

INDUSTRY INSIGHTS

By Robyn Karam

Leadership and the exponential organisation



A business's ability to survive and thrive depends on its ability to align itself with the time in which it operates.

At the height of the industrial revolution, for example, successful manufacturing companies embraced the assembly line technique of mass production.

Today, in the time of the information revolution, business leaders need to consider different approaches and ways of thinking.

The information revolution

Many authors, theorists and futurists allude to the information revolution or one of its competing terms. Whatever you call it, the primary feature of the information revolution is the growing economic, social and technological role of information.

The increasing availability and use of internet-connected devices has seen us 'information-enable' every aspect of the world within the 'internet of things'.

Contrary to expectations, this is just the beginning. Authors, theorists and futurists have been quick to point out, not only is most growth still ahead of us – practically all of it is.

Citing Moore's Law, we're told to expect a doubling pattern that determines the pace of future growth.

We only have to look around us to observe that the information revolution has reduced the time it takes to see change in the way things are done all around us.

A clear implication of these insights is that, in a world of increasing volatility, any organisation's understanding of the outside world needs to keep pace with reality.

Industry disruption

The businesses that succeed, now and in the future, are those that are nimble and agile enough to keep pace with the rapid technological developments in their industries.

Everything now is being disrupted – even traditional industries.

By way of example, I recall attending a lecture at university in 2004 as part of a module called 'The accountant as a consultant'. Netflix was discussed as a case study and cited as an instance of how businesses could revolutionise an industry and thereby threaten the existence of their competitors.

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Some readers may recall that Netflix started out as a website that rented DVDs through mail posting and a pay-per-rental model. This can be contrasted to the current structure of monthly subscription income from customers having online access to a full range of movies and television shows. And there were, of course, various iterations in between.

The threat identified was to video/DVD rental stores such as Blockbuster and VideoEzy. Approximately 14 years later, the Netflix service offering has increased dramatically and impacts a broader range of entertainment media businesses, including premium television service providers such as Foxtel and online retailers such as iTunes. Since income is derived from subscription fees, Netflix can even offer commercial-free viewing.

Consider, also, the deregulation of the taxi industry in Melbourne to make way for the likes of Uber and other ride-share operators. Not even the traffic chaos caused by blockading the Bolte Bridge during the morning peak traffic period will prevent the inevitable. However, we must be sympathetic to the plight of the taxi operators who may have paid more than \$500k for their licences on the understanding that taxis enjoyed a monopoly (thanks to government regulations on supply) only to now be told about deregulation and receive \$100k offers from government for the buy-back of licences. Further examples include Amazon, eBay, iTunes, PayPal, digital photography, drones, robotics and the impact on their respective industries.

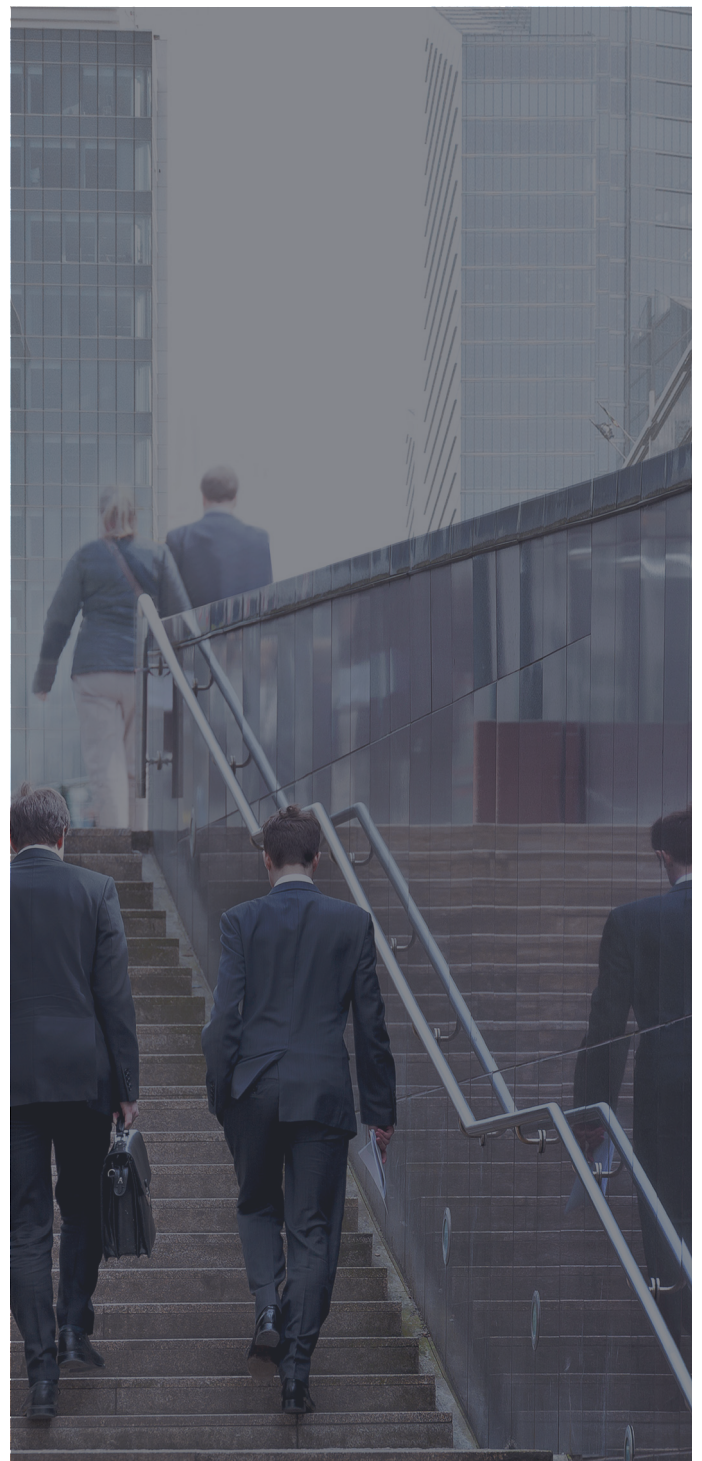
A new breed of organisation

In their text, *Exponential organizations: why new organizations are ten times better, faster, and cheaper than yours (and what to do about it)*, Salim Ismail et al suggest the most successful organisations today are those that leverage accelerating technologies to achieve an impact (or output) that can be 10x larger than that of peers which fail to align with current technological trends.

The book is recommended reading for all business leaders today, in every industry.

Anyone familiar with the attributes of exponential organisations, as discussed in the text, will increasingly notice these attributes in successful businesses.

They will also notice that the prevalence of exponential organisations is more pronounced each year.



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Practical application

Business leaders need to find their own ways to adapt to the information revolution, technological disruption and the advent of the 'sharing economy' in their industries.

In a world of increasing volatility, any organisation's understanding of the outside world has to keep pace with reality.

Organisations previously evolved to manage scarcity. Now, in an abundant, information-based world, collaborative consumption is emerging as the latest wave of non-asset businesses.

If you own, manage or lead a business, it's a wave you cannot afford to ignore.

In future articles, I plan to consider the practical application of the principles outlined by Ismail et al in their text and welcome discussion on the topic.

Please share any stories you have about how your industry is, may be or has been disrupted.

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