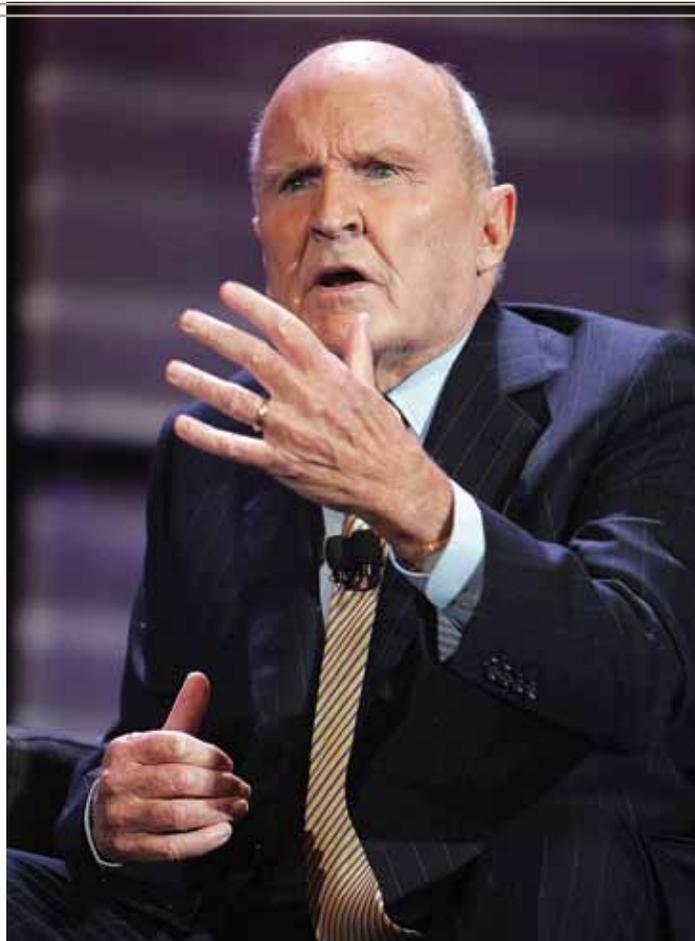
### Being Realistic

**W**hen lackluster performance and a consistent deficit of proven results confront your organization—regardless of the market you serve—leaders have to take action, stick to their convictions and be willing to make the tough decisions to get ahead.

“We’d all like the world to be just the way we like it,” said Welch, who during his 20 years as chairman and CEO of GE transformed the company into a powerhouse and increased GE market share by \$387 billion.

When the chips are down, be it because of the economy or some other challenge, an organization might see its customers complaining, its competitors charging ahead with new offerings and underperforming employees bringing other people down in terms of morale and productivity.

Famous for his insistence that GE’s underperformers be moved out of the organization, Welch said, “You have to see employees straight on. You have to be candid, and you can’t hope that Joe or Cynthia will get better,” he said. Sometimes, those lessons reveal, “The difference between candor and abrasiveness is pretty close. The higher you are, the more candid you can be. The lower



you are, the more abrasive you are. You have to anticipate the world being worse for you than it appears in the current moment,” Welch said. That last part may be what’s required to force tough decisions about people.

### The Importance of Talent and Leadership Development

These days, Welch said, he sees leadership development rating pretty low on the corporate priority list. But it shouldn’t be that way be-

### Welch on Developing Talent

“My main role as CEO was developing talent. The team that fields the best talent wins. That’s in baseball, football, life and business. Business is a game. If you don’t suit up the best team, you don’t have a prayer. In the end, it’s what it’s all about.”

cause when you get the best players, you win. What gets in the way of that mandate, so often, he added, are day-to-day operations and leaders' insecurity about bringing on the best talent. Great leaders promote and hire people who are smarter than they are.

Reflecting on the succession process he helped to orchestrate before his departure from GE, Welch said that HP's board "has committed sins" and not fulfilled its "primary role:" to prepare the next generation of leadership. "Where the hell was the leadership development? Who are these board members?" Welch asked.

Part of the reason he was known for GE's performance measurement of employees was because it conflicted with the approach so many other companies take, Welch said. "People spend more time trying to make the bottom 10 percent okay than celebrating the top 20 percent [of performers]," Welch said.

## Meet the Speaker

Jack Welch's management innovations made him the most admired CEO in the world. During his 20 years as Chairman and CEO of GE, he transformed the company into a powerhouse and increased GE's market value by \$387 billion. Welch's accolades include "Manager of the Century" by *Fortune* magazine, "Most Admired CEO of the past 20 years" by *Chief Executive* and the "World's Greatest Leader" by *Fast Company*. Welch is the author of several books, including #1 *Wall Street Journal* and international bestseller *Winning*.

“Your job is to celebrate the winners. You’ve got to celebrate success. Some of the bottom 10 percent finds success somewhere else. If one of your values is teamwork, and you’ve got somebody who is not participating in teamwork, you’ve got to take them out.”

## Welch's Leadership Skills Transfer to Education

These business leadership examples would be equally powerful if applied to education, Welch said, recommending that the education system focus in on how it can deliver better student outcomes by reducing the influence of unions and taking action against chronically underperforming teachers.

Welch, who recently launched the Jack Welch Management Institute that helps advance online education and teaching courses on leadership, hiring, firing and other management essentials, said that to fix the U.S. education system, we have to challenge the tenure system, reward teachers on merit, not shy away from paying superior teachers a lot more money, and effectively weed out the worst teachers.

"I would make education look like some of the charter schools where exciting people come to work; they are rewarded and cheered for their work and respected by everyone, and the students are the products and not the teachers," Welch said.

# BILL McDERMOTT



## Your Business in the Global Economy

**F**rom the eyes of Bill McDermott, co-CEO and member of the executive board of SAP, a leading global provider of business software, the world looks a lot different today than it did just before the global financial crisis.

Major shifts in the global economy continue to unfold and reverberate. The world has moved from the G8 economic powers to the G20. China continues to increase its influence on global supply chains and industries. “The global change is not uncertainty... it’s certain, it’s real, it’s structural and it’s big,” McDermott said.

Now more than ever before, you need a compelling vision for your business. And a cogent answer to this question: Why do you matter in the world and why should people care?

## Winning in the New Reality

Getting to the right answer for your enterprise is critical, McDermott said, but the way you get there is also very reflective on your capacity to reach new business objectives and markets.

### Back to the Basics: It’s About People

Putting people first changes everything, McDermott said. “This soft stuff is the real stuff. It’s all about the people,” he said, reminding the delegates to the 2010 World Business Forum that “the best leaders hire over their heads every time.” McDermott said the best leaders relish looking across the table and knowing that the team he or she has surrounded themselves with is more talented and more qualified than they are, and that’s the high-octane talent edge that drives SAP’s competitive advantage.

Putting the customer at the center of everything you deliver in the market is also a critical consideration. Effectively segmenting your market is a key factor in business success. Don’t be afraid to take on new rivals, he said, but make sure you know the customer and connect with that customer in new and different ways.

“The best run businesses run with real time insights, they get the information to the worker, on the handheld where they want it. They can make real time decisions.”

## Meet the Speaker

Bill McDermott is co-CEO and a member of the Executive Board of SAP, the world's leading provider of business software. McDermott oversees the company's strategic business activities relative to all customer operations, including sales, consulting, services, and ecosystem activities. During his tenure, SAP has delivered unparalleled growth in market share, revenue and customer satisfaction in key markets. McDermott is a member of several external boards, and is an active community leader and advocate for corporate social responsibility.

## Leading Efficiently: Focus on Results

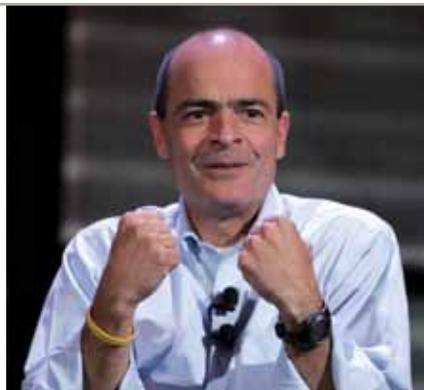
Of course, in today's business climate, it's hard to leverage talent and market segmentation without unleashing the power of information, McDermott explained. "The best run businesses run with real time insights, they get the information to the worker, on the handheld where they want it. They can make real time decisions," he added. In meetings, McDermott noted, he has no interest in reporters. "We want leaders who make the news," he said. To make big things happen, he said, stop being redundant. Focus on results. "Start with the vision and the strategy – that's your true north – and you constantly refine it, but focus on execution," McDermott said.

