

STEVEN KOTLER

Impossible has a formula

HARNESSING THE STRENGTHS OF INTROVERTS

WINNINGin the second era
of the internet

FIND YOUR EDGE, WIN AT WORK

Marcus Buckingham

NORDIC BUSINESS FORUM₂₀₁₈

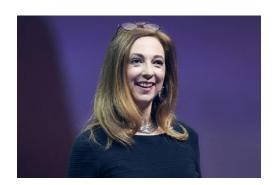
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STEVEN KOTLER Impossible has a formula

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Introduction

Nordic Business Forum 2018

September 26.-27. 2018 Helsinki, Finland

ordic Business Forum 2018 in Helsinki gathered over 7,500 CEOs, executives, entrepreneurs, and decision-makers from over 40 countries to the Helsinki Exhibition & Congress Center.

This Executive Summary takes you through the main stage presentations* and offers you the key points from each speaker.

The visual summaries from the presentations were drawn by Linda Saukko-Rauta.

*Excluding a summary of the discussion with President Barack Obama and Niklas Zennström due to speakers' publication policies.



company valuation

JULIUS REYNOLDS From startup to decline – in dog years Valuation, corporate finance, and age-appropriate behavior Amazon bucks the trend Age drives valuation approach, CEO selection

plained.

- flect its position along the journey from startup to declining elder. That's
- fessor of Finance at NYU's Stern School of Business, at Nordic Business Fo-
- rum 2018.

companies to act their age. "More value is destroyed around the world by companies not acting their age. Young companies trying to act old and old companies trying to be young again. And there's an entire ecosystem that feeds these companies. Consultants, bankers, essentially the plastic surgeons of business. If I give you a facelift, you can be young again. And companies keep buying into this notion over and over again," Damodaran warned. He cited valuation as another key perspective for companies as they navigate their life cycles. Perhaps surprisingly for a number-cruncher par excellence, Damodaran advised that corporate valuation should not be based exclusively on numbers. "A good valuation has a story and the balance between the story

and the numbers changes during the course of a company's life cycle," he ex-

In the same way that the balance between valuation and story changes through-

out the arc of a firm's existence, so too does the profile of its chief executive.

the simple yet profound message delivered by **Aswath Damodaran**, Pro-

Damodaran reminded the audience of the three stages of the corporate life cy-

cle: companies are born, reach maturity and then decline. Just like humans,

companies don't like to get old but aging has to be accepted as inevitable.

Companies must, therefore, modify their focus as they age or they will fail.

The renowned corporate finance and valuation expert warned that fighting the

corporate life cycle is the most dangerous thing a firm can do and counseled

That's because companies at different stages of the life cycle need a CEO with different skills sets. "What makes for a great CEO in a young company, is very different from what makes for a great CEO in a mature company," Damodaran continued. Using his skill as a storyteller and lecturer, Damodaran painted the picture of

survive progress to become young growth companies, which Damodaran saw

"And you know what teenagers do? Incredibly stupid things," he quipped. He cit-

ed firms such as Uber and Tesla as examples of wayward teens "who don't al-

ways think through the consequences," but are nevertheless full of future prom-

The firms that realize their potential for greatness and progress to become high-

ise.

proaches to the new reality, Damodaran advised.

as similar to teenagers.

growth companies like Netflix, while mature growth companies perform like Facebook and Google, posting high earnings, revenues and margins. But at the same time, the factors that allow companies to progress rapidly to become high-growth firms - ease of entry into the business, a minimal investment to scale up and ease of scaling – are the same variables that can cause them to decline.

speed with which it once became a USD 100 billion company. "What took GE fifty years to do, Yahoo did in seven years," he remarked. However, the company went from startup to star to near-death in just 25 years. As companies' life cycles shorten, experts should adapt their valuation ap-

Valuation, corporate finance, and age-appropriate behavior Damodaran went on to draw a distinction between valuation and corporate finance. "In valuation, I look at companies from the outside in. I look at a company as an investor," he explained, adding that by contrast, the corporate finance perspective involves an inside-out perspective where the evaluator considers

metrics is most appropriate in the valuation. He noted that since startups have no borrowing capacity or cash for dividends, they should focus only on the investment decision, which means identifying good projects that will help grow the business to the next stage. Although young growth companies may possess a great deal of potential, they should not borrow because of the risk posed by interest rates.

it's time for companies to think about how much money to return to shareholders if they cannot find investments that satisfy their hurdle rates. This is not the time to re-invest he cautioned, pointing to the risk of a cash burn. "If you look at the hundred largest businesses in the U.S., I would say that for 60-70 percent of them investing back in the business is almost a guarantee the money will be burnt," he claimed. He went on to advocate for a share buyback by mature-stage firms. "Why not instead reduce shares outstanding, increas-

During the start-up phase, a cash burn should be seen as a normal feature rather than a bug, the lecturer noted, because it's necessary to build the business and reach profitability. "It's not that you need to make money right from the start, but eventually you have to make money," Damodaran added. Although cash flow is a good indicator of a company's lifecycle phase, Damodaran said that there are some exceptions. He cited the example of online retail

Companies at different stages of their life cycle also have varying relationships

"The day it entered the grocery business, collectively every other business lost USD 40 billion of market capitalization." "Whatever business you're in, every night get down on your knees and say, 'Please God, don't let Amazon come into my business' because they will destroy your business and leave nothing left," he continued. According to Damodaran, a good valuation is "a bridge between stories and

Next, during the mature stage of business, Don the defender is required to ensure that the company can safeguard its success, while Larry the Liquidator is the person firms should turn to when they find themselves in decline. At the same time, as companies experience a compressed life cycle, they

Defender a : 1 der Liquitator HIGH & GROWTH GROWTH STABLE NORDIC BUSINESS FORUM₂₀₁₈ MATURE COMPANY DECLINE ASWATH

assets

GROWTH

ike people, companies have a life cycle and a firm's valuation should re-

From startup to decline - in dog years a company's life cycle by likening it to the stages of human development. He compared birth to the startup phase, noting that like newborns, many emerging companies face the highest mortality rates in early infancy. The ones that

And like humans, firms reach maturity only to slip into the inevitable decline that precedes old age and death. What's different today is that corporate life cycles are becoming compressed, Damodaran observed. "Tech companies age in dog years. They grow fast, don't remain immature for very long and then they decline," Damodaran declared. He pointed to early internet forerunner Yahoo, which he described as "the walking dead", and the

how to change the firm from the inside. According to Damodaran, the corporate finance approach revolves around three pillars: the investment decision, the financing decision, and the dividend decision. For Damodaran, the corporate finance approach offers the highest level of flexibility as the age of the company determines which of the three decision

"If you're a young company, why would you put your entire future at risk by going out and borrowing money?" Damodaran queried, pointing to the example of car and energy upstart Tesla, a fast-growth firm that borrowed USD 5 billion in 2016 alone. As companies mature, however they will find themselves in a better position to focus on financing decisions, which involves finding the right balance of eq-

uity and debt to minimize the hurdle rate, a concept that reflects the riskiness

of the investment and the required mix of debt and equity needed to finance it.

Finally, businesses that have passed maturity and are in decline should be guid-

ed by the dividend principle, Damodaran advised. He noted that at this stage,

Teenager companies like Tesla are not the only firms that are guilty of behavior that is not age-appropriate, Damodaran said. Mature and declining companies also do not act their age. In August 2018, US retail giant Walmart bought money-losing Indian e-commerce startup Flipkart for USD 21 billion, ratcheting up its rivalry with Amazon. However, Damodaran dismissed the investment as "the most expensive facelift in history;" an attempt by an aging player to stay young and in the game.

ing shareholder wealth?"

Amazon bucks the trend

business on the face of the earth.

with cash.

want."

behemoth Amazon, which he said is not acting like a mature company but is behaving like a young growth company with USD 1 trillion in market capital behind it. "It's never been seen before in history and I'm not sure what's next, it's going to be fun watching, but it's not going to be fun playing against it," he declared. Damadoran said that Amazon is difficult to value precisely because it doesn't act its age. He noted that the conventional wisdom is that Amazon is a retail company, however, he said that he has given up on that notion. Now, he said, Amazon can be considered a disruption platform that can effectively target any

"Amazon is now a disruption platform with an army called Amazon Prime, 100

million absolutely loyal members that they can turn loose on any business they

Age drives valuation approach, CEO selection numbers", because "all numbers have a story and all stories need a number." Moreover, depending on a company's life cycle age, the valuation changes and either the number or the story carries greater weight. This means that the valuation of a young company is all about the story. Uber, Damodaran said, is a classic example of how a startup's origin story influenc-

es its valuation. His initial valuation of the company was USD 6 billion, based

on his perception of it as an urban car services firm. However, positioned as a

However while the story drives valuation for a young company, as a firm ages,

A company's position on its life cycle trajectory should also determine the kind

Wall Street's 'dean of valuation', as Damodaran is sometimes called, outlined

specific CEO profiles appropriate for different stages of a company life cycle,

starting with Steve the storyteller, the visionary CEO needed to pilot a startup. In the next stage, that of a young growth company, Bob the builder is the person who is more likely to ensure that the trains will run on time.

logistics company, the valuation soared to USD 53 billion.

numbers assume greater importance.

of CEO it appoints, Damodaran argued.

DAMODARAN

THE CORPORATE

LIFE CYCLE:

should also be prepared for disruption in the ranks of management. "This is something we are going to face in a lot of companies. Great founders suddenly becoming inappropriate CEOs." For the C-suite and investors alike, Damodaran concluded, very interesting times lie ahead.

