Introduction

Often the most valuable assets of a marketing driven firm are intangible assets such as a brand name. The value of the Coke brand was estimated by Forbes in 2016 to be $58 billion and the value of the Apple brand to be approximately $154 billion. In a knowledge economy such as ours the most valuable assets of a marketing driven firm also include intellectual capital, the expertise and knowledge of employees. Hurley (2006) asserted:

People, not products, money or factories are key to the intangible assets that make up your company’s value…Intellectual capital or knowledge capital is not some computerized database. It walks out of the door every evening and you hope it returns in the morning (Hurley, 2006).

The kind of boss that was needed to manage employees working on an assembly line is not what is needed in the knowledge economy. The marketing driven organizations that are going to thrive are those that are willing to move away from the outdated command and control hierarchical leadership styles. In the knowledge economy it is important for employees to collaborate and be engaged. Leaders must be agents of change, creative, ethical, and global thinkers who can create learning organizations. If a marketing organization requires a “high degree of innovation or creativity and/or must provide excellent customer service” the old-fashioned approach to leadership that focused only on monetary rewards — and mainly for those at the top of the hierarchy — will not work (Anderson, 2013). Shakweh (2014) affirms:

In today’s business environment where intellectual properties, creativity and innovation are real competitive advantage, the emphases on qualities of human interaction have never been greater. As market conditions and technologies evolve at an astonishing pace, today’s organizations and future business strategies must adapt accordingly or risk becoming irrelevant. Consequently, CEOs of the future will need to master the art of managing and leading change.

This paper will describe the type of leader a marketing driven organization needs to achieve long-term sustainability. Safian (2012) coined the term “generation flux” to explain how the “dizzying velocity of change in our economy has made chaos the defining feature of modern business.” Thanks to globalization and the Internet,
new industries and organizations rise and more rapidly than ever. The “dizzying velocity of change” has changed the rules; the organization that will prosper will be filled with progressive leaders who understand what it takes to be creative and innovative. The successful organization is going to be innovative, nimble, quick to adapt to changing conditions, and resilient (Raphan and Friedman, 2014). Successful organizations have significant agility and are not tied to the marketing and management rules of the past. Firms that find comfort in “that is the way we always have done it” will fail. Not adapting to changing conditions killed off the dinosaur, not physical weakness, and can be just as deadly to an organization.

Numerous once powerful companies are now in big trouble because they were slow in adapting. Sears, once the nation’s largest retailer and certainly one of the oldest shed their profitable financial services businesses (Discover Card, Allstate, and Dean Witter) to focus on retail operations. However, because Sears was slow to adapt to shifts in retailing they merged with Kmart in 2004 after Sears’ effort to rollout remodeled stores with fashionable merchandise and a “brand central” theme failed. Other companies slow to adapt include AOL, Blockbuster, Radio Shack, Wang Laboratories, Kodak, MySpace, Blackberry (formerly Research in Motion), and Netscape. Many of us remember when Lotus 1-2-3 was the world’s most popular spreadsheet; and Eastern and Pan Am were major airlines. Solutions to problems will require creative, imaginative people who think outside the discipline, have the ability to work together, and are not constrained by the models and methods of a single discipline. Cross-functional teams and interdisciplinary strategies are a must. It is hard to believe, but Apple came extremely close to bankruptcy back in 1997. Fortunately, Steve Jobs understood that the company had to be innovative, change the rules, and think outside the box if the company was going to survive (Shontell, 2014). Today, Apple is the most valuable company in the history of the world; it has a market cap of about $748 Billion.

In 2009, The Economist surveyed 349 executives from all over the world; 90% identified organizational agility as a “core differentiator in today’s rapidly changing business environment” (Economist Intelligent Unit, 2009). Similar results were found in 2011, when The Management Innovation Exchange (2012) sponsored a “hackathon” in which hundreds of management innovators attempted to find major management problems that prevented companies from thriving in today’s environment. They found that some of the major problems included:

1. an unwillingness to adapt to the rapidly changing world, preference for doing things the old way, and a lack of experimentation;
2. insufficient resources devoted to develop a culture of creativity
3. too much bureaucracy, and ineffective leadership which has a lack of vision and does not encourage creativity.

Carr (2010) cites a 60-country survey of 1,500 CEOs and public leaders who were asked which were the most important leadership qualities.

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<th>Ranking</th>
<th>Most Important Leadership Qualities</th>
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<td>1st</td>
<td>Creativity</td>
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<td>2nd</td>
<td>Integrity</td>
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Creativity was ranked first (60% indicated that it was the most important leadership quality); integrity was second (52%); and global thinking was third (35%).