When the world around you is changing at an accelerating pace, as it is today, McDermott said, what matters is being true to yourself, never forgetting where you come from, and getting better every day you live. "Do what leaders do," he said. "Go out there and lead!"



### How to Motivate a Team According to McDermott

"Nothing motivates teams more than winning. It's the biggest force multiplier you have. Success is a force multiplier like no other. Good leaders come in all sizes and shapes – what they have in common is followers. They set high expectations, are resolute in the face of adversity, and when others say it can't be done, they make it happen."



# CARLOS BRITO

## Building a Performance Culture

### Dream - People - Culture

According to Carlos Brito it's not uncommon to hear people refer to a company's successes or failures the same way one would talk about a sports team. Both require a dream for success, being composed of the right people and having them rally around the dream, and then creating a culture of ownership. Brito, CEO of Anheuser-Busch InBev, reminded World Business Forum delegates these are the three elements that have been critical to building a high-performance culture at AB InBev.

### Dream

The first thing that needs to be thought about is that companies are formed by people. This is something Brito says many people forget. "If the people in a company all went in different directions, the company wouldn't be able to move forward," he reminded. "Our company has to have a dream...to be the best beer company in a better world."

"Dreaming small or dreaming big takes the same energy, so dream big," he encouraged. Referring again to sports, Brito said he believes the analogy of a high jumper is relevant when setting your company dream and the expectations of people. No matter how high the bar is set for a high jumper, the athlete gets just high enough to clear it. The same could be said for that of any corporate department or team. "It's about the coach putting pressure on the athlete. We should never be afraid to test the limits. Keep raising the bar to dream, and be public about it."



### Meet the Speaker

Carlos Brito is CEO of Anheuser-Busch InBev, the leading global brewer and one of the world's top 5 consumer product companies. A consumer-centric, sales-driven organization with approximately 116,000 employees in 23 countries, Anheuser-Busch InBev manages well over 200 brands and holds the number one or number two position in 19 key markets. A Brazilian citizen, Brito holds a degree in Mechanical Engineering from the Federal University of Rio de Janeiro and an MBA from Stanford University.

“Dreaming small or dreaming big takes the same energy, so dream big.”

## People

“You have to worry about getting the best people,” Brito said. “Great people attract other great people and challenge them.” Similarly, mediocre people attract mediocre people. He encourages leaders not to be afraid to hire individuals who you think with training and time, might be better than you. He also believes you need to spend time getting to know your people.

“Don’t leave it to HR alone; it’s your responsibility,” he said. Having and keeping the right people is something with which Brito has plenty of experience. After multiple acquisitions and mergers, he’s been able to identify the one difference between his company and the newly acquired one. It’s the Dream-People-Culture platform.

If you hire and train right, competitors can’t duplicate your business. “The difference in what you say and what you do is what makes the difference,” Brito explained, “Making the right decision isn’t always the easy decision.”

## Culture

It’s mission critical to create a culture of ownership. “You want people to feel that they own the business,” Brito advised, because “as a leader, you’re more likely to think ‘If I’m an owner, failure is not an option.’” Brito used the common attitude toward a rental car to illustrate his point: Renters tend to express more recklessness in a rental car than they would in their own car. After all, they will have to pay to fix the scratch or dent on their own car.

“You don’t want your employees to treat their job or their company like a rental,” Brito said. “Creating that sense of ownership will ensure that when an employee makes a decision, it will be done in the company’s best interest, not necessarily the employee’s.”

People and dreams can be combined to form a powerful ownership culture that will also prevent taking short cuts. “Building a company takes time, brick by brick. There are no shortcuts to effectively help you build a performance culture,” Brito reminded. “Instead of developing their own people, many companies hire from the market almost all the time. This is a mistake. Developing your own people is key.”

## What Would You Do?

During his discussion, Brito recalled an instance when he had the chance to promote one of two staffers. One had been with the company twenty years, and the other had been with the company for only two. The one with seniority was widely liked across the company though had not, within his career, done anything truly outstanding. The more recently hired employee possessed a much more desirable skill set and had done more for the company, but was not as widely known among the staff. The executive wanted a high performance culture and had a difficult decision to make between what was easy and what may generate better performance. What would you do?



# CHARLENE LI

## Social Networks and Creating Winning Social Media Strategies

### Leading Followers

“The key to creating winning strategies in social media is first to give up control,” Charlene Li, leading analyst of social technologies, told World Business Forum delegates. “You need to give up control but still be in command.”

First, leaders must realize that social media is a lot more than just Facebook, said Li, also author of the bestselling books, *Groundswell* and *Open Leadership*. She then advised the audience to make sure they have a direction that everyone understands and will follow. “The only way to get people to follow you is if you lead them.” Leading followers sounds simple, but in social reality can be quite complex. The three ways to do this successfully, Li explained, are through:

1. Strategy
2. Leadership
3. Preparedness

### Using Social Media to Your Company’s Benefit

Case in point? Dell’s use of social media to temper a groundswell of criticism when a video of a Dell laptop self-combusting in a conference room became a YouTube hit.

### Meet the Speaker

Charlene Li is an independent thought leader and analyst on emerging technologies, with a specific focus on social technologies, interactive media, and marketing. She is also the co-author of *Groundswell: Winning in a World Transformed by Social Technologies*, a business bestseller. Charlene is one of the most frequently-quoted industry analysts and was named by *AdAge* as one of its Top Women to Watch in 2008 and by *NowPublic* as one of the 50 most influential people in Silicon Valley.

What happens when someone writes about a negative experience with your company? Dell’s response led by CEO Michael Dell was to blog boldly. Dell posted a photo and blog called the “Flaming Notebook.” After the bold title, the author explained “beyond what you see, we don’t have enough data to know what happened.” By calling attention to the dangerous battery problem rather than ignoring it, the company explained the problem and how they were fixing it. They carried the potential media disaster through with posting after posting, each step of the way as they identified the prob-

lem (the battery) and how they would address it. “Dell was focused on relationships,” Li explained. “They realized what these technologies do better than anything else; they help manage relationships. By launching this blog the way they did, Dell was saying this relationship was one worth having.”

## Making a Business Relationship Personal

Li likens the company to customer relationship to any you might have in business or in life. “You can’t control the relationship with your spouse or partner, so why in business do we think we should? In the world of business it really is about relationships.”

Best Buy CEO Barry Judge shockingly blogged “I’m sick to my stomach when I think of the customer trust we just wrecked” after his marketing department blundered an email campaign. But with the history of humility and trust he had built since his first post (“Here is the first post. Phew, glad it’s over”) his readers knew he valued their relationship with him and the company.

“Leadership is more than just your position on the org chart,” Li said. “Anyone can be influential with these tools.” Salesforce.com has a new Twitter-like product and calls the people in the company using it, the “Chatterati.” “This internal social group is the connective tissue in the organization,” Li noted. “There is real value being created as people use these tools to get the job done.”

“No relationships are perfect. Encourage people to take risks, create internal ‘sandboxes’ where they can learn, grow slowly and think about the strategy you can achieve.”

## Value Isn’t Always Tangible

Regardless of the success metrics in any organization, Li says the value of the social message can be measured. After asking the audience to shake hands with the person on the left, she opined, “What was the value, the ROI, of that handshake? Can you calculate the ROI of being here? You know there’s value that you can’t put a number on, so you’d better be asking the right question.”

But how to prepare to succeed? Li says you have to be disciplined in your approach, consistent in the empowerment of the social team and willing to fail. “No relationships are perfect,” Li reminded. “Encourage people to take risks, create internal ‘sandboxes’ where they can learn, grow slowly and think about the strategy you can achieve.”