TOP

LET'S BURN Some 农农

YA-H0000

BORROW \$

LIABILITIES

OWN \$



JAMES HEWITT

The key to sustainable high performance **MELANIE GRANO**

Knowledge work is an endurance activity

- Match work to the right gear

Find your rhythm

ames Hewitt, chief innovation officer at Hintsa Performance, not only

(EEG) headset during his presentation to monitor his brain activity and visually demonstrate the peaks and troughs in stress and focus levels that he was experiencing. "Even during one of the most demanding events in my speaking career, I couldn't always be on," he explained to the audience in Helsinki. This was just one of the ways in which Hewitt, a performance scientist and researcher, highlighted that peak performance does not arise from trying to imitate a machine but from understanding how to be more effective as a human.

reminded the audience at Nordic Business Forum that people can't al-

ways be on – he showed them. Hewitt wore an electroencephalography

Hewitt pointed out that knowledge workers often try to maximize their output by multitasking, working long hours, and rarely resting. They often struggle and are unable to focus, which results in constant sub-optimal performance. Hewitt

also highlighted a quote from Hintsa Performance founder Dr. Aki Hintsa that inspired much of his research: "Optimize. Don't maximize." **Knowledge work is an endurance activity** In explaining how the rhythms of work and rest optimize performance, Hewitt re-

called his work with Masters road cyclist Claire Jones to prepare for the l'Étape

du Tour – an event where amateur cyclists are given the opportunity to ride the

Tour de France route. In 2017, she set a goal of finishing in the top 20. Jones and Hewitt devised a plan that would help her be at her best for the final climb, giving her the best possible chance to pass her competition. However, after finishing 54th, an analysis

of her performance by Hewitt showed that she increased her intensity earlier

than planned instead of saving energy for the climb. "She focused her effort in the wrong place at the wrong time," said Hewitt. "She didn't rest where she was supposed to and she followed someone else's rhythm instead of her own." In 2018, Jones returned to the l'Étape du Tour with a very clear understanding of where to focus her efforts and when to rest. She paid attention to when she was at her best. She finished 16th overall and third in her age group, her best ever result in the L'Etape.

nitive performance after he realized many of his amateur athlete clients were knowledge workers by profession. "I started to use the tools and framework from sports science to understand knowledge work better," he said. Similar to low, medium, and high-intensity zones recognized in endurance sports, Hewitt described three gears that can help knowledge workers create a plan to opti-

Hewitt drew comparisons between optimizing physical performance and cog-

mize their cognitive performance: • High Cognitive Gear for focus on complex tasks, analysis, and productivity • Low Cognitive Gear for rest, recovery and reflection

• Middle Cognitive Gear for menial tasks, switching work, and freeing up

Hewitt also explained that cognitive rhythms are not the same for all people. About 20% of people are "early birds" whose cognitive peak is in the morning. This peak is followed by a valley best suited for rest and recovery, with a re-

focus for High Gear

Match work to the right gear

Find your rhythm

bound occurring later in the day when the Middle Cognitive Gear is most appropriate. Conversely, "night owls" begin their day with a rebound, followed by a valley, and then a peak at the end of the day. About 60% of the population falls somewhere in between.

Hewitt continued to stress the fact that most knowledge workers spend their

days stuck in the Middle Cognitive Gear: stressed, switching tasks, pulling their

smartphones out at every opportunity, trying to work on someone else's schedule. Research shows knowledge workers are interrupted once every 11 minutes on average, with the majority checking smartphones or other communication tools every 6 minutes. "This makes it harder to switch into high gear and low gear when we really need to," he said.

Middle, and Low Cognitive Gears and to structure their day according to their personal rhythms of work and rest. Instead of allowing frequent interruptions during peak times, Hewitt suggested trying to focus for 25 minutes and then taking a short 5-minute break. He continued by calling on business leaders to

engineer environments for teams that minimize distraction and interruption.

The Low Cognitive Gear is best suited for breaks that are active, social, and

natural, like taking a walk with a friend. He stressed the importance of 7 to 9

hours of sleep per night and team schedules that permit it. After 18 hours of

being awake, cognitive performance is equivalent to that of being legally intox-

icated in most European countries, and inadequate sleep may be costing the

He challenged knowledge workers to identify when they experience their High,

Nordic economy €18 billion Euros per year. In one study, Hewitt recruited 100 knowledge workers for 14 days and monitored their daily rhythms of sleep, stress, and cognitive performance. He concluded that people who follow regular work and rest patterns feel and perform better, exhibiting 10-15% better cognitive performance. "If they're too stressed and sleep deprived, it's not likely that they're performing sustainably," Hewitt commented. "Sleep is one of the most effective performance enhancers avail-

able." Hewitt also advised setting boundaries when switching tasks in the Middle Cognitive Gear, thus minimizing interruptions for maximum productivity. He also stressed the importance of scheduling routine tasks during the "rebound" time in your schedule. "Starting the day with email is starting the day on someone else's schedule," he said. Work-related stress is estimated to cost the European economy €136 billion every year and could be responsible for a much as onefifth of all cases of staff turnover.

"are the output of a rested and focused brain. These capabilities, however, will not be expressed at their best with our current ways of living and working." Hewitt said wellbeing, which can improve employee productivity by up to 19%, is set to become a business value of strategic importance. "Perhaps the real danger isn't that machines and artificial intelligence are going to start working more like humans," he concluded. "It's that we humans will keep trying to work like machines. We can't always be on."

Human cognitive performance is increasingly becoming a differentiator in the

workplace. "Complex problem solving, collaboration, and creativity," said Hewitt,



Harnessing the

SUSAN CAIN

strengths of introverts **AMY RIGBY** An introvert in an extrovert-friendly world ▼ Introvert, extrovert, or ambivert? Find the introvert-extrovert dream team

On being original in a world Influenced by group opinion

She was wrong.

authentic to me."

Going forward: fostering a workplace that empowers introverts to succeed too

Tips on helping introverts in the workplace

- ▼ What's in your suitcase?
- t nine years old, Susan Cain left for her first summer camp toting a suit-
- case full of books for what she envisioned would be eight weeks spent reading with her friends.
- ly realized that the quiet scholarly family she was raised in was not the same as the world outside. Cain, the author of the New York Times bestseller *Quiet: The Power of Introverts*

in a World That Can't Stop Talking, relayed this story to a room full of Nordic

Business Forum 2018 attendees. Behind her, a screen posed these questions:

"I believe we have got a deep, global cultural bias that would tell us that the

"Is the ideal leader bold, alpha & gregarious? The ideal thinker?"

Upon arrival, she and her campmates were tasked with memorizing a rambunctious cheer-which they would be performing all summer-and Cain quick-

answer to these questions is yes," Cain told the audience. "And I believe that's not right." An introvert in an extrovert-friendly world For years after her summer camp experience, and well into her adulthood, Cain

molded herself into the extroverted person that the corporate world rewards.

Eventually, she became a Wall Street lawyer, partly because she was used to

"always trying to be a kind of more alpha version of myself than was actually

After nearly 10 years on Wall Street, Cain came to realize that her habit of conforming to expectations of extroversion was a "big mistake." Since then, she's

came a New York Times bestseller.

in the middle as an ambivert.

can make them feel bored and sluggish.

their supposed "weaknesses" as strengths. In 2012, her book Quiet was published, and in 2015, she founded the mission-based organization Quiet Revolution, which has initiatives in the area of parenting and education, lifestyle, and the workplace. In 2016, she published Quiet Power: The Secret Strengths of Introverts. The book focuses on children and teenagers and appeals to their parents and educators as well. It also be-

led the charge to embrace the introverts of the workplace as they are and see

Introvert, extrovert, or ambivert? Picture yourself at a party, surrounded by people whose company you truly enjoy. Two hours into it, how are you feeling? According to Cain, if you're pumped up, as though your internal battery has been charging, you might be an extrovert. If you're feeling drained, as though your internal battery is on its last dregs,

you might be an introvert. If neither describes you, you might fall somewhere

Introverts' nervous systems react more to stimulation, meaning introverted peo-

ple create best when fewer inputs are coming at them. Extroverts, on the other

hand, have nervous systems that react less to stimulation, so too much quiet

A famous experiment by psychologist Russell Geen had introverts and extro-

verts solve math problems with varying levels of background noise. He found

that introverts performed better with softer background noise, but extroverts did

"This idea of the internal battery is incredibly useful when you're thinking about your colleagues and your management and so on," Cain continued. "But I want you to understand that it's just a metaphor for what is actually happening inside our nervous systems because the fact is that introverts and extroverts are wired up differently."

better with louder background noise. You can see the implications this has for the office, right? According to Cain: "There is no such thing as a one-size-fits-all workplace." Find the introvert-extrovert dream team

Cain is quick to point out that there's no best type; an introvert is not better

than an extrovert or vice versa. "People have actually looked at this," she ex-

plained. "There's no intelligence difference between introverts and extroverts

teams reveals an introvert-extrovert partnership that strikes the perfect balance. For example, at Apple, Steve Jobs had the more public-facing role, but it was Steve Wozniak who actually built the first Apple computer, Cain noted. On being original in a world Influenced by group opinion

(clearly incorrect) group surrounding him. Tips on helping introverts in the workplace

So how can introverts shine in a world that rewards gregariousness and dom-

1. Introverts, speak up early. Think ahead of time of what you want to say

or what question you want to ask. Ideas spoken early tend to become the

focal point of the meeting, and on an emotional level, people focus on the

expressing your enthusiasm as fully as you feel it." This can lead to your

peers misreading your expressions or tone of voice. Cain said she's heard

from many people who say their boss doesn't seem to care, but when you speak to the introverted boss, you find that they're filled with pride and they just show it in a quiet way.

3. Extroverts, you can curb your enthusiasm a little. Cain gave the

example of Facebook's Sheryl Sandberg—"who's a very, very strong

extrovert"—hiring a coach to help her to speak less at meetings. "She

4. Extroverts, engage introverts on your team in a one-on-one fashion

and give them advance notice. Introverts will want to process things

beforehand and are more likely to open up in a one-on-one rather than in

genuinely wanted to hear what other people had to say," Cain said. "And

it wasn't coming forward. So we make these minor adjustments; they can

speaking, but she found the skill necessary for her work. So she slowly exposed herself to the fear, including taking a seminar for people with

have an enormous impact."

front of a large group.

public speaking anxiety.

HOW TO HARNESS THE STRENGTHS

OF INTROVERTS TO CHANGE HOW WE WORK, LEAD

& INNOVATE

positions, they deliver a really great performance." you care about, who you're mentoring, to find theirs." Not much has changed since her summer camp days, as Cain still carries a

2. **Groom an** unlikely **leader.** Maybe there's someone on your team who

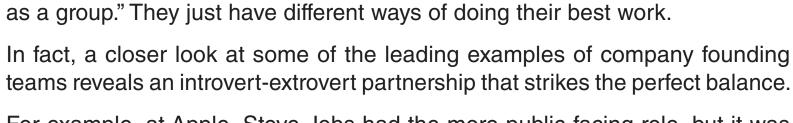
a leadership position? "There's so much research on this," explained

is brilliant but quiet and keeps to themselves. Why not appoint them to

Cain, "that introverts tend to get passed over for leadership positions on

the one hand. On the other hand, once they actually do make it to those

you because the world needs you, and it needs the things you carry."



