

# Re-energizing The Corporation



# Re-energizing The Corporation

*How Leaders Make Change Happen*

**Jonas Ridderstråle**  
and  
**Mark Wilcox**

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John Wiley & Sons Ltd, The Atrium, Southern Gate, Chichester,  
West Sussex PO19 8SQ, England

Telephone (+44) 1243 779777

Under the Jossey-Bass imprint, Jossey-Bass, 989 Market Street, San Francisco CA 94103-1741, USA  
www.jossey-bass.com

Email (for orders and customer service enquiries): cs-books@wiley.co.uk

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Jossey-Bass, 989 Market Street, San Francisco, CA 94103-1741, USA

Wiley-VCH Verlag GmbH, Boschstr. 12, D-69469 Weinheim, Germany

John Wiley & Sons Australia Ltd, 42 McDougall Street, Milton, Queensland 4064, Australia

John Wiley & Sons (Asia) Pte Ltd, 2 Clementi Loop #02-01, Jin Xing Distripark, Singapore 129809

John Wiley & Sons Canada Ltd, 6045 Freemont Blvd, Mississauga, ONT, L5R 4J3, Canada

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#### ***British Library Cataloguing in Publication Data***

A catalogue record for this book is available from the British Library

ISBN 978-0-470-51921-9 (HB)

Typeset in 10/12 pt Garamond by SNP Best-set Typesetter Ltd., Hong Kong

Printed and bound in Great Britain by TJ International Ltd, Padstow, Cornwall

# Contents

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<b>About the authors</b>	vii
<b>Introduction</b>	ix
<b>Acknowledgements</b>	xv
<b>PART ONE: WHY: RE-ENERGIZING THINKING</b>	1
1 Beyond the talent war	3
2 Come together	9
3 In search of surprise	15
4 The energy of excellence	23
5 Energizing leadership	29
6 Killed by management	35
7 From great to grave	43
8 The balancing act	47
9 Split decision	57
10 The people power plant	63
11 Constructing the competence campus	67

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<b>12</b>	Creating the confidence clinic	89
<b>13</b>	Composing the courage cathedral	99
<b>PART TWO: HOW: ENERGIZING ACTION</b>		111
<b>14</b>	The Es in energize	113
<b>15</b>	Envision	117
<b>16</b>	Elements of envisioning	125
<b>17</b>	Engage	133
<b>18</b>	Elements of engagement	137
<b>19</b>	Execute	155
<b>20</b>	Elements of execution	159
<b>21</b>	In the army now	173
<b>22</b>	How to develop leaders	177
<b>Index</b>		197

# About the authors

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**Jonas Ridderstråle** (knightray@tele2.se) is at the forefront of the new generation of European-based business gurus. The Thinkers 50, a bi-annual global ranking of management thinkers, placed him (and his former colleague Kjell A. Nordström) at number thirteen internationally.

His uncompromising, imaginative and decidedly fresh take on contemporary business life makes him one of the world's most sought after and appreciated speakers. He acts as an advisor and consultant to a number of multinational corporations and helps run the Swedish Management Group – one of Scandinavia's leading management development companies. Jonas has an MBA and a PhD and is currently a visiting professor at Ashridge Business School in the UK.

Jonas' previous books *Funky Business*, *Karaoke Capitalism* and *Funky Business Forever* (co-authored with Kjell A. Nordström) are celebrated manifestos of how to make it in the new world of commerce, with global sales of close to 500 000 copies.

**Mark Wilcox** (Mark@RedThreadConsulting.co.uk) is the founder of the UK-based consulting firm, RedThread Consulting. Its clients include Sony, the British Army and Hilton Hotels. Prior to launching RedThread, Mark spent twenty five years working in the corporate world.

His career began as a maintenance electrician for Rowntree Mackintosh and then Nestlé. His work as a trade union representative led him to develop a passionate interest in training and development. He worked in various management development roles for Rowntree Mackintosh, Nestlé, the Albert Fisher Group and Cattles group of businesses. He then joined Sony Europe where he was responsible for talent development programmes and later became the Director of People and Organizational Development covering 9000 employees in 23 countries. Mark has an MBA from Bradford University, an MSc in occupational psychology and a degree in psychology.