Friedman & Lewis (2014) state that effective corporate leaders of today understand that the rules in a knowledge-based economy are quite different from the rules of the past. S/he understands that the key asset of a corporation
today is the abilities and creativity of its employees. Leaders that do not have the ability to tap into this creativity and transform their organizations so that they are agile, innovative, and creative are of little value to today’s firm. Indeed, if executives are adding layers of bureaucracy, then they are probably stifling creativity and do not understand what is necessary for an organization to operate successfully in a knowledge economy.

**Build a Learning Organization**

In the knowledge economy, there are few jobs where one works alone and the ability to collaborate is highly valued. This is why the ability to be a productive member of a team who knows how to collaborate is critical in almost every occupation. According to Shenk (2014), creativity, rather than being in the domain of the “lone genius,” often comes when we work in pairs.

For centuries, the myth of the lone genius has towered over us like a colossus. We canonize stories of rare geniuses—the ones who made the Sistine Chapel or Hamlet, the lightbulb or the iPod. On closer inspection, however, the primary creative unit is actually the pair. Whether it’s Marie and Pierre Curie, or Tiger Woods and his caddy, a dyad is the most fluid and flexible of relationships—and it naturally arouses engagement, even intensity.

Peter M. Senge popularized the concept of “learning organization” in his seminal 1990 book *The Fifth Discipline* (Senge 1990). This book sold more than one million copies and was identified as a seminal management book by *Harvard Business Review*. Senge earned the title of ‘Strategist of the Century’ and was acknowledged by the *Journal of Business Strategy* as one of 24 individuals who have “had the greatest impact on the way we conduct business today” (Smith 2001). Senge (1990: 3) had the following to say about learning organizations:

…organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together.

One of Senge’s “laws” discussed in his book is that the problems of today come from “yesterday’s solutions.” This is why it is so important to create an organization that can adapt to a chaotic business environment. The old top-down leadership model that implicitly assumes that people do not have any vision and cannot deal with change is rejected in a learning organization. The job of a leader in a learning organization is to build an organization where people “continually expand their capacity” by constant learning and sharing of information. Every person in the organization has to buy into this and the job of the leader is to sell the vision to everyone.

It is difficult, if not impossible, to be an innovative, inventive, and nimble organization without knowledge sharing by all employees. Knowledge sharing works much better where there is a flat organizational structure with a relatively short chain of command, and is difficult to implement in pyramid-shaped organizations with tall hierarchical organizational structures, i.e., characterized by multiple layers of management. A flat organizational structure allows information to flow in all directions – even from the bottom of the organizational pyramid to the top. After all, good ideas can come from anywhere in the organization, not only from the top. Google and Toyota have been exceptionally successful because they tap into the collective experience and knowledge of all employees; at Toyota, an employee who thinks of an improvement that might help production may stop the entire production line. Ideas can come from anywhere in the organization, and ideas originating from employees are just as valued as those coming from top management Casarez et al. (2009: xxiii).

What does it take to become a learning organization? Friedman, Friedman & Pollack (2005) summarize what one should expect to see in a learning organization. First and foremost is the belief in continuous and collective learning, knowledge sharing, and collaboration. There must be a commitment to lifelong learning. The organization must also develop the ability to adapt to changing conditions, i.e., an ability to renew, regenerate, and revitalize itself. Also, there has to be a concern for people and respect (and empowerment) for employees. Diversity is seen as a plus since it allows for new ideas. The individuals that make up the organization have to
learn from past experience and mistakes — experience is the best teacher — and learn from the experiences of others in the organization. There must be a willingness to experiment and take chances; this means that there has to be a tolerance for failure.

Encourage Diversity
Friedman & Amoo (2002) provide numerous reasons why companies that wish to thrive in our multicultural, global economy have to be serious about diversity. Of course, the key reason is that it is immoral (and often illegal) to discriminate against people. Friedman & Amoo (2002) assert that there is a strong correlation between diversity and high-technology growth. Regions that score high on composite diversity (gays, foreigners, and bohemians) score high on the Milken Institute’s measure of high-technology growth. It appears that creative people in the technology areas are attracted to regions that are home to people who are tolerant, open-minded, and accepting of others. Friedman and Amoo (2002) also state that countries that discriminated against women seriously hurt their economic growth rate. This should not be surprising given that these countries did not have access to the brainpower of approximately 50% of the population. Even in the United States, research indicates, that racial discrimination results in a 4% reduction in GDP.