She pointed to a statistic out of the Kellogg School that found that, in your typical meeting, three people are doing 70% of the talking. On top of that, humans are naturally swayed by the opinion of the group. Here, Cain played a video from a study that put an unwitting participant in a room filled with actors who would intentionally guess the wrong answer to a visual perception test. Eventually, the participant gave in and began to agree with the

To find a truly original idea, Cain said, you have to step away from the crowd.

ones who have spoken up first. 2. Introverts, don't curb your enthusiasm. "It doesn't matter how enthusiastic you might be feeling inside," Cain said. "You are probably not

Cain offered two tips for introverts, and two for extroverts:

inance?

- Going forward: fostering a workplace that empowers introverts to succeed too 1. Be mindful of getting into and out of your comfort zones. Extroverts need to be able to socialize. Introverts need to figure out the one or two important things to them and the changes they need to make in order for those things to happen. For example, Cain herself used to fear public
- 3. Find introvert role models for introverts on your team. "Find your role model," Cain urged. "And even more than that, encourage the people who What's in your suitcase?

suitcase full of books when she travels. To end her talk, she asked the audience

Addressing the introverts in the room, Cain said, "It's probably more natural for

you to keep those items in your suitcase and to guard them carefully, and that's

fine too. And I only want to say to you that every so often you should, please,

take those things out of your suitcase and share them with the people around

to think about what's in their own suitcase, metaphorically and literally.

HOW'S YOUR PERSONALITY

ENGAGEMENT

CONNECTING

day has been created in the last two years. Consequently, many organizations have struggled to stay relevant. In a cover story that he wrote for the *Harvard*

Business Review 20 years ago, he predicted how the internet would change

the relationship between producers and consumers in ways more profound

At that time, Amazon was valued at just \$610 million - 240 times less than

Walmart. Now, Amazon controls 49 percent of US retail e-commerce sales, has a market cap of over \$920 billion, and has added the value of Wallmart to its market cap in the past twelve months. The speed of change is staggering. Now, Hamel wonders why German carmakers are still struggling to penetrate the electric vehicles marketplace. "What were they paying attention to in the past ten years while Tesla had the insight to build a car around a giant screen?"

he asked. In Europe in 2017, Tesla, which had turned its car into a rolling per-

sonal device, sold more flagship Model S cars than the rest of the German luxury car brands in that marketplace. Why? Because Tesla had entered the market with a fresh, disruptive perspective and free of the restrictive expectations attached to other brands. Don't lash yourself to a supertanker Next, Hamel went on to ask what it takes to provoke a company to reset their strategy. "Does management have to undergo some sort of 'valley of the shadow of death' experience in order to recognize that something needs to change?"

"change phobic," as Hamel put it.

Prepare to outrun the future

is bankrupt.

for management:

than we could imagine.

customer experience." But instead, when companies are confronting the winds of creative constructions, they lash themselves to a wallowing supertanker rather than raise their sails, seeking to join forces with a rival, believing that bigger is always better.

But this logic, Hamel pointed out, is not about economies of scale. It's about po-

He used British retailer Tesco as an example of a big retailer that lost its way.

Even after replacing the CEO, it had not been successful in reclaiming the com-

petitive ground it had lost. Change, Hamel said, "must come from reinventing

litical power. Simultaneously, the screen behind Hamel showed a list of struggling multinationals that had merged with others to create even larger organizations. "It's about political power and being big enough to influence the market. This is how organizations respond to change – by getting bigger." Contrary to a popular belief, people are fine with change, not against it, Hamel argued. He argued that we as humans are not against change as such; it depends on how the change is presented and who initiates it. Organizations, however, are

According to Hamel, the biggest threat to renewal is the human capacity for denial, especially when the future appears unpalatable. "The future is surprisingly indifferent to our preferences," he said recounting an incident when he spoke to a large group of senior people at Microsoft. His speech described the coming "post-PC" world, a comment that was not well-received by the Microsoft audience. Pulling him aside after the speech, one Microsoft VP reminded him

that the company's vision was not the post-PC world but the "PC Plus world" in

which Microsoft products would continue to exert dominance.

Hamel displayed an image of then-Microsoft CEO Steve Ballmer, who had vigorously stated back in 2007 that he could not see the Apple iPhone ever gaining significant market share. He could not imagine packing that much value into a phone. For Hamel, this demonstrates that the people at the top of any large and established organization feel they must defend the decisions they made ten years ago. "Companies miss the future when leaders fail to write off their depreciating intellectual capital, but they still get to make the big calls," he said. He compared the thoughts of AG Lafley, former CEO of Procter & Gamble, who had said only CEOs could make the strategic calls, to those of HCL Tech-

nologies' CEO Vineet Nayar, who believed the idea of the "strategist in chief"

"Strategy cannot start at the top," Hamel said and suggested two starting steps

1. Be humble. Treat everything you believe as a thesis and expect to be wrong. 2. Spend at least a month a year in situations where you can be surprised by the future. Innovation outperforms the market In Hamel's mind, the essence of successful change is that it starts at the bottom, with individual people, rather than a cloistered executive. As an example, Hamel mentioned IBM, that has used a market-based mechanism as a part of its innovation strategy to determine which projects to fund next. It is called IBM-FundIT and it is being used to place "bets" on AI development. The IBMFundIT

Hamel reminded the audience that everyone is willing to change, but we need things we are willing to change for. We are defined by the challenges we embrace, but many organizations have no real sense of purpose. You cannot expect accomplishments if you set yourself meager goals.

Apple has reinvented numerous ways in which consumers live their lives through

its products. There is a logic behind this approach with no better example than

Apple's flagship store in Chicago. This building does not look like a store. It is

reminiscent of a major library in its grandeur and has been offered to the pub-

From the earliest days under Steve Jobs' leadership, the question at Apple has

always been: "How do we make you feel?" Hamel quoted Jobs further: "We ex-

ist at the intersection of technology and liberal arts. These are our poetry and

prose." According to Hamel, Jobs understood that great success comes from

philosophy is: "When you sit at the top, you can't see new opportunities." IBM

approached every single employee to ask them for ideas. They allowed every

employee to invest \$2000 of virtual money on projects they liked and form a

shortlist of projects, which was eventually presented to the CEO.

lic as a type of gift to the community.

great passion.

HAMEL

INNOVATION

YOUNG & DIGITAL COMPANY

00000 00000

00000 A

A CORE COMPETENCE

INNOVATIVE

(But for how long?)

MAKING

"People need the freedom to reinvent control" In closing, Hamel displayed a list. The left column displayed words commonly used to describe actions and attitudes within a company like "differentiation" and "quality". The right column displayed aspects more closely aligned with human nature, such as "truth" and "wisdom". "As leaders, we don't think of ourselves as being ideological," he said. "But at the

heart of management, there is a deep ideology that we don't talk about. Think about the word 'manage'. Most often the synonym for 'manage' is 'control'. But

If businesses want to build an economic advantage, people need freedom. "We have to reinvent control," Hamel demanded. As the last example, he explained

presented with a list of 25 colleagues and rank each by the value perceived. Hamel finished by turning to the audience and challenging them to think of ways in which they might make similar changes to their own organizations.

ACCOUNTABLE FOR INNOVATI

TRAINING

AS INDIVIDUALS: Practice & develop the skills

ORGANIZATIONS: Re-engineer the management cystem

FUNDING

ACCOUNTA-BILITY

TIME

ROLES

FUNDING

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PLATFORM FOR

that employee teams at W.L. Gore, the manufacturer of Gore-Tex, choose their own leaders and can 'unchoose' them with equal ease. Every associate gets to choose his or her own commitments. At the end of every year, they are each

controlism has slipped the moorings of common sense."

GARY H	IAMEL
Ag	fility is the essence of
SU	rvival
STEVE PR	ENTICE
	t lash yourself to a supertanker
-	are to outrun the future vation outperforms the market
▼"Peo	ple need the freedom to reinvent control"
W	e must inoculate companies against a world of accelerating change," said management expert Gary Hamel , starting his presentation at the Nordic Business Forum.
	changing as fast as the world around us?" he asked "No. The world is by surprising – all punctuation and no equilibrium."
Hamel p	pointed out that 90 percent of all the information we have access to to-

INNOVATING

SKILLS

A QUEST FOR A SETTER WORLD!

BLUE SKIES.

EXECUTIVE SUMMARY

Three ways true presence reveals itself So, what is presence? According to Cuddy, being present means you're "attuned to and able to access and express your authentic best self."

She shared three ways that presence reveals itself. First, when people are pres-

ent, Cuddy said they believe their own story.

is like a wall that shuts people out.

us, and feeling powerless.

"Imagine having to buy something from someone who doesn't themselves want to buy it," she said. Of course, you wouldn't. The lesson is that if you don't believe yourself, no one else will either. Being present means believing your story.

Second, people that are present project confidence without arrogance. She said that confidence and arrogance are not one and the same. "Confidence is a tool," explained Cuddy, while "arrogance is a weapon". Confidence invites others

in; it's like a magnet that attracts people to you. Arrogance, on the other hand,

Third, when we are present, our words and our body language become synchronized. There is no need to think about what to do with our arms or how to stand, for when we are truly present and being our authentic best selves, these things fall into line automatically to match what we are expressing. What prevents us from being present?

Cuddy listed several inhibitors to being present, such as clinging to the out-

come at the expense of the process, obsessing about how others are judging

Worrying about how others perceive us prohibits us from being in the moment.

"That is a distraction that is not worth its time, because we are usually wrong.

What we should really be doing is focusing on the impression that we're making on ourselves," she explained.

Cuddy would also like to liberate the idea of "power", to eliminate the connotation of corruption.

"We need to be comfortable with the idea of feeling a sense of personal pow-

er," she urged, clarifying that what she's talking about is not zero-sum power,

where one party is trying to control the other's resources, but rather, a feeling of agency and self-efficacy. For Cuddy, it is not enough for a society to simply be happy and free from anxiety. People must also feel a sense of purpose and power in order to achieve personal fulfillment. "We need to feel that we can get things done because pow-

When people feel a sense of agency, they are also more likely to act on behalf

of others. "One of the top predictors of not helping in emergencies is the feel-

er affects our thoughts, feelings, behaviors, and physiology."