# Introduction

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## Re: Energized

This is how it started. Mark was running Sony's HR Development operations in Europe and Jonas was traveling the world talking about funky business, the title of his international bestseller (co-authored with Kjell Nordström). Jonas was brought in to kick-start a Sony event in Switzerland, *The Leadership Journey*. The aim was to galvanize a group of Sony's top executives into change. We also ended up galvanizing ourselves. This was the start of our own journey of friendship and working together over the next six years.

Truth be told, the Sony execs were a difficult audience. They had heard it all before. They *knew* they needed to change, but hadn't been energized into actually shaking off their skepticism and taking action. What we said made sense to them, but what next?

Jonas talked. He mapped out the trends impacting on Sony's business – the relentless rise of upstart competitors, the growth of the knowledge economy, increased expectations among customers for fantastic, tailored service. People were bewildered and inspired. And then, the executives separated into teams charged with various exercises to encourage them to look at the world in new ways.

Jonas stuck around and began to take notes. Mark was the conductor, creating the conditions on the journey to enable the participants to create their own sweet music – and save Sony money, generate new value, and inspire its future direction.

The event *was* energizing – more so than any previous corporate get-together that we had been involved in. We learned as much as the participants.

We realized that what we were talking about and doing were inextricably linked. The big picture world mapped out by Jonas benefited from the definition and the detail provided by Mark. And at Sony, our session led to real changes. More than 200 projects emerged

from it. Over 250 million euros worth of change emerged. And, most of all, the managers began to take responsibility for their own challenges.

We knew we were onto something. Over the next few years we've continued to work together and with major organizations, exploring the dynamic and re-energizing interaction between the how and the why of change. *Re-energizing the Corporation* is the result.

It's a book based on real experiences with individuals and organizations. Since our initial re-energizing experience, Mark has become a consultant, helping organizations throughout the world tap into the change within them. Jonas continues to write books, articles and relentlessly travels the planet exhorting organizations to produce change. The *Why* and the *How* are still hard at work.

Why does this matter to you? Our personal experience mirrors a journey we see organizations undertaking throughout the world. Change is a fact of life. It's inescapable. Yet, too often, we come across individuals and organizations who believe they can escape. They have convinced themselves that change need not happen to them. Somehow – and we don't fully understand how or why – they believe that they are insulated against change. This is wishful thinking in the extreme. No one is immune to revolutions.

We remember running sessions for young students. We would go through the usual case studies, the management classics. Then we'd discuss the findings. Our students would often say that the crucial point in the case came about because: "The world changed . . ." Yes, the world does change. It's changing and will always do so. The choice is yours: reduce or produce change. In truth, there's only one choice.

This book aims to shake organizations out of their all too common torpor. It also intends to help those leaders who know they need to change to actually bring about that change through re-energizing themselves and their teams.

## About the book

*Re-energizing the Corporation* is unique. Look at the business book shelves and you'll find lots of big picture books that decoratively examine *why* individuals and organizations need to change. Alongside them will be a host of other books telling people and organizations *how* they should go about achieving change. This always struck us as weird and counter productive. To change, people and organizations need to understand both the why and the how. There's no mutual exclusion zone.

This is why this book is divided into two interlinked sections. Part One explains the big picture, the *Why*. This is Jonas' traditional domain. This section is focused on questions – the questions that you need to ask yourself in order to re-energize the future. Why is leadership critical to delivering change in business? Why is management no longer enough? Why do the talented people we all chase as employees demand so much more from their leaders? Why is it that doing better at what you've always done isn't necessarily going to secure your future? Why is re-energized leadership emerging as the critical distinction between seeing your growth curve turn down and those re-generating upward curves time and time again?