Page (2007, 2011) has used mathematical models to demonstrate that diverse organizations made up of different kinds of people are more creative and productive than those that are homogeneous. People from different backgrounds see things differently and are more likely to find solutions to complex problems. Research by Chadeaufx and Helbing (2012) does find that prejudice is sometimes an effective strategy in the short term. In the long-run, however, holding preconceived notions about people based on such factors as occupation, clothing, or age, is harmful to the creativity of an organization and results in an inflexible organization that misses many valuable opportunities (Schmid, 2012):

While it is efficient to react to a single trait in the beginning, you must not stop learning new things in a complex world; otherwise, you miss many good opportunities. However, developing a differentiated – and in the long run successful – judgement takes time. The most successful strategy is to begin with simple rules of thumb and then keep refining them. People who gain a wide range of experiences and are willing to adapt their behaviour accordingly perform the best…Minorities especially have the problem that they are often wrongly treated because they are not known well enough. It is therefore a question of multiplying contacts with different people to avoid blowing your chances of successful interactions with them. Social networks play a key role here (Schmid, 2012).

Daniel Kahneman is a big advocate of adversarial collaboration as a tool for innovative thinking. Adversarial collaboration brings together two researchers who disagree and has them conduct an experiment jointly (there may be a third person serving as an arbiter), and often results in better research and new hypotheses that can be tested (Matzke et al., 2013). The goal with adversarial collaboration is to discover the truth, not to win the argument (Kahneman, 2012). Adversarial collaboration helps avoid what is referred to as confirmation bias where a researcher may consciously or unconsciously design an experiment in such a way so as to provide support for his/her position (Matzke et al., 2013). Any organization which wants to flourish and be innovative has to create a climate where adversarial collaboration is encouraged. Diversity and adversarial collaboration can work together to strengthen innovative thinking in an organization.

A group consisting of white men with similar experiences will not be as innovative as a diverse group. The collective intelligence of a group is not additive; it is the social sensitivity of group members that determines how well the group will function. According to Thompson (2015):

A general collective intelligence factor explains a group’s performance on a wide variety of tasks. This “c factor” is not strongly correlated with the average or maximum individual intelligence of group members but is correlated with the average social sensitivity of group members, the
equality in distribution of conversational turn-taking, and the proportion of females in the group.

Women seem to be better than men at social sensitivity, i.e., the ability to correctly perceive, interpret, and respect the feelings, viewpoint, and opinions of others in the group. This is why having women in a group improves its c factor, i.e., it becomes smarter (Thompson, 2015). Ivan Seidenberg, CEO of Bell Atlantic, asserted: “Diversity is a competitive advantage. Different people approach similar problems in different ways” (Colvin, 1999). Justice Sandra Day O’Connor writing for the majority in 2003’s Supreme Court decision in Grutter v. Bollinger (Shaiko, 2013):

Diversity promotes learning outcomes and better prepares students for an increasingly diverse workforce… Major American businesses have made it clear that the skills needed in today’s increasingly global marketplace can only be developed through exposure to widely diverse people, culture, ideas, and viewpoints.

Jack Ma, founder of the huge Chinese e-commerce firm, Alibaba, boasts that 34% of the leadership positions in his company are women; 40% of the total workforce is female. Note that only 21% of Google’s leadership consists of women; 30% of its employees are female. Ma believes that “women think about others more” and that “Women balance the logic and the instinct.” He considers women the “secret sauce” that makes his company so successful (Kokalitcheva, 2015).

Create a Workplace with Engaged Employees Doing Meaningful Work

Engaged employees have a passion for the work they do. They are energetic, creative, enthusiastic, motivated and will do everything possible to make sure their organizations succeed (Gross and Holland, 2011). For engaged employees, a job is not just a way to make a living; they feel connected to their jobs. What do employees want? A meaningful life, a meaningful job, a work environment filled with compassion and love, and a sense of connection to a higher purpose (Friedman & Friedman, 2014; Karakas, 2010; McGhee & Grant, 2008; Rhodes, 2006; Fry, 2003). Employees that are engaged in work that makes a difference, i.e., benefits society, demonstrate much higher levels of job satisfaction than people who are not engaged in meaningful work (Barker, 2014). It is not only about making the highest quality products but also about creating a culture where employees are engaged and excited about what they do. When employees are interested in what they do, they are less likely to be careless, thereby avoiding accidents, and more likely to be motivated to work for the success of their company. (Crim & Seijts, 2006).

Barker (2014) asserts that “having meaning in your life increases life satisfaction twice as much as wealth.” This is why it is important for managers to stress the value of what employees are doing. For engaged employees, money is not the only motivator. There is evidence that employee engagement is extremely low; one study found that 70% of employees and 50% of managers are disengaged (Gross and Holland, 2011). Another study found that only 29% of American employees were engaged in their jobs (Thottam, 2005). Among American workers, “job satisfaction is at its lowest level – 45 percent – since record-keeping began over two decades ago” (Barker, 2014).