We expand when we feel powerful Cuddy next had another task for her audience: "Without adjusting, check your posture right now. Are you slouching? Are your arms crossed? Are your shoulders hunched forward?"

When humans feel powerful, "we expand," she said and cited the work of re-

searcher Jessica Tracy, who analyzed three dozen world cultures and found

that, across the board, when people feel a sense of victory, they throw their

"You see the same kinds of behaviors in other animals," Cuddy explained while

the screen behind her showed visual examples. "When they are signaling pow-

"hardwired" into us as a species.

Fake it 'til you become it

arms up in the air.

we feel strong.

panding, right?"

BRINGING

LENGES

YOUR BOLDEST

SELF TO YOUR

BIGGEST CHAL-

Finde

guage.

ing of powerlessness," she pointed out.

er, they make themselves as big as they can." Tracy found that even congenitally blind people do this. So even people who have never seen anyone throw their arms up in the air still mimic the behavior when they win. Cuddy told her Helsinki audience that this kind of behavior is

Power, then, is associated with expansiveness: we make ourselves bigger when

"So think about that biggest challenge again," Cuddy told the audience. "Think

about what you were doing right before it started. You were probably not ex-

Maybe you tried to tell yourself you weren't nervous or perhaps you tried to convince yourself that you felt powerful. "It works really well when you feel good," Cuddy said. "But it doesn't work as well when you're feeling bad."

While a pep talk might be helpful sometimes, Cuddy suggests a different solu-

tion: focus on the physical as well as the mental and change your body lan-

the way you'd like to be and soon you'll be the way you act". It sure sounds nice, but is it true? Cuddy said that once again, the research supports this notion. For example, a group of therapy patients were asked to sit upright for two to three minutes before their sessions. This simple experiment

significantly improved the mood of the participants, for they later reported feel-

On the screen behind her, Cuddy flashed this quote from **Leonard Cohen**: "Act

private to help prep you for a daunting situation can help you get into the right mindspace and tap into your authentic best self. "Your body is changing your mind," she said. "Your mind is changing your behavior, and your behavior is changing your outcomes.

· BELIEVE in your story arrogant) COMMUNICATE harmoniously The way to

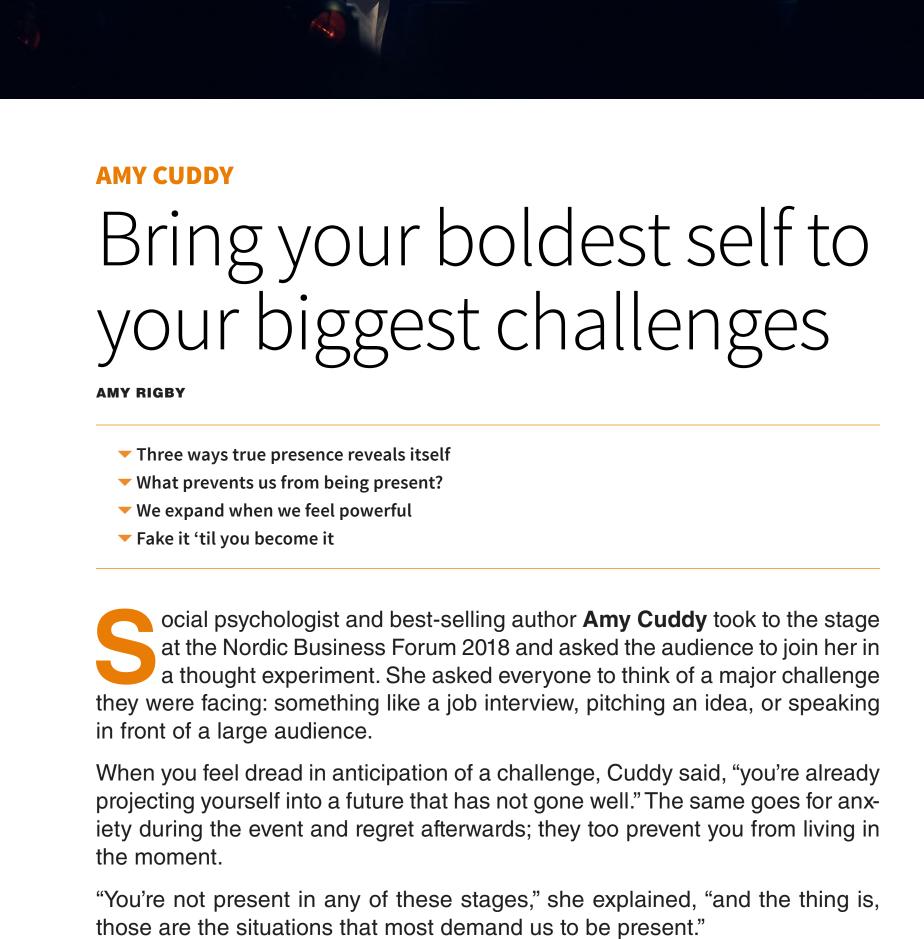
IT'S SO NATURAL FOR US

> 6000 OPEN WORLD (For all)

GOOD, OPEN POSTURE -> GOOD, OPEN MIND

How to present?

ing better about themselves, recalled more positive memories, and chose more positive words from a list. Maybe our parents were on to something when they kept asking us to sit up straight, Cuddy remarked. Cuddy herself conducted a study where she put people through a stressful mock job interview. She randomly asked some of the participants to privately perform what she called high-power poses-raising the arms or standing in a "Wonder Woman pose"—before they entered the room. The results? The groups that did the high-power poses ahead of time were inevitably seen as more present, as well as being judged the more desirable candidates for the position. To be clear, Cuddy doesn't intend for people to start standing like a superhero during job interviews. But she maintains that assuming these power poses in





EXECUTIVE SUMMARY

JOHN MACKEY

Liberating the heroic spirit of business **DOMINIC JEFF**

Care to innovate

Business with purpose

through his keynote presentation at the 2018 Nordic Business Forum. Mackey, whose Whole Foods Market has grown into a multi-billion dollar business, while championing issues such as animal welfare and sustainable farming long before they were fashionable, had already outlined how business has been a force for good throughout history. Acting as the world's primary creator of value, businesses have dragged billions

s it possible to build a business based on love?" John Mackey asked halfway

of people out of poverty and have provided unprecedented opportunities. And yet, Mackey noted that a love-based enterprise would not be an easy proposition to implement in today's cultural climate. He instead underlined the work that still needed to be done to develop conscious capitalism, highlighting the corporate world's tendency to favor the language of war and sports. "As great as capitalism is, it's going to become much better," Mackey argued, "because the people running successful businesses are becoming more con-

scious." Although most people simply assume business is about making money, he points out that this is rarely the case with truly successful ventures. "Great businesses have great purpose," Mackey said and continued, "companies like Amazon and Google set out their aims in concise statements of intent, and these aims are not monetary." **Business with purpose**

make it universally accessible and useful," whereas Whole Foods Market has

And that purpose should be radical.

always aimed "to nourish people and the planet," Both companies also happen to be highly successful by any conventional business metrics. Mackey believes the success of both companies comes down to the interconnectedness of their various stakeholder groups. In retail, a happy staff produces

happy customers, who in turn delight investors, and so on. The key differentia-

As an example, Google's mission is "to organize the world's information and

tor between great and merely good retail operators is the ability to be creative enough to think of strategies where all stakeholder groups simultaneously win. At this point, Mackey stressed the importance of not commissioning slick mission statements for their own organizations just yet. "The conscious leader," he said, "must embody the purpose of the organization and spread it to all staff.

"We are not in our businesses to preserve the status quo," he continued. "We need to think about how we can make the world a better place." This is the embodiment of value creation, and it can be seen in the tech companies that have built our modern, liberating connectivity from scratch in the last

20 years. Yes, they make money - but only because everyone derives a benefit

from their revolution. Whole Foods Market has also been a key driver of change - in the way millions of people eat, and how that food is produced. Even so, Mackey chose to focus on his company's 93,000 staff members (at the latest count). Rather than trying to stamp his authority as a leader and drive the company's higher purpose

from the top down, Mackey sees himself as an enabler. He actively hires and

promotes people who care - about each other and the company aims - in a bid to infuse the company purpose and the conscious capitalism ethic throughout the organization's fabric. **Care to innovate** Hard as it may be to build a company on love – and Mackey does believe it

possible – he has certainly put care at the heart of his model. There are seven

core emotional values enshrined in the Whole Foods Market rulebook, but in

The latter is largely self-evident, albeit of great importance. But by building a car-

ing corporate culture where everyone respects and appreciates their co-work-

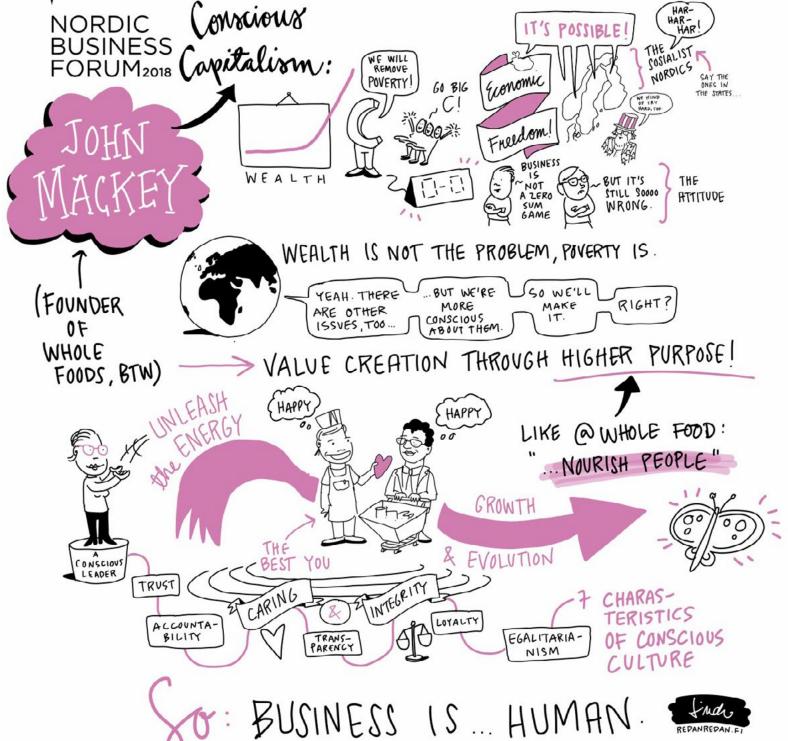
Helsinki, the author focused on two: Care and integrity.

ers, Mackey believes real long-term value can be built. "Everything you do can be copied," he says. "Patents expire, innovations occur. It's about your team, your workforce - how much creativity can you unleash in that workforce to help your organization evolve and get better? A conscious

leader can do that - they can inspire people to give their very best for the com-

pany." The message is that ruthless, money-oriented business models are not as safe as they seem. Only a conscious culture can enable the human resource to operate without fear of failure and ensure that innovation thrives.