### How to Execute a Successful Social Media Strategy

To put a social strategy into practice, Li advises leaders to first select a strategic goal and apply the social tools to an area where they can have real meaning. “No one person or department owns the customer. So you’ll have to choose where this should be to begin. Choose where it makes the most sense.”



# MARTIN LINDSTROM



“How many of you make highly irrational decisions every day?”

**W**ith that, marketing visionary and, one of *TIME*'s world's most influential people of 2009, Martin Lindstrom, captures the curiosity of the global business leaders. He believes people can greatly benefit from understanding how to build a brand by playing to the non-conscious parts of the consumer's brain.

Whether we're knocking on wood, checking our voice or email message systems without being prompted by an alert, or reaching for the newspaper that's second from the top in the newspaper rack, the majority of everything we do every day appears to the non-conscious part of the brain. What may be even more interesting, Lindstrom said, is that, “When we build brand today, we totally overlook that fact.”

## Marketing:

The Role the Brain Plays in Buying Decisions

“Find an emotional connection to a brand. Every ad, everything you do should be able to survive without the logo. Otherwise, we can't cut through the clutter.”

“We are exposed to two million television commercials by the age of 65,” Lindstrom said. Yet, “How many of you remember three television commercials you saw yesterday?” He added that 15 percent of what we do every day appeals to the conscious part of the brain, but 85 percent does not.

## Lindstrom's Modern Marketing: Where Science and Advertising Meet

That's why Lindstrom, author of *Buyology – Truth and Lies About Why We Buy*, believes marketers must combine science with advertising, to satisfy consumers' desire for instant gratification and acknowledge that it is “the non-conscious part of the brain that is really in charge.”

In order to understand what a certain brand means to the consumer, Lindstrom advocated looking closely at brain activity so marketers can gauge how a consumer reacts to the imagery of their brands, how the consumer actually uses it, and which images don't even

## Meet the Speaker

Martin Lindstrom is the author of *Buyology-Truth and Lies About Why We Buy*, a *New York Times* and *Wall Street Journal* bestseller. The book unveils the results of his pioneering study that used the latest in brain scan technology to peer into the minds of over 2,000 people from around the world. The CEOs of McDonald's, Mattel, LEGO and Disney have all endorsed Lindstrom's work and acknowledge that his visionary branding principles and practices are the drivers of sales and profits, and consequently the centerpieces of business.

capture consumers' attention in the first place. Looking for interesting changes in different regions of the brain can help marketers map whatever product or service they're attempting to market in a way that intersects favorably with the sensory computations of the brain and emotional responses to marketing stimuli.

In this way, Lindstrom said, marketers can begin to truly understand the answer to this question: "What's going on in his or her mind?" And, "What does brand mean?"

## Brands that Inhabit Your Subconscious

Powerful subliminal advertising is one of the hallmarks of a great brand, Lindstrom asserted. Think of this as branding without the logo. Branding without words. Lindstrom asked, "Can I smash your brand?" That is, can I trigger an emotional marker in the customer's mind merely by presenting the same color patterns or images the consumer would expect to see inte-

grated with your brand, your company name and its typical marketing imagery? Or are you so dependent on that logo that without it your brand means nothing? The future of branding is moving toward the engagement of non-conscious [symbols]."

The challenge for marketers moving forward, Lindstrom opined, is to connect with an emotional marker in the brain of the consumer. "Find an emotional connection to a brand. Every ad, everything you do should be able to survive without the logo. Otherwise, we can't cut through the clutter."



### A Glimpse: Ground-breaking Study in Neuromarketing

In *Buyology*, Lindstrom presents his findings from a three-year, seven-million-dollar neuromarketing study. With the most innovative technology he peered inside the brains of 2,000 volunteers from around the world as they encountered ads, logos, commercials, brands and products, giving us real answers as to what drives us to buy a particular product.



# JOSEPH GRENNY

## Influence: The Power to Execute on Strategy

### Change: The Biggest Obstacle

There were tremendous learning opportunities at the World Business Forum, but, warned Joseph Grenny, the delegates were likely to confront resistance at the office when they attempted to implement new ideas and strategies.

“The challenge begins when you return to the office and have to encounter human beings,” said the business strategist and bestselling author, “human beings who are often unwilling to change.” Resistance to change is such a frequently-encountered problem.

### How to Determine Your Personal Theory of Influence

To gain some insight into your own theory of influence, Grenny posed an influence problem: “You’re the manager at Air Nippon airways. If passengers used the restroom before boarding the plane, they could lighten the load by 240 pounds, reduce the carbon footprint and reduce fuel and materials costs. How do you get that to happen? Is it your inclination to influence peo-

ple monetarily by charging them to use the restroom on the plane or subconsciously by playing waterfall sounds in the boarding area?”

By examining your own response, Grenny said you can determine what aspects of influence you tend to rely on and you may also see some gaps in your thinking. Grenny explains in his latest book *Influencer: The Power to Change Anything* that there are two big reasons people do what they do: because they want to do something (motivation) and because they are able to do something (ability). “Leaders tend to develop motivational strategies that do little on the ability side,” said Grenny. “They also tend not to understand that there are three types of motivation and ability: personal, social and structural.”

### The Two Key Factors in Effective Change

**Strategy:** What should we do? “There’s no strategy so brilliant that people can’t render it worthless.” (Grenny’s Law of Leadership)

**Influence:** How do I get everyone to do it? “Everybody in this room has a theory of influence but most can’t articulate what that theory actually is. And when we fail to execute, we’re unable to improve upon our own flawed theory.”

## Six Sources of Influence

Grenny's premise is that there are six sources of influence, and leaders who understand behavior from each source of influence can develop the most effective and successful influence strategies. "Our research confirms that leaders who use all six of these sources of influence are ten times more likely to secure change," Grenny comments. "One way leaders can help people make an experiential linkage between the behavior that is being asked of them and their own core values, is to use engaging stories or recreate powerful personal experiences." It's not always comfortable to do, but it does work, he notes.

|            | Motivation   | Ability                              |
|------------|--|--------------------------------------|
| Personal   | <b>1</b><br>Make the Undesirable Desirable           | <b>2</b><br>Surpass Your Limits      |
| Social     | <b>3</b><br>Harness Peer Pressure                    | <b>4</b><br>Find Strength in Numbers |
| Structural | <b>5</b><br>Design Rewards and Demand Accountability | <b>6</b><br>Change the Environment   |

- **Source 1:** Personal motivation – do I want to do it?
- **Source 2:** Personal ability – can I do it?
- **Source 3:** Social motivation – are others encouraging me to do it?
- **Source 4:** Social ability – are others helping me to do it?
- **Source 5:** Structural motivation – is the environment right for me to do it?
- **Source 6:** Structural ability – does the environment support me doing it?

## At-Home Experiment on Influence

All six of these factors affect most any behavior, Grenny and his researchers found. As a consultant to executives from a diverse range of the Fortune 500, Grenny became interested in taking an analytical look at how to change behaviors and drew on the reservoirs of social science to observe and test behaviors. During his presentation, he shared a video where his 12-year-old son created an experiment focused on rewarding younger children for NOT eating a marshmallow placed on their plate. If the kids had enough willpower to avoid eating the marshmallow for 15 minutes, they would be rewarded with a second marshmallow. The initial results found that most of the kids could not delay their gratification long enough and snatched up the first marshmallow—forgoing the reward. But when Grenny's son taught the kids a few skills to avoid temptation, his "subjects" were much more able to delay gratification and earn their reward. This experiment proved that influencing the second source of influence results in a change of behavior.

## Meet the Speaker

A business strategy expert, Joseph Grenny has worked with teams from IBM, Sprint, and McGraw-Hill, among others. Over the past 20 years Grenny has taught and advised more than 100,000 leaders all over the world. He is co-author of three *New York Times* bestsellers, including *Influencer: The Power to Change Anything*. He has been cited in dozens of newspapers including *The New York Times*, *Washington Post*, and the *Wall Street Journal*. Grenny has also spoken to organizations including NASA, the American Bankers Association, and the American Society of Training and Development.