Gallup has been measuring employee engagement using what they refer to as The Q12 Employee Engagement Survey. A meta-analysis done by Gallup shows the following:

Work units in the top quartile in employee engagement outperformed bottom-quartile units by 10% on customer ratings, 22% in profitability, and 21% in productivity. Work units in the top quartile also saw significantly lower turnover (25% in high-turnover organizations, 65% in low-turnover organizations), shrinkage (28%), and absenteeism (37%) and fewer safety incidents (48%), patient safety incidents (41%), and quality defects (41%) (Sorenson, 2013).

It comes as no surprise that there is a strong correlation between employee engagement and customer satisfaction,
productivity, and profits (Gross and Holland, 2011; Thottam, 2005).

Laszlo Block, HR executive at Google, states that most firms do not know how to hang onto the key people in their organization. Google, on the other hand, has the ability to retain its employees for two reasons: (1) Google is careful in its hires and makes sure that every candidate is carefully screened by many different people. The goal is to make sure that people will all be able to work well together. (2) Google ensures that employees feel that the work they do is meaningful and important. People want to feel appreciated and that they work at meaningful jobs that make a difference. Bock cites research by Adam Grant, Professor at Wharton, which asserts “when people are able to connect their jobs to something meaningful, their productivity increases as much as five times” (Goudreau, 2015).

Corporate social responsibility (CSR) is a way to make work meaningful and to get employees engaged. It has been defined as:

> … an ongoing commitment by business to behave ethically and to contribute to economic development when demonstrating respect for people, communities, society at large, and the environment. In short, CSR marries the concepts of global citizenship with environmental stewardship and sustainable development (Hollender and Fenichell, 2004: 29):

One survey found that 80% of respondents aged 13-25 wanted to work for a socially responsible firm that “cares about how it impacts and contributes to society” (Meister, 2012). This is why a progressive company has to be committed to being socially responsible. Corporate social responsibility and employee engagement are strongly related. Holland (2011) asserts: “Corporate social responsibility drives employee engagement, which in turn drives business success. Therefore, investing behind CSR initiatives makes good business sense.” Firms that are seen as socially responsible are able to attract and retain engaged employees. This will ultimately have positive effects on net income and growth (Gross and Holland, 2011).

**Discussion and Conclusion**

The successful CEO of the future will understand that organizations that thrive will hire and retain employees that are creative and adaptable. This means the main job of the CEO will be to build a learning organization, encourage diversity, and ensure that employees are engaged in meaningful work. The organization has to have a reputation for being socially responsible and behaving in an ethical, aboveboard manner. The CEO of the future has to take a systems approach and see how all the pieces of the puzzle — people, profits, and planet — fit together. The most important part of the puzzle is hiring the right people: those who are creative, ethical, and know how to work with all kinds of people.

Dan Price, CEO and founder of Gravity Payments, may be an exemplar of the new kind of leadership that is needed. He recently announced that he is taking a huge pay cut from approximately $1 million to $70,000, and using 75% to 80% of the company’s anticipated profits to raise every employee’s salary to at least $70,000. All this because he read an article about how happiness increases greatly when people earning less get to a salary of $70,000 (Cohen, 2015).

Richard Branson, CEO of Virgin Group, is now allowing employees to take unlimited vacation days without having to get approval from supervisors. He has confidence in his employees and is certain that they will take vacations “when they feel a hundred per cent comfortable that they and their team are up to date on every project and that their absence will not in any way damage the business” (Levinson, 2014). Branson was copying Netflix, which is a leader in its industry and allows unlimited vacation days. Netflix, in its “Reference Guide on our Freedom and Responsibility Culture,” indicates that it is important for an organization to “focus on what people get done, not how many hours or days are worked” (Levinson, 2014).
Bridgeway Capital Management, founded by John Montgomery, donates 50% of its profits to charity and caps top salaries paid to executives (there is a 7:1 ratio between highest and lowest paid person in the firm). The firm states that its core values are “integrity, performance, efficiency, and service”; Montgomery emphasizes that “integrity trumps the other values” (Klein, 2015). Incidentally, people working at Bridgeway are not referred to as employees but as partners. The term “employees” suggests that the people who work there are being used.

The above are just a few examples of marketing driven organizations whose leadership recognize that are using Often the most valuable assets of a marketing driven firm are intangible assets such a brand name, intellectual capital, the expertise and knowledge of employees. These new breed of leaders understand that it is important for employees to collaborate and be engaged and that leaders must be agents of change, creative, ethical, and global thinkers who can create learning organizations.

References