IT'S POSSIBLE





Find your edge, win at work

MARCUS BUCKINGHAM

STEVE PRENTICE

The 'idiosyncratic rater effect' ▼ What's your "left foot"?

- et's look at the world as it is," Marcus Buckingham, best-selling au-

Red threads

into the trap of trying to understand abstract concepts like excellence by studying their opposites. "We think excellence is the opposite of failure, so we study failure and reverse it," Buckingham said. But good isn't simply the opposite of bad. "If you study bad and flip it, you don't get good or excellent; you just get not bad," he explained. The same false logic tends to lead to all kinds of wrong conclusions whether in life or business: Studying unhappy customers will not teach a company about

excellence, it will only teach about unhappy customers.

thor, researcher, and founder of the Strengths re volution, began his talk

during the Nordic Business Forum 2018 by noting how people tend to fall

Instead, Buckingham urged that people should be more specific and stay focused on the subject they are trying to study in order to produce the desired findings. Excellence has its own pattern and is worth being studied all by itself. The 'idiosyncratic rater effect'

as being universally loathed. According to Buckingham, the main issue with

performance reviews is that the idea "that a human being can be trained to be

a reliable rater of another human being" is deeply flawed.

The performance review offers more insight to the person doing the review than the employee being rated, Buckingham argued. He used the term "idiosyncratic rater effect" to describe this phenomenon where, with every review, there is a pattern built based on the reviewer's own self.

it should change according to the person being reviewed, Buckingham noted. Thus, the review "reflects me, the appraiser, not you, the employee," he said. A similar problem occurs with the group-sourced appraisal known as the 360-degree survey. Buckingham described this as an activity that "takes lots of bad da-

What he suggested instead, is that companies should take a more freethinking approach and apply it to work. This, however, requires overcoming many of the lies that plague management teams, Buckingham said. The "lies," he noted, will

be outlined in his book, Nine Lies about Work: A Freethinking Leader's Guide

They include the ideas that people care about the company they work for, the

to the Real World, which expected to be published in April 2019.

concept that the best plan wins, the best companies cascade goals, the idea that "well-rounded people are better," that "people crave feedback," that people can reliably rate other people, that people have potential, that everyone is seeking a work-life balance, and that "leadership is a thing." All of these lies are built into the concept of performance ratings, meaning that

different forms of success that evade classification into one stream." What's your "left foot"? During his talk, Buckingham played attendees a video clip of a goal scored by

more like Warren Buffett," Buckingham said. "They are who they are and have

and the fact that he was able to score it by using some deft footwork, mostly with his left foot, was the standout issue.

ball skills, to use both feet more equitably, an example of becoming more "well rounded," Buckingham noted. However, Messi's continued reliance on his left foot amid the well-rounded nature of his competitors served as proof that human nature is unique, he said. As such, people should embrace their given strengths, and spend less time trying to improve those aspects of their performance where they are less gifted. Buckingham asked the audience to be more

aware of their own metaphorical "left foot" and use it. "Wherever you are," he

said, "be dangerous."

your job.

red threads.

Like most professional athletes, Messi had been coached to even out his foot-

Expanding on the left foot metaphor, Buckingham recounted a story concerning his son, Jack, and a dreaded parent-teacher interview that happened in kindergarten. Buckingham remarked how he was horrified to see the artwork that his son had created in class, which was visibly lacking compared to his classmates. However, he discovered that although Jack's art was terrible, his math equations were more advanced than the rest of his group. Buckingham stressed that

this was not the time to gloat, but rather an opportunity to understand why Jack

was excelling in this area. "If you want your child to learn more," said Bucking-

ham, "look now at where your child learns best. What are most of your conver-

sations about?" he asked. "They should be about what works and why it works." To build on one's natural talents, Buckingham advocated a concept called "strengths replay:" catching people doing something that worked and then determining why it was successful. He cited studies that show that neuronic connections grow more where there the most neurons already exist – that is, where the most pre-existing synaptic connections are located. "Learning," Buckingham said, "is about recognizing a pattern that's already there and figuring out how to refine and repeat it."

the ones you hate. Buckingham referred to these preferred activities as "red threads" and said that they represent an individual's inherent strengths. It is the responsibility of management, said Buckingham, to help people find their red

threads, to help themselves as individuals as well as team members. In any-

one's "job fabric," said Buckingham, there should be a minimum of 20 percent

This is achieved, he said, by taking notes of the work activities you love and

on his face after he had scored his goal. Buckingham stated that to release tal-

ent, you must engage with the language of love, spending a week in love with

THIS IS AN EXCELLENT } IT HAS GOT ITS NORDIC BUSINESS 600D LEAST SLOW 7 THE BEST PEOPLE CARE THE BEST

During his talk, Buckingham covered performance reviews, which he portrayed

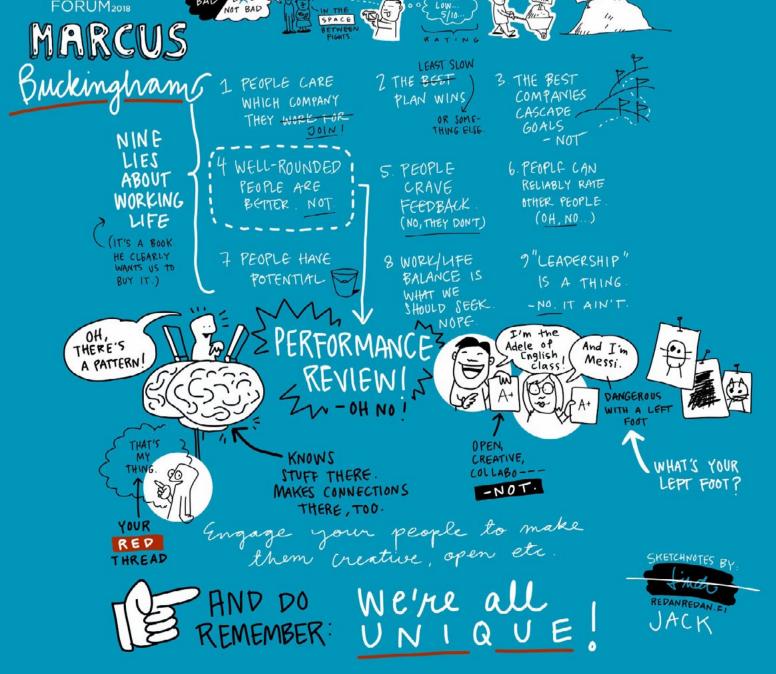
That pattern continues as the reviewer moves from person to person, even if

ta and puts it together hoping for good data." Systematizing the error "becomes just noise plus noise plus noise," said Buckingham. "It never equals signal."

to offer an alternative, more successful approach means taking people as they are and assessing them on their individual strengths, not how well they fit these preconceived notions or "lies." "You cannot tell Beyoncé to be more like Adele, or Richard Branson to be

Lionel Messi during the Barcelona versus Bilbao match at the Copa Del Rey final in 2015. Messi is considered one of the best football players in the world,

Red threads To close his talk, Buckingham talked about the love for one's job. Again, he showed an image of Lionel Messi, but this time he focused on the look of joy





EXECUTIVE SUMMARY

DON TAPSCOTT

Winning in the second era of the internet **ALLISON VRBOVA**

▼ The "internet of value" and the double-spend problem

sinki.

- f Don Tapscott is to be believed, the digital age is entering its second era,

Disrupting the corporation in every industry

A longtime authority on the impact of technology on business and society, Tapscott is now a leading voice on blockchain strategy and its implications for global business structures. He is a co-founder of the Blockchain Research Institute and has co-authored the book Blockchain Revolution: How the Technology Underlying Bitcoin is Changing Business, Money, and the World."

in which blockchain will become the foundation technology. "During this un-

certain time in our history, the technology genie has once again escaped the

bottle," Tapscott told the crowd of 7,500 at the Nordic Business Forum in Hel-

technology, when combined with AI, is poised to transform the modern corporation as we know it. The "internet of value" and the double-spend problem

Tapscott calls the first digital era the "internet of value." This era included the

During his research into the blockchain, Tapscott became convinced that the

evolution of mainframes, PCs, the internet, social media, the cloud, and big data. According to him, the internet of value's biggest shortcoming is the "dou-

ble-spend problem," a term coined by cryptographers years ago. "If I send you some information – a picture, a powerpoint, or an email – I'm actually sending you a copy. Even with a website, I keep the original." But when it comes to assets that really matter to our economy – money, loyalty points, contracts, intellectual property, votes, or our identities - sending a copy of those assets as part of a transaction is, in Tapscott's words, "a terrible idea."

"You don't want somebody copying your identity or your vote. And if I send you a thousand euros, it's really important that I don't still have the money," he said. The double spend problem is largely one of trust. Before the evolution of block-

chain, our systems of banking and business had little choice but to rely on intermediaries to maintain trust and reduce the risk of double spending during asset transactions. But our reliance on intermediaries has its own set of flaws.