# DAVID GERGEN

## Leadership: After the Storm

### The Changing Role of the Leader

**T**he role of the leader is very different today, said David Gergen, former advisor to Presidents Nixon, Ford, Reagan and Clinton. “Many of us grew up at a time when a CEO or a General Patton was a lone individual who sent down messages from Mount Olympus,” he recalled in an onstage interview with former CNN correspondent Rusty Dornin.

“It’s no longer possible to get results by ordering people around. In a crisis you have to have command and control, but, in general you have to be able to influence and persuade. Even young officers have to see if you’re going to take the bullet,” Gergen said to highlight why he believes human resources are the most valuable thing in any company.

### Leadership in a Connected Age

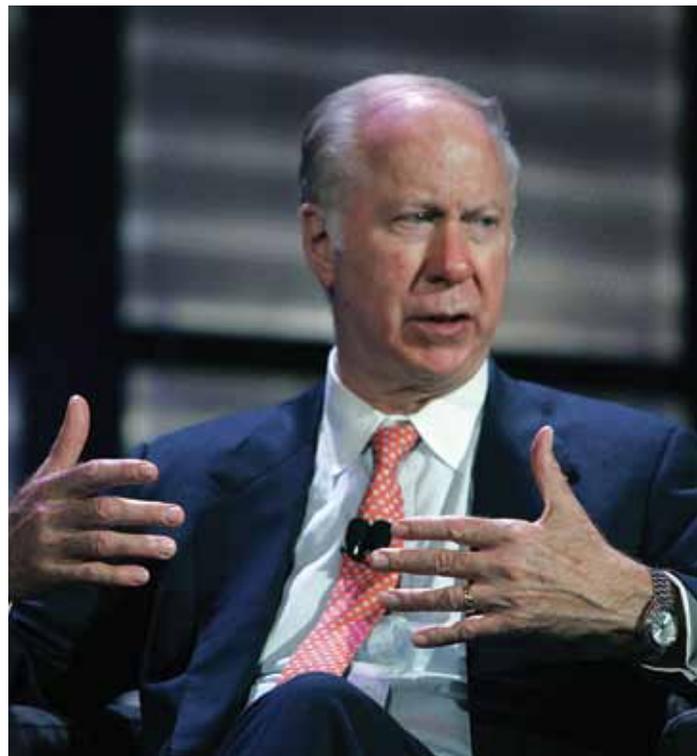
While General Patton was sending messages out, today’s leaders are managing a constant two-way stream of information, which could jeopardize leadership effectiveness. Gergen used General David Petraeus as one example of a leader who has mastered virtual connection and communication. “You can write him on a BlackBerry and you’ll get an answer within an hour,” said Gergen of Petraeus. “He is open to feedback and conversations from the troops. He doesn’t use it to manage or lead but to stay informed and connected.”

However, Gergen continued, there’s a danger in being connected to the volumes of electronic information. Gergen recalled the advice of a friend who served in both the Clinton and Obama administrations. The friend said it is so

much harder to lead institutions because of the extensive blogosphere that exists today. “People are spreading rumors, lies and vicious comments to the point where they (the administration) feel like they are under assault. It’s greatly disturbing,” this Washington insider told Gergen. Gergen said ideally, key staff should deal with the onslaught of information and the CEO should focus on running the business.

That buffer space between the barrage of information and the work at hand is also important. Jeff Immelt, CEO of General Electric, tends to do all his knowledge-gathering and then go off to contemplate.

“If you have a sense where you want to go and you’re out of sync, you need time to consider it a bit more.”





## Successful Communication, Past and Present

Gergen explained how slowing the pace led to a historic decision and cemented the friendship between President Franklin Roosevelt and British Prime Minister Winston Churchill. “In World War II, Roosevelt went by ship to Morocco and Churchill persuaded him to take an extra day to see the most beautiful sunset at the top of a mountain in Marrakech.” Later that bond contributed to some instantaneous and critical decision-making.

That bonding and understanding of your partner is very important, continued Gergen, as is the time to reflect. “Roosevelt had to make a decision dur-

ing the War. The British were in desperate need of destroyers. Everyone thought Roosevelt was going to have all these meetings and instead he took a few days to go sailing on the Chesapeake. That’s when he came up with the ‘Lend Lease’ idea.”

The world is speeding up and leaders don’t have that luxury of time anymore. Whereas Roosevelt took an extra day in Morocco, Gergen recalled a trip he took to the Middle East with President Bill Clinton to see the King of Morocco. “We flew into Morocco at 2am; had coffee with the King until 4:30; and flew right back. I asked the President whether he thought it was wise to be moving at this pace and making decisions so quickly. He didn’t even spend a day in Morocco. He said he had no choice.”

## The Importance of a Future with Better Leadership

“It’s a question of leadership response.”

To make a first class country, Gergen urged leaders to identify the best successors and empower them, and to look for diversity of opinion because there is a danger in insulated thinking.

When looking ahead, Gergen predicted strong ties will develop between social responsibility as a leadership priority and the sustainable health of the U.S. economy. “The Chinese are eating our lunch on renewable energy. We invent the solar panels, and they are being built in China. They provide cheaper labor and also the subsidies are in violation of the World Trade Organization, yet we haven’t turned the screws on them,” explained Gergen.

He ended with a rallying call to the government and business communities. “China created one million jobs and our factories are shutting down. This country will be in big trouble. Our biggest challenge is whether the U.S. is going to go into decline or not. It’s a question of leadership response.”

## Meet the Speaker

Commentator, editor, teacher, public servant, best-selling author and advisor to presidents for 30 years, David Gergen has been an active participant in American national life. He has served as advisor to Presidents Nixon, Ford, Reagan and Clinton. He is a Professor of Public Service and Director of the Center for Public Leadership at the Harvard Kennedy School, as well as is Sr. Political Analyst for CNN and Editor-At-Large for *US News and World Report*.



# STEVE LEVITT

## Freakonomics

### An Unlikely Success Story

**D**id you hear the story of how seven million American children vanished overnight and the IRS employee who was behind it all?

For Steve Levitt, author of *Freakonomics* and a professor in the University of Chicago's Economics Department, one IRS employee's idea to require taxpayers to report the Social Security numbers of children they claimed as dependents on their tax forms not only outed a lot of tax cheats, but also added \$20 billion into the United States Treasury.

"He didn't get a raise. Didn't get a promotion. Didn't get a parade," Levitt said. "He had a great idea...but he got no rewards, either social or financial."

Sometimes, it seems, a single individual with no grand plan beyond making a process work better and more consistently can usher in such a profound change that it makes a huge financial impact. And sometimes, for some of those same innovators, the rewards that follow are all self-endowed.

### What Business Leaders Can Learn from Professors

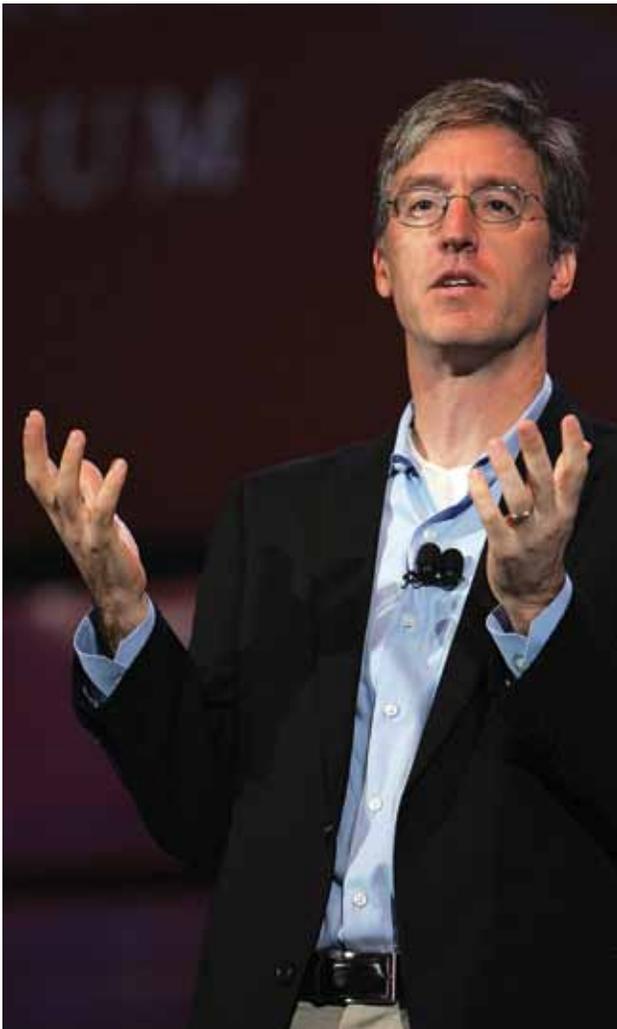
As a tenured professor, Levitt acknowledged, he is committed to spend 60 hours a year in the classroom. Otherwise, he said, he's free to conduct research, to publish and to pursue academic questions with a probing, academic curiosity. Academics, he added, are happy to admit they don't know the answer to a question, but strive to learn how to figure it out.