Part Two tackles the question of actually making change happen, the *How* of the equation. In order to do something you need to know *how*. This is where Mark brings his 25 years of corporate experience to bear in examining our model of change. How do the day-to-day actions of leaders impact on the delivery of organizational goals? How do the day-to-day actions of leaders deliver engaged people who want to make a meaningful contribution? How do leaders make sure that what they set out to do is achieved, time and time again? How do leaders ensure that the future of the company is secure and capable of constant innovation rather than simply maintaining business as usual? In essence: *How leaders make change happen*.

This section focuses on practicality. It's not a prescription for success but a tool kit of ideas, actions, suggestions, experiences of good and bad practice and lots of examples of how leaders go about the day-to-day reality of making change happen.

The two sections can be read separately, but we believe that the *how* and the *why* of change are linked. They are the conjoined twins of organizational life and need always to be thought of in relation to each other. Think Arnold Schwarzenegger and Danny DeVito in the movie *Twins* – unlikely and often uncomfortable bedfellows, but bedfellows nevertheless.

## Es of access

What links the sections together and our thinking as a whole is our 3<sup>e</sup> leadership model. This is built around the three Es of Envisioning, Engaging and Executing:

**Envisioning**, the creation of a compelling shared picture of the future of the organization and its purpose;

**Engaging**, the building of a following of individuals who are committed to getting the vision into reality;

**Executing**, the delivery through teams of the outcomes that ensure your organizational vision is achieved.

This approach to leading change is rooted in common sense and emerged from experience and extensive research into what makes individuals and teams perform. It's both a philosophy about leading and a framework for action. As the Japanese say: "Action without vision is a nightmare; vision without action is a day dream."

An organization can use the approach in two ways: as a model of leadership development and as a model of project implementation. As you become more familiar with the framework you'll see, illustrated by vignettes and case examples, how re-energized leadership delivers change. It's this direct linkage that the model and approaches we advocate creates. Leadership for us is about making change happen; about moving from dreams to delivery.

Organizations are collections of people. This is obvious but the observation is often forgotten in the labyrinthian realms of management theorizing. History shows us that its people that determine the future of organizations, not their products or technology. Keeping people engaged with the organization has more future proofing power than any software or hardware updating program. People = Business.

Ask anyone who has worked at IBM over the last 10 years if they agree. Their old world dominance of mainframes was a great short term monopoly, which crashed when the PC came of age. Faced with competing in the cut-throat marketplace of small, standardized machines increasingly manufactured by someone else and plummeting margins IBM famously reinvented itself. What IBM did was to re-energize its people around a new business proposition, that of services and systems integration around e-business (on demand). Engaged with this idea IBMers were willing to do whatever it took to re-skill and reposition themselves.

The people who inhabit our organizations are calling out to be led, not managed, and certainly not micromanaged, as is the case in too many businesses. There are a lot of things that managers do that leaders need to also do, but they are never enough and they are rarely the things that inspire others to give their very best. Management only gets you so far; with re-energized leadership the possibilities are endless.

## Making a difference

Many traditional approaches to leadership focus on two dimensions, the management of people and the delivery of tasks. For years these two

aspects of management have been charted on flip charts to show the need to balance the task with some form of respect for individuals. Other models show this relationship being complicated by the need to focus some attention on teams. All this is very necessary, but not sufficient if you're really to engage the brains and hearts, and therefore the real competitive advantage of the people, who work in your organization. As many business thinkers have said before, with every pair of hands you employ comes a free brain. It's the role of leaders to find ways to engage it.

This myopic tendency has created a school of thought in management development that concentrates on the delivery of projects or corporate objectives through the organization of team efforts. What's clearly missing from these models is some larger and in many ways more critical factor, the answer to the *why* question. Leadership, above and beyond the requirements of management, is about setting the agenda for the future, not just about delegating and scheduling resources to get things done. It's also about releasing the discretionary effort locked in every individual in the organization. More inspiration is required from the leader rather than perspiration by proxy. Leadership is fundamentally about change. If you're not leading change, then what *are* you leading?