Tapscott used banks to illustrate his point, explaining that: centralization makes

banks vulnerable to hacking; they lack transaction speed; transaction expense is relatively high; data ownership is an issue as we create our data, but intermediaries capture it. According to Tapscott, we have now entered the second digital era, with artificial intelligence and machine learning at the center and technology infusing itself throughout everything. It is the era of virtual reality, drones, robots, and autonomous vehicles. The foundational technology for all of these, in particular for AI, is the underlying technology of cryptocurrencies called blockchain,"

This trust is no longer achieved by an intermediary. Instead, it is achieved by "cryptography, collaboration, and some clever code," Tapscott explained. Disrupting the corporation in every industry With blockchain, a credit card transaction at a coffee shop no longer takes three

Tapscott said. "For the first time in human history, people can trust each other

and do transactions peer to peer."

for nearly all industries.

more like networks.

the creators.

ended.

of the

INTERNET

days, moving through half a dozen computers before clearing. Rather, the payment and the settlement are now the same activity. There is no delay, no counterparty risk, and no cost for each of the counterparties. But banking isn't the

only system being disrupted by this. Tapscott sees blockchain as transformative

General-purpose platforms are emerging, allowing users to build applications

of all types on top of blockchain technology. When combined with AI, this dev-

astates the transaction costs that have held corporations in place. No longer

will the cost of transacting in an open market be greater than the cost of transacting within the boundaries of a firm. "We are in the early days of a profound change to the deep structure and architecture of the corporation and of how we orchestrate capability in society," said Tapscott. In the near future, companies will look less like corporations and

So what does this future networked company look like? Tapscott and his colleagues have identified over 100 Open Networked Enterprise Business Models. He expanded upon eight of these. 1. Blockchain Cooperatives: An Uber or an Airbnb, but with no company, just a distributed application.

blockchain, with smart contracts that self-execute, bringing value back to

2. Rights Creators: Music and other intellectual property released on the

3. The Re-Intermediators: New value is created in the middle, replacing

old intermediaries in this new landscape.

Icon, Hyperledger, Metronome, and Cosmos.

with every transaction on a real-time distributed ledger. Add in Al and "your supply chain becomes a cognitive network that is learning." 5. Animating the Physical World: IoT will need a "ledger of things." As

4. The Supply Chain: The supply chain becomes a shared network state,

an example, we are moving to a distributed energy grid that uses many sources of power. These transactions require data and will be managed on a distributed ledger. 6. The Platform Builders: The internet of information was in the public

domain. The internet of value will be owned by investors. Early examples:

7. The Data Partners: Data is a new asset class. But the old system of data is like a "digital feudalism." You create the data, but it gets taken away from you. In a new order, your sovereign identity is owned by you on a blockchain. You negotiate with data brokers to give them access to your data. 8. The New Public Sector: We need better, cheaper government and a

re-establishing of trust and legitimacy. This will be achieved through Al

and blockchain with; e-voting, transparency, accountability to citizens

through smart contracts, new platforms for citizen engagement, and reinvented central banks. "This is a new paradigm. When you get a new paradigm, you get a leadership crisis. Vested interests fight against change and leaders of old paradigms have great difficulty embracing the new. How is your company going to find leader-

ship for change? How will your country find leadership for change?" Tapscott

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WILL YOUR COMPANY HAVE Leadership

FOR THE NEW ERA?

Artificial Intelligence **ALLISON VRBOVA**

An Al turning point in 2016 Dividing up tasks between man and machine

- The value of humans in the second machine age
- Il the hype about machine learning and Artificial Intelligence (AI) is true, MIT research scientist Andrew McAfee said in the opening words of his

He was there to make one important case: Despite all the hype, we are still

greatly underestimating the effect AI will have on our lives. "The more I look around," said McAfee, "the more deeply convinced I become that we continue to underestimate exactly how big, deep and broad the chang-

es, transformations, and improvements are going to be." As co-founder and co-director of the Initiative on the Digital Economy and principal research scientist at MIT's Sloan School of Management, McAfee studies

how computer technologies are changing business, the economy, and society.

presentation at the 2018 Nordic Business Forum in Helsinki.

His newest book, Machine, Platform, Crowd: Harnessing our Digital Future offers an executive's guide to succeeding in an era when technologies are hurtling forward at a startling pace. McAfee spoke about the history of AI, the newly emerging division of labor between man and machine, and what we can expect in the second machine age. **An AI turning point in 2016**

To illustrate the progress made in the field of AI in just a few short years, McAfee shared the history of how humans have taught machines to play games.

Until as recently as 2015, we were successful at programming machines to beat

humans at games like chess, with clear rules and strategies. "It's basically just

an algorithmic search problem," McAfee explained. But we had little luck building computers that are good at playing games in which the rules and strategies

are less clear. All of this changed in March of 2016 when Google's AlphaGo Al beat champion Lee Se-Dol at the game of Go. Prior to this breakthrough, coding strategies into a computer to teach it to play Go didn't work well. This is because, as McAfee put it, "Nobody on the planet can tell you how to play a good game of Go." Unlike chess, success in Go is

based less on understanding clear strategies and more on "intellect, judgment, and intuition." It is a good example of Polanyi's Paradox, McAfee said. "Human brains have a

really interesting feature - we know more than we can tell." AlphaGo made a specific play in one of the games, that is now simply known as Move 37. It surprised Go experts, as to them, it just didn't make sense. And yet, it eventually helped to lead to the Al innovation's swift victory. No one is entirely sure how AlphaGo beat one of the best human players on

the planet, but it is clear that the technology considered something that most

"We human beings don't play Go this way," says McAfee. "As far as we know,

human players of the game had not considered.

sponsible for other, more deductive things.

mans still will have something to contribute.

loop".

we can't play it this way." But for McAfee, this example - as well as other recent examples of machine learning in games - tells us a lot about the future division of labor in a world with advanced Al.

Dividing up tasks between man and machine Up until recently, we thought Polanyi's Paradox gave us a good rule of thumb for dividing up work between humans and AI. Machines would excel at tasks involving searches, record keeping and math, while we humans would be re-

vision. "We realized we were living in a new era," he said. "Now, even in areas where Polanyi's paradox applies - where we know more than we can tell - we can still build machines that are better than the very best people at this task."

Not only can artificial intelligence complete tasks better than humans, it approaches those tasks differently. McAfee likened this to a third kind of knowl-

edge. "Better and different is a very powerful combination."

The AlphaGo win led many people, McAfee among them, to reevaluate this di-

He points out several areas in which AI has made recent breakthroughs, including recognition of conversational speech, diagnostic leaps in the medical fields of radiology and ophthalmology, energy efficiency monitoring of large data centers, and the detection of subtle patterns in genetics.

The value of humans in the second machine age

McAfee acknowledged that for many, the idea of human expertise being out-

paced by technology is scary and uncomfortable. But he doesn't see it this way.

"In this era of AI and machine learning, we have an alternative. The progress

we've seen gives us a glimpse of what might be possible if we just let the machines take the lead." So will the human mind still have value in the second machine age? According to McAfee, this will still very much be the case. He lists four areas in which hu-

The first is common sense. McAfee said that machines simply don't have it and

so, when the stakes are high, it is always necessary to "keep a person in the

know what to work on next, and so it is up to Homo sapiens to continue to generate the next questions to be solved and be inquisitive about the future. Third, McAfee points out the advanced social skills that humans possess that

are necessary to navigate our complex world of interactions, where we are con-

stantly negotiating, coordinating, motivating and persuading.

Next, he lists the inherent human ability to ask questions. Computers still don't

And lastly, he said that humans have the unique ability to partner with AI to fashion a new world. He said while machines will open up new territory, humans can explore that

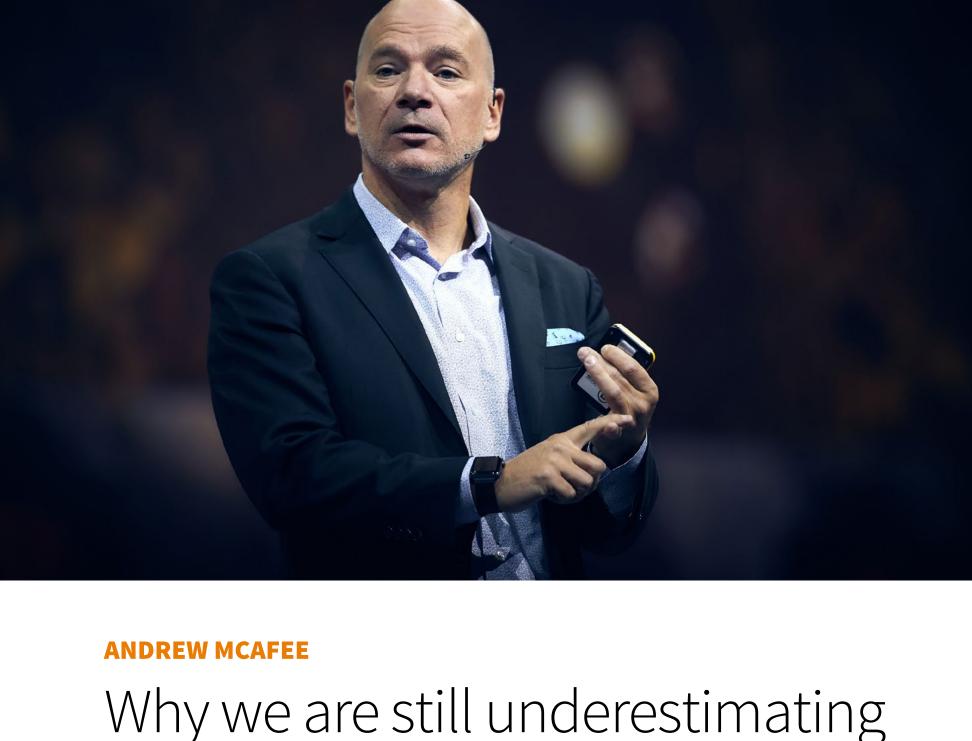
territory in partnership with the technology to create the optimal final product.

He used the Shanghai Tower as an example: The designs were drafted by a

computer to match the given specs, but then human architects improved the

aesthetics. "The people who are currently in the business of opening up new territory are going to have to react to a new reality," said McAfee in his parting comments.

"But it is a reality that's going to let us make much faster progress. Stay tuned.





NIKLAS ZENNSTRÖM

AI, technology, and scaling from Europe **MELANIE GRANO** Early mistakes write the tech sector playbook ▼ IoT and AI but not quite sci-fi "Future-proof" education adapts talent to new ways of working

Failing, innovating, growing

Skype Co-Founder **Niklas Zennström**.