In business, on the other hand, leaders have customers to satisfy, reports to file and any number of fires to put out. Businesses also make major decisions with their own data or with bad data and don't get good feedback. Seldom, if ever, Levitt said, does the business or the manager look back on past decisions and test the validity of the data and influences that led to them.

**"I never hear anyone in business say they don't know the answers to questions."**

Businesses, and business leaders, Levitt said, would be wise to utter some acknowledgment of their uncertainty, their lack of data, and their lack of answers at least once a day. “People won’t run an experiment because it’s an admission they don’t know the answers to questions. If you don’t work at changing that, you can never get better,” Levitt said.

In today’s business environment, business leaders are faced with incredible uncertainties, a lack of data and a set of business conditions and competitive challenges that are opaque if anything. That’s why it’s more important now than ever before to gain the clarity for decision-making that only comes with intense research of complex business problems and the willingness to let the answers be as they may.



“For the firm that can create a culture of experimentation... I think there’s tremendous opportunity in that.”

## Meet the Speaker

Steven D. Levitt is the author (with Stephen Dubner) of the bestseller *Freakonomics* and its highly anticipated follow-up *Superfreakonomics*. Originally published in the U.S. in 2005, *Freakonomics* instantly became a cultural phenomenon with more than 4 million copies sold worldwide in more than 30 languages and a 2-year track record on *The New York Times* Bestseller List. He is a tenured professor in the University of Chicago’s economics department and is the recipient of the American Economic Association’s prestigious John Bates Clark Medal, given to the country’s best economist under 40.

## A Culture of Experimentation

Sometimes, the best business decisions require some experimenting to understand their root causes and the various influences that might ultimately shape the business return on investment. Allowing that kind of autonomy and risk-taking within the enterprise can lead to new discoveries, and results once unimagined or thought unrealistic.

“For the firm that can create a culture of experimentation...I think there’s tremendous opportunity in that,” Levitt added.

# JOSEPH STIGLITZ

## The Economy: A New Agenda

### On the Economy

**F**rom the macroeconomic lens of Nobel Prize winner and professor Dr. Joseph Stiglitz, author of *Freefall: America, Free Markets, and the Sinking of the World Economy*, “We’re not out of the woods.”

Stiglitz said he expects the U.S. economy to enter what he termed “a Japanese-style malaise” – a very long period of slow economic growth – unless the federal government takes strong action.

### Meet the Speaker

Joseph Stiglitz was awarded the Nobel Prize in Economics in October 2001 by the Royal Swedish Academy of Sciences. Stiglitz, former chief economist at the World Bank, has appointments at Columbia’s School of International and Public Affairs (SIPA), the Economics Department of the Graduate School of Arts and Sciences and the Graduate School of Business. Internationally recognized as one of the leading economists of his generation, Stiglitz is a member of the advisory team to the United States Government, and has played a large role in advising recent administrations.

## The Excessive Consumerism Paradox

The paradox involving the American consumer, Stiglitz reflected, was that at a time when household savings were at zero near the start of the recession, the government was soon after encouraging people to consume and spend again, when that excessive consumerism contributed in part to the real estate bubble.

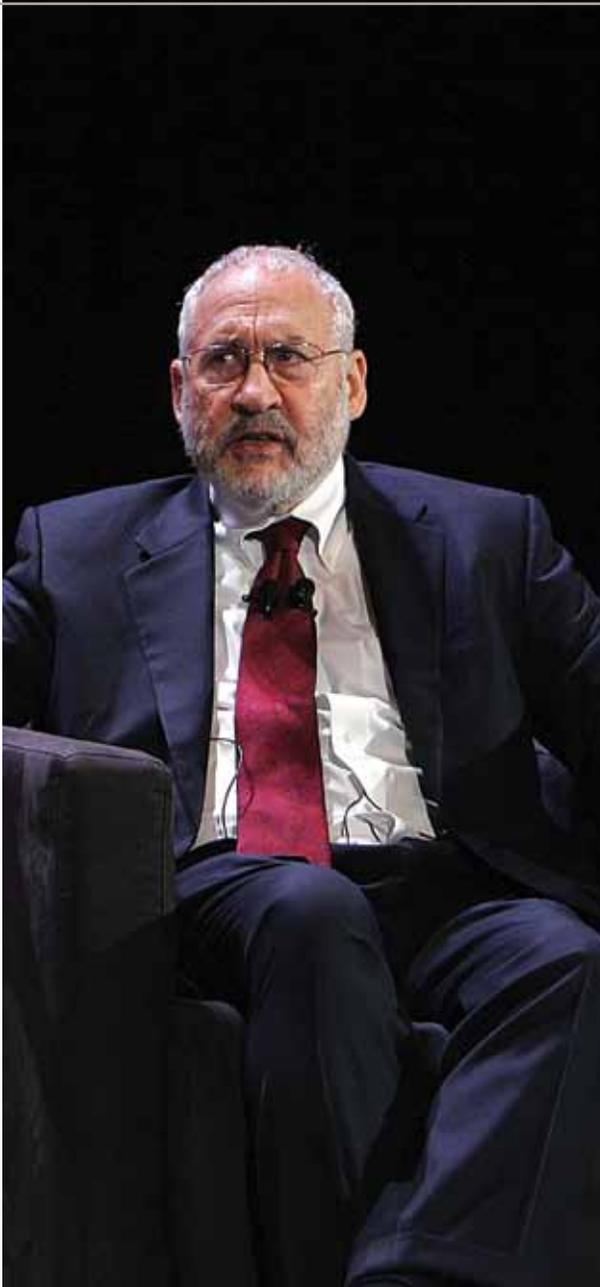
Stiglitz said there are plenty of wise investments the U.S. government could make in the education system and the country’s infrastructure, which he said needs to be retrofitted to acknowledge and reduce global warming.

“Government,” Stiglitz said, “underestimated the failings of the economy before the crisis. Right now, they would say they’re politically constrained. The time to move was right after the election where you had enormous amount of political power.”

## A Double Dip?

So, Stiglitz posited, “Could we see another recession?” Well, it depends. Much of the answer to that question – one on the lips of a lot of business leaders – depends on the effectiveness and scope of European austerity programs and whether there are any currency wars on the horizon.

Stiglitz explained that the U.S. economy has to grow at a pace of three to four percent in order to create enough jobs, but most forecasts for economic growth are well below that. Right now, he added, “One of six Americans who would like a full-time job can’t get one.” And unless the economy grows at that benchmark three to four percent, we should expect unemployment to hang at or just below 10 percent, at least for the next year or two.



“If you’re long-term unemployed, getting back in the workforce is very difficult. We’re weakening our human capital. That’s going to make it difficult to get back to a robust economy.”

### Cautious Hope: Challenges Ahead

Despite the challenges we face, however, Stiglitz said the U.S. “is in a lucky position.” The government can borrow at close to zero in the near term. It can borrow and realize likely big returns of 15 percent on its investments. But, he added, the deficit hawks in Washington say the economy is already too far in debt, so the legislative paralysis goes on.

Stiglitz credited the Federal Reserve for bringing the U.S. economy back from the brink of collapse. However, he added, “The way they did it was not on the course for a strong, sustained recovery. We are not on the course for a strong recovery.”