Leveraging success for positive impact

- ociety needs to develop a culture that encourages trial and error, raises future generations to make the most of technological change through
- education, and empowers game-changing entrepreneurs to disrupt the

followed, entrepreneurs began to rebuild and find success, paving the way for others. He said that the aftermath of the tech bubble created the right conditions for entrepreneurs like himself to become role models and to inspire others, in turn generating a continuous feedback loop of individuals wanting to drive change and have an impact. "When Skype was sold, it was the biggest exit after the dot-com period. I want-

ed to build on this and inspire others to have bigger ambitions," Zennström de-

status quo and create positive global impact, according to venture capitalist and

Zennström told the moderator **Timo Rein** and the Nordic Business Forum au-

dience that he has witnessed a massive change in Europe's technology indus-

try since the dot-com crash at the beginning of the millennium. In the years that

clared, referencing his work at tech investment firm Atomico. As a result, today's Nordic technology companies have loftier ambitions and are not just aiming to build Nordic companies, but global ones. The tech veteran cited Stockholm- and Helsinki-based game firms King and Supercell, as well as the music streaming service Spotify as examples of companies that are proving that Nordic tech can challenge global markets. Scientists are getting out of the laboratory to put frontier and deep technologies

to work in commercial settings, and top university graduates are being drawn to

the tech industry. Also, 20 times more people want to be entrepreneurs today

The mistakes made by the pioneers in Nordic tech are being put to good use, according to Zennström. Mistakes contribute to the shared wisdom of the sector, almost in the form of playbooks for entrepreneurship. Seasoned entrepreneurs are also providing the financial backing for many newcomers. "50% of successful technology company founders are investing in new startups – and many early-stage investors used to be entrepreneurs," Zennström observed.

is getting bigger," he added.

and the bottom line.

IoT and AI but not quite sci-fi

Early mistakes write the tech sector playbook

compared to 10 years ago in Finland alone.

cluding non-tech firms that want to stay abreast of digital transformation. "Today, almost everyone understands there is a digital transformation happening — either it has happened in your industry or it will happen. It's extremely rare that there is a business leader that doesn't care about it," Zennström commented. The result is a flourishing ecosystem that is creating successes. For example, after an IPO in September 2018, Farfetch was valued at more than USD \$5 billion. Earlier the same year, Spotify was valued at more than USD \$26 billion af-

ter its first day of trading. "They're dwarfing what Skype did in 2005. The scale

What's more, venture capitalists and large institutions are getting involved, in-

telligence (AI) and the Internet of Things (IoT). He argued that AI is an enabler technology today similar to how smartphones and cloud computing became major enablers in the last decade. "We're in the early days of AI," Zennström noted. "In most cases, it isn't deep learning. It's machine learning. It's about taking a big data set, learning, figuring things out, and optimizing." However, he said that futuristic scenarios involving

According to Zennström, two important, emerging technologies are artificial in-

"What's interesting is that a few years ago, it was science fiction. Now, today, people are talking about when rather than if at all, but it's certainly not around the corner." Zennström added that the AI algorithms that we interact with on a daily basis are currently being deployed for small optimizations rather than general intelligence processes. IoT, on the other hand, especially when used with machine learning, connects

"Future-proof" education adapts talent to new ways of working Although no one can predict the future, let alone the next 10 years, Zennström said we can try to forecast different possible outcomes. One likely prospect is that autonomous vehicles (AVs) will take over the roads, although it is not possible to say how long it will take before they replace the entire global fleet of manned vehicles.

factor limiting growth. Zennström said that his discussions with companies have revealed that their biggest challenge is recruiting talented people who are motivated, smart, and who will buy into the company culture. Today's industry needs not only software engineers but people who are skilled in business development and understand how to provide exceptional customer

service, particularly as companies expand across the world. Diversity has al-

so proven to be a problem in the male-dominated industry. "There are way too

The tech investor said that growth requires a change in perspective. "Instead

of saying, this is what it's always been, ask, 'What could it be?'" However, he

noted that it's necessary to accept that the most likely outcome of a new ven-

ture will be failure – and that companies need to be comfortable with that fact.

He explained that the popular Kazaa peer-to-peer file sharing software generat-

ed a financial loss and eventually faded out, "but we would not have been able

to start Skype if we had not had Kazaa as our first experience. That failure en-

"Failure gives you learning, which you can use next time," he added.

abled us to have future success."

Leveraging success for positive impact

et Earth," he warned.

itive world impact."

few female founders and engineers in tech companies," Zennström added.

stay focused on a core strategy. The challenge - or opportunity - is to build a culture where innovators can try and fail. Zennström claimed that the key to feeling comfortable with failure is to approach projects with a degree of naivety. The more experienced, educated, and well-read we are, the more likely we

A known philanthropist with his own charitable organization, Zennström also encouraged companies that want to have an impact on the planet to persevere. "Right now, we have more reason to care than ever before," Zennström said. "We are exhausting our planetary resources and if we don't fix climate change soon, the future won't be that great. We know we're living on credit from plan-

Despite his concerns, Zennström concluded on an upbeat note, declaring that,

"Entrepreneurs are part of the solution. New companies that are using tech-

nology to have a positive impact is something I'm passionate about, and I see

more and more of it — founders building companies with purpose and with pos-

"I love working with inspirational people who want to be game changers for a

better world. Those are the people I want to partner with," Zennström added.

FINVERKAN KARRIAR?

a singularity - where an artificial super-intelligence will emerge and trigger exponential technological growth – is still a distant prospect.

everything that's not digital — such as manufacturing machinery, equipment, medical equipment, and warehouses. These devices use sensors and feedback loops to send data to a machine learning system for optimizing processes, primarily in industrial applications. Zennström described this deployment of IoT

as an example of technology that won't disrupt but that will improve efficiency

This will affect what kinds of jobs are available as well. As a result, Zennström called for society to consider ways to "future-proof" education to ready future generations of talent for new ways or working. Failing, innovating, growing The current technology ecosystem is not short of capital; talent has become a

In the corporate environment, people are trained not to make mistakes and to are to reject failure. Instead, a naïve approach allows us to question and experiment.

"It seems almost foolish from a risk-return point of view, but it's the only way to

innovate new things. It's something to actually embrace," Zennström declared.

Zennström advised CEOs to encourage disruptors to challenge legacy tech-

nology: "If you're the CEO, listen to everyone that's challenging your intellectu-

al property and embrace it. And when they fail, encourage them to try again."

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in a culture where each team member, rather than having conversations with each other, would come and complain to him. After conducting her normal interviews to kick off the process, Heen found that, as with most companies with dysfunctional leadership teams, the problems

boiled down to a particularly strained bilateral relationship. Two leaders simply

didn't work well together at all, and everyone else on the team was either try-

Heen introduced these men as Sam and Pete. Sam was direct, type A, and

ing to work around them, or lining up with one of them, against others.

had no filter. During his initial call with Heen, he told her that the summit she had arranged for the team would be a waste of time because nobody would change and because Pete would never learn to deal effectively with conflict. Pete echoed this sentiment by telling Heen on his call with her that he hoped he'd "have his heart attack in the first hour" of their workshop. During the first week of Heen's work with the company, a problem arose that Sam needed Pete to address. Sam called Pete, who didn't answer the phone. Sam immediately emailed Pete. When Pete looked at the email but didn't reply,

Sam called Pete's second in command, who then texted Pete to tell him that

Sam was looking for him. When Pete still didn't reply to Sam, Sam went to the

CEO. The elapsed time for all of this activity was 14 minutes. A similar process

The tale of Sam and Pete, Heen said, teaches us two important things. First, "when you have a conflict on your team, you will be more sympathetic to one side or the other, simply based on what drives you crazy. It does not mean that they're not both contributing to the problem." Second, this kind of dynamic has a ripple effect throughout an organization. This company, Heen explained, "had settled into what I would describe as a culture of blame and indecision." The costs of a blaming culture are real, and they primarily have to do with the way that blame raises the risk associated with decisions in a company. Heen

1. It makes collaboration extremely hard because people are more con-

7. Problem-solving is impeded, since people avoid blame, rather than

2. It makes innovation hard because people are unwilling to do more than cover their own behinds 3. It ruins the morale at a company because most feedback is negative

countability.

owning up to mistakes.

repeated itself about once a week.

So we find ourselves in this odd space where we need to avoid the pitfalls of a blaming culture while simultaneously upholding the benefits of accountability.

cy of, or you are the victim of everyone else's incompetence and circumstance. You don't see the power you have to change that by changing something you do differently." The tragedy, or perhaps the comedy, is that in organizations and in life, these two types tend to find each other, and often forge bad relationships. They be-

And these relationships are stable for a while. But eventually, the absorber

reaches the limit of what they can change by themselves. They get burned out,

The challenge, of course, is getting shifters to see what role they played in prob-

lems, and absorbers to see what role others played. Heen suggested a few

or simply can't make things right again.

Reaching accountability

pursues", and so on ad nauseam.

bility for others' contributions.

perfectly reasonable at the time you do it. But in hindsight, it often clearly contributes to problematic situations. Being unapproachable is common, and also damaging – both to companies and to leaders. If you are a leader and your team cannot approach you about the things you need to work on, it can stifle the growth of both you and your company.

In most cases where a leader is unapproachable, a kind of negative feedback

loop is created. Heen returned to the story of Sam and Pete. They have what

Heen called a self-reinforcing contribution cycle. The two people have devel-

oped coping strategies for dealing with the stress, but such strategies actually

make things worse because they amplify the undesirable behaviors in the oth-

er person. "The more Sam persists to have the conversation, the more it caus-

es Pete to flee or avoid. And the more Pete avoids, the more aggressively Sam

For progress to be made in joint contribution, this negative self-contribution cy-

cle needs to be broken. That means having a conversation - or conversations -

Avoidance is especially insidious because, as Heen pointed out, it can seem

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The pitfalls of blame

4. It reduces trust since everyone is watching their back

5. Over time, it drives away top talent from the company

6. The Information flow is affected negatively

8. People are reluctant to make and own decisions

set out eight costs of this culture in particular:

cerned with their own reputations

especially in the current climate: be nimble. "In terms of adaptability and agility," Heen warned, "a blaming culture is a disaster." So what is the solution? Heen warned that it can be tempting to simply stop blaming. But such a quick and easy fix is ill-advised for a few reasons: "Human beings are wired for blame. When something goes wrong, we want to know why.

We need to know why, if we're going to fix the problem." Secondly, and perhaps

more critically, if we lose blame, we also lose something very important: ac-

All of this culminates in a company that cannot do what companies need to do,

The solution, Heen said, is to "take that natural energy and channel it" towards something she calls 'joint accountability'.

What is joint accountability, and how is it different from blame?

common, but hard-to-see contributions that can kick-start your working on your own accountability: Avoiding a problem or conversations for too long; being unapproachable; using a communication channel that doesn't get through; dominating the conversation. Heen emphasized the first two because they seem to be the most common.

about why this cycle is in place, and how to solve it. Heen outlined three things that each person needs to think about prior to having those conversations: What are my contributions to this situation? What are the other party's contributions? What are other contributions, from others, the environment, and so on? Heen repeated that the goal is to create a "high accountability, low blame culture." Doing that is as simple as three best practices: 1. Always assume joint contribution. Think, "we all had a hand in this." 2. Take responsibility for your part early. But be sure not to take responsi-

SHEILA HEEN How to discuss what matters the most **MICHAEL STURM** ▼ The pitfalls of blame What is joint accountability, and how is it different from blame? Reaching accountability heila Heen, a negotiation theory expert and Harvard Law school lecturer, believes that no leader or team of leaders can really do the things worth doing without being able to have difficult conversations. "These are the conversations that help define your leadership," she explained to her audience at the Nordic Business Forum 2018. "The conversations where we get aligned - or not - on strategy, are where we line up and stay on top of execution. And then as things happen that we did not expect, we have the conversations we need to have to adjust." A company with a culture that doesn't encourage and support those kinds of conversations, it seems, will run up against some serious problems. To illustrate that point, Heen recounted a story of a call she got from the CEO of a growing company. He had reached out to Heen asking her to fix his leadership team. The company was growing, but there were all sorts of problems. The senior leadership team, as he saw it, could not stand each other. This had manifested

Blame, Heen pointed out, has two sides: an assumption and a purpose. The backward-looking assumption asks who is at fault. The forward-looking purpose is to punish, whether formally or informally. So Heen suggested that if we're going to make a meaningful change to the mechanism of blame, we have to replace both of these sides with something different. The major mechanism of joint accountability is that each person had some role however small – in how things ended up. This is the forward-looking purpose of joint accountability, which is not to punish, but rather to figure out what must be done differently in order to avoid the undesirable outcomes. It sounds like a subtle change, but it can make all the difference. As with any paradigm shift, implementation can be tricky. With joint accountability, the name of the game is understanding who had what contribution to the outcome, and that is not as easy as it sounds. Heen explains that there are 2 types of people when it comes to accountability. "Some of you are blame absorbers," Heen explained. "When something goes wrong, the first place you point a finger is at yourself. 'I should have seen this coming. I knew I should have done this differently." The big issue for blame absorbers is that they tend to get so caught up in assessing their own mistakes that they let others off the hook. So being able to point out the role of others in what went wrong is a challenge for blame absorbers. "Others of you are what we call blame shifters," said Heen. "When something goes wrong, the first thing you see is what everybody else screwed up. And you don't see your own role in it."

The problem with being a shifter is that "life happens at you. You are at the mercome working adversaries within a company, or in the non-professional setting, they marry each other. Which seems to work, Heen wryly explained, because "we both agree it's your fault!"

3. Make requests for what you would like others to change. If we can all acknowledge our part in whatever problems there are, and be strong enough to ask for the change that we need in order to do better, the tough conversations we need to have in order to be more effective may not be so tough after all. At the very least, however tough they are, they'll be even more effective.

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MAKE REQUESTS

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Impossible has a formula

STEVEN KOTLER

JULIUS REYNOLDS The future is exponential

A new era of business models Unleashing exponential growth with user interfaces

- Adapting the human mindset to exponential growth
- uthor and entrepreneur Steven Kotler is fascinated by the concept of
- peak performance. As co-founder and director of research of the Flow Genome Project, he works to help people and organizations maximize

their potential, their work output, and their success.

"I'm interested in extreme innovation," he told attendees at the Nordic Business Forum 2018 in Helsinki, "and what it takes to do the impossible," because, "im-According to Kotler, we have entered an era of unprecedented and exponential growth. Established companies are being disrupted constantly as technological

innovation accelerates. Organizations and the people in them must adopt ex-

ponential thinking to harness these technologies and tackle world-class challenges – be it eradicating poverty, defeating malaria, or conquering space. Organizations that succeed in doing this will become the game-changing, billion-dollar companies of tomorrow. And most of these firms, Kotler noted, haven't even been born yet. The future is exponential Kotler showed enthusiasm for the disruptive power of exponential growth, which

processes, the AI revolution is the product of adding computing intelligence to industrial applications, Kotler pointed out. This is what turned simple phones into Apple smartphones, or stereos into Amazon Alexas. This trend is subverting corporate hierarchies and generating new business models, not every de-

One of these models is the Distributed Autonomous Organisation (DAO), a blockchain-based entity with no employees, no bosses, and no managerial

cade, but yearly.

up."

structure. The executive decision-making process, once an exclusively human domain, is automated by self-managing algorithms. A fleet of taxis managed by a DAO, therefore, would decide when to do repairs, replace cars, and change pricing – autonomously. Such new business models have unleashed exponential wealth creation. The unicorn club, once encompassing the handful of startups that had reached a \$1

billion-plus valuation, is getting crowded. "What used to be a 20-year milestone

is now being achieved in the space of only 2.4 years on average," Kotler said.

The result is that established incumbents, like Kodak and Blockbuster, for ex-

ample, have been wiped out in record time by new business models – the first by digital imagery and the second by Netflix. Unsurprisingly, Kotler noted, corporate longevity for Fortune 500 companies has plummeted from 68 years in the 1930s to only 14 years today. Unleashing exponential growth with user interfaces

towards mass adoption on a global scale," Kotler told attendees. Just like the first web browser Mosaic jumpstarted internet use, user-friendly interfaces are now showing up wherever there are exponential technologies.

"These interfaces are showing up all over exponential technology," said Kotler.

"And if you are interested in leveling-up your organization, they have to be built

on the backs of these technologies," he urged. "There's no other way to keep

Adapting the human mindset to exponential growth

ed, the human mind, biologically and physiologically, has essentially been the same for the last 100,000 years. It has evolved in an analogical world, with linear improvements rather than exponential ones. Can humans, therefore, keep up, or at least adapt, to the mind-bending speed of technological evolution? Kotler thinks that they can, by making a few simple alterations.

But how are people keeping up with the rapid pace of change? As Kotler not-

ductivity and attracts top talent, creating the perfect environment to generate revolutionary products.

a massively transformative purpose," Kotler said.

ing with full intellectual freedom, results in the greatest innovations, he claimed. The fourth element is what Kotler called *flow*. He defined flow as "how we keep up" and the "state of consciousness that evolution designed us to perform at our very best in." A flow-centric culture, according to Kotler, is an environment where full concentration is given to tasks, eliminating distractions. This state of

business challenges. "Crowdsourcing is probably the biggest story," Kotler said. "Procter & Gamble has decided to crowdsource 50% of their product line. You've got companies like Google, Apple, and Microsoft – they're crowdsourcing AI," he continued. In addition to ideas, assets are being crowdsourced too. "Uber is the largest taxi company in the world – they don't own a cab," Kotler pointed out. These are just few of the examples Kotler believes are underpinning a future of unlimited potential, one where technologies generate new business models

attendees, "the impossible becomes possible". I'm not disabled, MOORE'S EXPONENTIAL I FCH ! LAW

at an unprecedented speed with far-reaching effects on the global economy.

When the right mental tools are used to harness this disruption, Kotler told the

possible has a formula."

he used Moore's Law to illustrate. Moore's Law shows that the computing power of microchips has been doubling roughly every 18 months for the last 50 years. "Moore's Law is the reason that the smartphone in your pocket is a thousand times cheaper, a million times smaller, and a million times faster than a supercomputer from the 1970s," he said. But the most fascinating thing is that this growth is not slowing down but rather accelerating with extraordinary consequences. "Five years from today, the average computer that you buy at the store will have the same computing power as the human brain," Kotler stated. Technology is expanding exponentially in countless other sectors, too. From communication to robotics, from medicine to biotechnology, from 3D printing to networks, once IT is integrated within a new sector, it begins behaving according to Moore's Law, Kotler said, and this is where its parabolic growth path begins. The results affect everyone. Computing power in biotechnology applications is doubling every four months, for instance. The result, Kotler outlined, is that "every day we are alive, we gain five hours in life expectancy - even without a minute spent at the gym." A new era of business models While the industrial revolution was the result of adding power to mechanical

"The introduction of a user-friendly interface is what propels a new technology In manufacturing, 3D printing interfaces for increasingly more materials are set to revolutionize a \$10 trillion global sector, Kotler explained. A quantum computer interface built by Rigetti, for instance, is making the most powerful computing machines in the world accessible to the average person.

"You have to level up your brain to take advantage of these technologies," he said. The key is to create an exponential mindset within organizations through what Kotler described as a five-step process. First of all, one needs an appetite for disruption: a desire and capacity to em-

brace exponential change and its effects. Secondly, one needs a big goal -

what Kotler called a massively transformative purpose. This boosts worker pro-

"If you look at the 100 fastest-growing companies in the world, all of them have

The third step of the process is innovation, which best germinates and grows in

isolation. Groundbreaking innovators like Apple and Tesla created experimental

units with the sole purpose of coming up with the wildest and boldest ideas. "In-

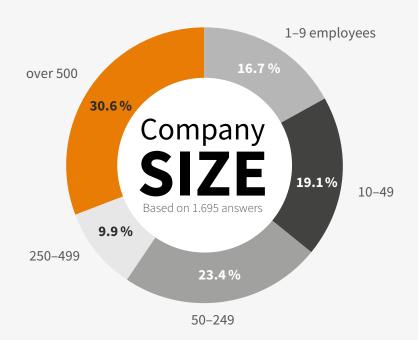
novation happens at the periphery of an organization because the center is too

stable," Kotler said. In contrast, isolation at the center, in separate units operat-

consciousness allows humans to perform at the very best of their mental capabilities. The advantages of flow are not short of extraordinary – studies have shown that learning can be boosted by 470%, productivity by 500%, and creativity by 430%, Kotler stated. The final building block of the five-step process is augmented cooperation and harnessing the power of crowds. This is where companies leverage the intellectual talent of the global crowd to find the best solutions to technological and

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