In the short-term, he added, “Companies don’t know where the economy is going and whether we’re going to get going anytime soon.” As a result, companies continue to do more with less. Now, it’s up to the federal government to take things into its own hands. “If we don’t do the right things, it could be a lot worse.”

## Stiglitz on The State of the Economy Post-Crisis

“It’s clear the [global financial] crisis marks a major change. The world after the crisis is going to be different than the world before the crisis,” Stiglitz said. There has been a global shift. Ideas have changed. Yet, he added, “There are too many people who want to go back to the world as it was before the crisis. The first stimulus did work. The problem was that it was too small, not as well designed as it should have been. It’s very clear that with the end of the stimulus the economy is getting weaker, and something else needs to be done.”

# AL GORE

## Global Affairs: The New Global Deal

### How are you Feeling?

The 45<sup>th</sup> Vice President of the United States began with a positive remark about the economy, but then quickly put it in perspective with an anecdote from the late Grand Ole Opry comedienne Minnie Pearl of a farmer who was involved in a car accident. When the farmer went to court to sue for damages, the lawyer asked him whether it was true he said he felt fine right after the accident.

The farmer began to tell a long, involved story of the events of the car accident, culminating with the other vehicle hitting him and his cow. When the police arrived on the scene, they saw the injured cow and mercifully shot him. “So when the police asked the farmer how he felt,” said Gore, “he said, ‘I feel fine.’ Many of us are feeling like that.”

The former Vice President, or as he affably said, once known as “the next President of the United States” expertly connected the dots between the climate crisis, sustainable capitalism and opportunity for global environmental and economic improvement.

### Danger and Opportunity

“The climate crisis is the biggest challenge to sustainable capitalism and our way of life,” said Gore. “But I want to begin with the word ‘crisis.’ In English and Spanish the word ‘crisis’ is a single word. In Chinese or Japanese it is two characters that when put together show ‘crisis.’ The first character is ‘danger’ and the second is ‘opportunity.’ It’s a better way of thinking about



any crisis. The climate crisis is one of the most dangerous that we face. It also shows the biggest opportunity we have ever had.”

While he avoided reopening the debate on reasons for invading Iraq, Gore began by affirming the global economy’s dependence on an oil market dominated by the Persian Gulf, and “the thought of it being disrupted or under control of those who could use it as a geopolitical weapon is something not easily dismissed.”

Abandoning the 100-year-old polluting technologies of the past to prepare for a sustainable 21<sup>st</sup> century could break our dependence, put people to work and save the economy, asserts Gore, but we collectively suffer from inertia, which works as the enemy of change. Partially, he attributes the inertia to our collective inability to imagine something that’s unprecedented. “We have a tendency to think ‘if it didn’t happen in the past, it’s not likely to happen in the future.’ We never had to think about the relationship between us and the environment.”

### Contributors to the Current Crisis

Gore cites three major contributors to the climate crisis: the global population explosion, which taxes resources; the dramatic expansion of the power-draining technologies we use; and finally, the way we think about capitalism.

“The population of the earth has quadrupled. In my lifetime – 62 years – we’ve gone from two billion people to 6.8 billion. I’ll see it go to nine billion.” Gore attributes the increase in population to the education of girls, the empowerment of women, fertility management, and higher child survival rates.

“Capitalism is the most efficient form of organizing economic activity the world has ever seen. It unlocks the human potential. It has a set of organic and ubiquitous incentives. It’s great that capitalism is our system,” asserted the Nobel Prize winner; however, he argued, it is long past time to address the system’s structural problems citing the “short-term thinking” that recently brought down the financial system and how that same “lack of vision” prevents long-range environmental solution planning.

“We’re entering a period of consequences, potentially leading to eventual collapse.”

## Disinformation Campaign

Michael Liebreich, chief executive of Bloomberg News Energy Finance, asked Gore during the interview that followed, why there was so much polarization around global warming in the U.S. “There is a disinformation campaign going on,” Gore said. “Large carbon polluters spend money to create false doubts on things that are real. The ship is bearing down, but large carbon polluters are in the boat saying it’s not real.”



“I said this is unprecedented so it’s hard to get a grip. It’s global, gradual and there’s a time lag.”

## Meet the Speaker

Vice President of the United States, congressman, Vietnam veteran and journalist, Al Gore is also one of the most powerful champions of environmental awareness today. In 2007 he was jointly awarded the Nobel Peace Prize on Climate Change. His critically acclaimed documentary *An Inconvenient Truth* - with its companion book - continues to make headlines all over the world. Gore’s latest book, *Our Choice*, proposes solutions to the global climate crisis.

Communication has transformed in the U.S., particularly in the last decade, and the information marketplace is not as friendly to ideas, Gore feels, and 80 percent of political campaign money goes to 30-second television commercials. “When a proposal to solve climate crisis is presented, the opposition dominates the conversation. The hope is with bloggers; they’re a new medium that soon will rival the importance of television.”

Gore urged World Business Forum delegates to affect change through political action, and pressure the Senate to release its use of filibusters to place a stranglehold on policies, which, he said, are influenced by special interest groups. “It’s important to change light bulbs, but it’s more important to change the laws.”



## A.G. LAFLEY

### Customer Centric Growth

#### A Great Leader Makes Tough Decisions

Leadership is about making difficult choices, and when former Procter & Gamble chief A.G. Lafley had to sacrifice two beloved brands – Noxzema and Clearasil – he equated it to letting go of his children, profitable ones at that. But if the products are not part of a company’s growth strategy and therefore can’t capture a market-leading position, human and operational resources have to be focused elsewhere, he said in a conversation on stage with Harvard Business Review editor Karen Dillon.

Companies can better turn their attention to innovation when not maintaining products on “life support.” P&G acquired the 1500-product Max Factor color cosmetics line in the 1990s. The P&G team ranked them by sales, profit and margin, discontinued the poorest performers and developed new offerings that were ultimately much more profitable and successful.

Innovation has to be the centerpiece for a business to thrive for close to two centuries, as P&G has, and in the first decade of 2000, Lafley said, the business grew organically five to six percent on brand and product innovation alone. “That brand and product innovation had two intentions: to

create even more value for our current users and to bring in new users. New users are incredibly important. We estimated we served two billion of the nearly seven billion people in the world. We then doubled the number of customers to four billion in less than a decade. We want to serve another billion in the next five years.”

“First and foremost, growth ought to be customer-centered.”

#### Learning from the Past

Procter & Gamble’s longevity hinges on its ability to anticipate market changes in the future while learning from the missteps of the past. Lafley said he spends time evaluating new inventions that could threaten brands, and even categories. He also evaluates new inventions P&G could partner with to improve P&G products for more customers. Said another way, new inventions can be both threats and opportunities.

Lafley’s two big “do-overs” show how instinct plays a role in CEO leadership and how even a successful leader sometimes cannot close a deal. Lafley said, “P&G was ready to swap one of its unreleased pharmaceutical drugs for Claritin, when at the last minute



## Meet the Speaker

A.G. Lafley is the former Chairman of the Board, President and Chief Executive Officer of Procter & Gamble, the world's largest consumer goods company. Under his leadership, P&G focused on consumer-driven innovation and consistent, reliable, sustainable growth. With Lafley at the helm, sales doubled, profits quadrupled, and the Company's market value increased by over \$100 billion dollars. He has been honored with some of the highest recognitions in business, including *Chief Executive Magazine's* CEO of the Year, the CEO Diversity Leadership Award, and the Peterson Award for Business Statesmanship.

the head of P&G Health Care advised him not to do it. Every bone in my body said we should go ahead, but I deferred to experience and expertise. In hindsight, I shouldn't have." Claritin is now the second largest over-the-counter drug introduced over the last decade. (P&G's Prilosec was the largest.)

Secondly, after a great acquisition with Gillette, P&G had an opportunity for another large deal, but couldn't make it happen. "There were three owners. I had the deal done with the majority owner, but couldn't get it done with either of the minority owners."

### Customer-Centric Growth

The purpose of any business is to create a customer, and ideally at P&G, to create "customers for life." Lafley said, as CEO, he tried to set the example by gaining as much information and understanding about customers as possible. "I went into customers' homes, and I shopped with them. I was also doing "mother-in-law research." I had to be in touch and know her needs and wants better than our competitors." Customers' needs and wants are the driving force behind P&G's innovation.

### Game-Changing Innovation

During economic instability, companies are more likely to play it safe rather than invest in risky innovation, yet P&G's longevity is a perfect example of weathering every external condition and thriving. For those without authority or executive sponsorship to initiate or champion customer-centric innovation, Lafley advised World Business Forum delegates, "Just do it. Truly, just do it. Nobody told me to watch people and learn why people do what they do; I decided to just do it. Get your customer involved in co-designing and co-creating new products and services and ask for forgiveness later. Charge ahead and find someone to let you run your own experiment."



# RENÉE MAUBORGNE

## Strategy:

### Blue Ocean Strategy and the Challenge of Creativity

#### New Opportunities in an Uncertain Economy

**R**enée Mauborgne, one of the most influential business thinkers today, offered advice that's as sound in today's uncertain times as it is when market trends are headed up. In fact, it could be even more compelling in unfavorable, strained environments than in times of solid prosperity. The case for creativity is undeniable. In such a world, she questions where management should spend its time – on enhancing productivity or on enhancing creativity? On the one hand, the importance of optimizing asset utilization, costs, quality, cycle time and logistics is critical to today's enterprise. But growth, new business development, innovation and future strategy are crucial as well. In fact, Mauborgne notes that the more senior the position, the more important the role as steward of the future. "The higher up you go – the more money you make – the more our role as leaders of the organization is building the future of our companies." And, she asserts, the role of creativity is crucial not just for companies to build their future but for solutions to the world's macroeconomic challenges – like energy, water, and pollution – where big trends demand creative solutions by businesses to be met.

#### How to Execute Creative Strategy

So, how will we close the gap between the aspirations of people and our ability to support them without creative shifts? "Simply making incremental improvements and enhancing productivity will not allow us to multiply the resources that we have on this planet to make it sustainable for all of us. It's going to be the creativity of our strategic thinking that will allow us to overcome and shape these very strained structural conditions that are mounting. That is the essence of blue ocean strategy." And this is true for companies to meet the challenges they face in both developed and developing nations.

“Without innovative breakthrough products we [in the developed world] won't be able to command export markets as we used to; we will have nothing new to sell abroad, and we'll increasingly lose our domestic market to low cost rivals who have identical offerings to ours. So blue ocean strategy and creativity matter centrally to companies in the developed world.”

## Meet the Speaker

**Renée Mauborgne** is the INSEAD Distinguished Fellow and Affiliate Professor of Strategy at INSEAD, (the world's second largest business school). She is also Co-Director of the INSEAD Blue Ocean Strategy Institute in Fontainebleau, France. Mauborgne is a member of President Obama's Board of Advisors on Historically Black Colleges and Universities (HBCUs) and a Fellow of the World Economic Forum. She is the co-author of the international bestseller *Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant* (Harvard Business School Press, 2005).

## Blue Ocean Strategy

Mauborgne challenged the audience to reflect on their own business to see if blue ocean strategy was right for them asking if they faced heightened competition, dwindling profit margins, and increasingly commodity-type competition. "How will you answer these questions? If you are like most companies, you are stuck in a red ocean. Efficiency alone – productivity gains – will not get you out of that. Only the creativity of your strategic thinking will allow you to shape and overcome these unfavorable conditions. So strategy needs to go beyond just reaching the industry best practice threshold by improving productivity." Blue ocean strategy is key as it pushes the creativity frontier of new demand and shapes existing unfavorable structural conditions into new frontiers, where markets are created and demand is strong.

Blue ocean strategy is the bridge that links creative ideas to commercial success. It addresses both effective strategy formulation and execution and is applicable across for-profit, not-for-profit and government sectors.

## How to overcome the core hurdles and get started right away:

- **Cognitive hurdle:** Dig in and address the response "we don't need to change." Use harsh operational and market realities to render the status quo indefensible.
- **Overcome limited resources:** Redirect resources from cold spots. Uncover the areas of highest consumption of resources that add no value. These are your cold spots. Find them; they exist in every organization. Then redirect resources from cold spots to the hotspots, the areas that have the greatest impact on performance in your blue ocean strategy.
- **Motivational hurdle:** Find out who are the kingpins and bring them into the strategy process. Engage these key influencers with fair process. Fair process is defined as engagement, explanation, and expectation clarity. Leverage the influence and respect they garner in the organization to motivate the rank and file to effectuate the blue ocean strategic shift.
- **Political hurdle:** Recruit a consigliere. Find out who is likely to fight a new strategy and who the big enthusiasts are in support of it. Create a coalition of angels; circle the devils so their power is squelched.



# VIJAY GOVINDARAJAN

Featuring Brian Goldner



## Innovation: A Strategy for Creating the Future

### Plan for the Future Now

**B**usiness strategist Vijay Govindarajan opens a world of opportunities and innovations with one probing question: “How are you going to create your future in 2030?”

The key, said the professor from the Tuck School of Business at Dartmouth, is less about what your enterprise actually does in the year 2030 and more about what it will do today that will ultimately intersect with business strategy 20 years from now.

To build an effective business strategy for 2030, Govindarajan explained, one must excel at three things: managing the present, selectively forgetting the past and creating the future. The energy and focus your organization applies to each of those business mandates will predetermine its success in the future.

### Strategy as Defined by V.G.

“How do you create the future while managing the present?” Govindarajan said. How an enterprise reacts to linear changes in the competitive marketplace, whether it exploits opportunities in the global economy, and what it learns from customers may all combine to give a business a competitive edge that will enable it to reach its long-term goals.



## Meet the Speaker

Vijay Govindarajan is widely regarded as one of the world's leading experts on strategy and innovation. He has been named on a series of lists by influential publications including: Outstanding Faculty and Top Ten Business School Professor in Corporate Executive Education by *Bloomberg BusinessWeek*; Top Five Most Respected Executive Coaches on Strategy, by *Forbes*; and Top 50 Management Thinkers, by *The London Times*. He has published seven books, including the international best-seller *Ten Rules for Strategic Innovators*.

“The future is not about what you do in the future. The future is now.”

### A Guest Appearance: Hasbro

Offering an example of this kind of enterprise decision-making, Govindarajan introduced Hasbro CEO Brian Goldner, who has led its transformation, as the latter explained, “from a toy and game company to a branded play company.”

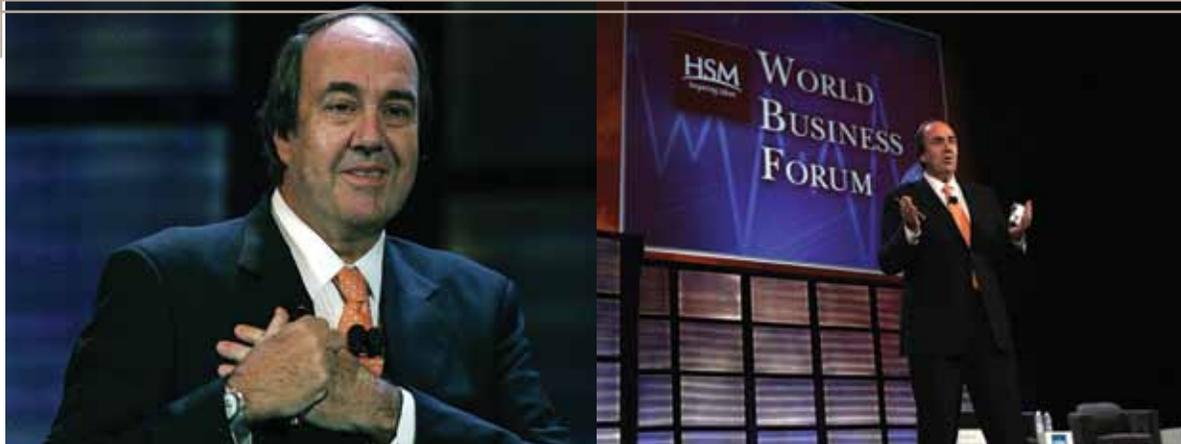
Hasbro, Goldner said, was founded in 1923, placed the first-ever toy commercial on television when it promoted its Mr. Potato Head in 1952, and grew through its acquisitions of Playskool and Milton Bradley in the 1980s.

Yet the company needed a new vision, Goldner said, and so it decided to “re-imagine, reinvent and reignite” its brands. Today, that transformation has put Hasbro in the lead with such

well-known brands as Transformers, Monopoly, Nerf, and now, Hasbro Studios, all included in a total of over 1,500 product brands in the company's portfolio.

Hasbro's latest investment comes in the form of a new television network, The Hub, which launched on October 10, 2010 and has a variety of content partners collaborating to deliver new entertainment options to a global audience around the clock.

Govindarajan said Hasbro is an example of a company that was willing to create a compelling vision of its future and make the decisions necessary to make it a reality – an example that can, and should, inspire every business leader in times like these. “The future is not about what you do in the future,” Govindarajan said. “The future is now.”



# NANDO PARRADO

## Crisis Management

### Effective Leadership Amidst Chaos

#### Where Catastrophe and Leadership Intersect

For Nando Parrado, it is not always the plan for effectiveness or leadership that emerges in a crisis. You can plan as much as you like, he has said. But in the midst of a crisis, it is your instinct and your will that drives the moment-by-moment choices you make.

Fernando (Nando) Parrado is one of the survivors of the airplane crash of Uruguayan Air Force flight 571 in the Andes in 1972 - one of the most compelling survival stories ever. After the crash and the subsequent miraculous survival of 16 of the 45 passengers and crew, he helped publish the bestselling book *Alive: The Story of the Andes Survivors*. In 2006, he co-wrote the *New York Times* bestseller,

*Miracle in the Andes: 72 Days on the Mountain and My Long Trek Home*. In the ensuing 38 years he has built and owned six successful companies and is frequently asked to speak to corporate teams telling the story of the ordeal and the lessons learned.

#### A Desire to Live

His outlook, of course, is the result of the harrowing 72 days that he fought for his life and the lives of his teammates in the tragic crash in which his mother and sister died; he himself woke from a coma; survived an avalanche which killed other early survivors; and faced decisions none of us ever want to face - all the while knowing that the search parties had stopped looking, and the world believed they were dead.

#### Words of Advice from a Survivor

"I've run companies, but there are no challenges in business - only issues. Forget about theory. Reality changes the perspectives you have. You don't know what you will do until you have to do something, and sometimes you have to do and say things you never think you would do."

“You don’t know what facets of your character you have” until you are faced with a seemingly hopeless challenge, Parrado told the audience. “Every decision is measured in terms of life and death. You will be elevated to the greatest heights and descend in to the worst depths.” In those 72 days, Parrado said he and his teammates “achieved excellence” in each of the subjects: leadership, teamwork, making decisions, facing crises, innovation. We linked it all together in ways that allowed us to survive.”

In Parrado’s powerful own words, he told the story of when the rugby team and his mother and sister full of triumphant joy boarded the flight, their whole lives ahead of them. In just moments the plane crashed and he entered into a coma. He then witnessed the death of his mother and sister, and an avalanche that killed two more teammates including the team captain who had been valiant in his young leadership just after the crash.

Next the team had to make crucial decisions, all the while knowing from the last few moments of power on the airplane’s radio that the search had been called off. Much of the memory in the general public has focused on the survivors’ decisions to use portions of the dead bodies for nourishment as they considered how and if they might survive.

“I will die, but I will not die here.”

It was Parrado and one teammate who walked away from the fuselage and the team believing they might be just a few days away from civilization over a mountain. In four days they arrived at the top, and Parrado saw a vast horizon of nothingness. No signs of civilization in any direction. They continued another six days. Finally, they were low enough to encounter a man on a horse, and were eventually able to lead a helicopter to the crash site, saving the other survivors.

“I said, ‘I will die, but I will not die here,’” Parrado recalls thinking at the 18,000 foot top of that mountain. “I decided I wanted to die walking.”

## Meet the Speaker

Fernando Parrado is one of the survivors of the airplane crash of Uruguayan Air Force Flight 571 in the Andes in 1972 - one of the greatest survival stories ever. After the accident, he helped publish the bestselling books *Alive: The Story of the Andes Survivors* and *Miracle in the Andes: 72 Days on the Mountain and My Long Trek Home*. Parrado shares his story and the powerful and emotive lessons on leadership, teamwork, and crisis management he dramatically learned through his ordeal with many of today’s leading companies.

“You will understand what I learned in the cold snow of the Andes,” Parrado concluded “is that life is not measured by the breaths you take but in the moments that take your breath away and how the people you love make up the most important moments.”

“Because you never know what will happen tomorrow.”

“You will understand what I learned in the cold snow of the Andes is that life is not measured by the breaths you take but in the moments that take your breath away and how the people you love make up the most important moments... Because you never know what will happen tomorrow.”

# JAMES CAMERON

## Creativity:

### The Power of Innovation and Passion



## The Importance of Leadership Style

Can someone who pushed teams to great achievements through a demanding leadership style reform and get the same high-quality results? Filmmaker James Cameron confessed he had to adapt his leadership style from dictatorial to one that was more respectful and empowering. “I don’t think I was always a good leader where I worked with people to get the best out of them,” said the creator of *Avatar*, adding that these skills weren’t innate for him, and he had to be open to learning so he wouldn’t seem phony.

## Meet the Speaker

James Cameron is a renowned film writer, producer and director whose films have blazed new trails in visual effects and set numerous performance records both domestically and abroad. His 1984 film, *The Terminator* became an unexpected box office hit and made the *TIME* magazine ten best of the year list. Cameron has broken new ground in cinematography through creating unprecedented filming, lighting and robotic equipment, as well as developing new techniques and production technology. His innovations in filmmaking and production have perpetually changed the cinematic landscape.

## How Cameron's Leadership Made *Avatar* a Success

Now, when conflict arises, Cameron's inclination is to solve the problem, rather than make a recriminating moment out of it, he told Bloomberg anchor Betty Liu during an onstage interview. "I turn it back on myself. Did I hire the right person? Yes. Then maybe I didn't communicate it well or they didn't understand." This new leadership style lent *Avatar* a sense of fun, authorship and ownership in an environment where people felt like they had permission to make mistakes but were now less likely to do so.

Putting the right cast, technical and creative teams together is critical for Cameron. Blending the people he already knows he can count on with new recruits who can push and challenge him has become his first step. *Avatar* operated more like a family than a conventional business team, he explained, binding the team together for 4½ years – longer than most film productions. Managing the stress, keeping up morale and maintaining the enthusiasm over this extended length of time was difficult, particularly when people worked all hours and had crises of faith they couldn't overcome the obstacles ahead.

## The Execution of a Creative Vision

Added to the mix was a game-changing vision that was nearly unexplainable, and therefore, harder to get people on board. Innovation drove the movie with Cameron's intent from the beginning to change the digital creation of characters. "The risks of doing something new with *Avatar* was not as great as not doing something new that would excite audiences," and he wanted to push his team to develop the movie technology wave of the future. One revolutionary innovation – the enhanced 3D technology – wasn't enough, said Cameron, and creating the 10 foot tall people was an even harder invention.

“We knew it was a difficult sell...non-human characters played by actors you'd never see. It was harder to communicate to investors who had to write this enormous check. We gave international marketing people a tour because we knew it would translate well to different cultures. The feedback from them helped get the green light decision from Fox.”



## Perseverance and Patience Pay Off

The investment in people, technology and capital resources plus energy and time mounted in the high-risk environment. From concept to screen took 15 years, although there was a decade when the project was untouched, the filmmaker said. He was 3½ years into the project before seeing the first shot. "I don't think you ever know if something is going to be a hit. It's hard to know. I knew we were doing something unique. There were risks involved in trying all of these new things. The biggest risk is not to be bold. You have to break away from the pack. Audiences are jaded. It must be the MUST SEE film of that culture." The reward was all the sweeter, he noted, because of his self-stated propensity to set "goals ridiculously high and fail at a level higher than everyone else."



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