Historically, thinking on leadership has reflected the science of the times. When leadership was all about warfare, and at least in Great Britain about class warfare, then it was related to the standing of the person in society, the breeding or bloodline that made them leaders. When the school of humanistic psychology started to gain influence in management in the 1950s and 1960s, leaders were considered products of their experience.

While thinking evolves to reflect our times, other debates rumble on. One of the longest running debates in psychology remains the question of nature or nurture. Most credible research seems to agree that our personality is influenced by both and offers a split decision on what has the most influence – our genes or our early experience. We believe that the same can be said of leadership ability. It's not really important to agree where the debate is settling now. What's more important is what works practically. Let's deal with practical measures and do whatever necessary to create leaders who provide organizations with the highest probability of success.

Of course, we agree that much can be taught to people about leadership styles and management techniques. However, it's clear to both of us and our colleagues in business that some people have much greater presence, greater drive and more ambition to lead. Failing to take notice of this fact and finding a way to determine it to some degree, is failing to maximize your business's chance of having great leadership talent.

We suggest you look for people who have existing positive strengths and then allow them to apply them. This is a much more positive approach to leadership. Work on the pluses not the minuses. Work on the *why* plus the *how*. By understanding and dealing with the *why* questions people ask you can then use the *how* methods to deliver a re-energized organization – one that has both the understanding of where it's going and why, as well as a way of getting there.

## Why + How = Energy

### The greatest

There has never been a more appropriate time for leaders to take up the challenge to do it well. Mohammad Ali, still a legend in the sporting hall of fame, once said: "If I had been a road sweeper I would have been the best road sweeper in the world, I would have been the greatest." We echo his sentiment. If you're going to step into the leadership ring, aim for greatness.

The time for management, command and control is past. Re-energizing leadership will be the real differentiator between successful organizations and those who only manage mediocre performance. In both the private and the public sectors there's a growing awareness that inspiring leaders are valued and rare animals who make a significant difference to the way people perform. Regardless of whether your mission is heart transplant operations at the most efficient cost and with the highest long term survival rate, or the dispatch of books to customers across the globe at the best price and shortest delivery time, leadership makes a difference.

And yet, time and time again, the effect an energizing leader can have on an organization is under-estimated. Leaders release the energy and discretionary effort of people. The leaders we see who are worth following, release the huge amount of latent energy that resides in the people that the organization has already chosen to work there. Their actions ensure that the organization has a healthy, vibrant pulse.

The leader determines the heartbeat of the organization. Flat line organizations don't attract or retain talent. Re-energized ones do.

**Jonas Ridderstråle & Mark Wilcox, September 2007**

# Acknowledgements

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Writing a book is a team effort. A special thanks is therefore due to all the executives who have provided us with ideas, inspiration and interesting research material. You light our fire. Several business thinkers, consultants, speakers and academics have also been instrumental in influencing our view of the world of work. Some of these people are mentioned by name, others are just referred to as the thinkers behind research and particular studies. For a full list of references, please get in touch with either one of us.

British business writer and dear friend Stuart Crainer helped us in editing the book, honing our literary style and sharpening our arguments. As always, he greatly improved the readability of the text. For this, we (and all you readers) are most grateful. We're also deeply indebted to our professional publishers at Wiley. What a joyride.

Jonas wants to pay tribute to a bunch of other people more personally. His former colleague and partner in crime in three previous books, Kjell A. Nordström, has been instrumental in shaping some of the ideas present also in this volume. It has always been great fun to do stuff together – professionally and privately – “the vanilla gorillas will live on forever”. Britt-Marie and Karoline at Speakersnet make gig-life both manageable and enjoyable. They never hesitate to help out with small and big things, at any hour of the day (and night). Thanks! Other speaker's agencies and reps throughout the world also play an important role in making business life truly pleasant. Zlatan, I have enjoyed the show so far but please make me cry with joy 2008 and 2010! Jan Lapidoth, all credit to you for persuading me to write books that people actually read. Jacqueline Asker, who does true wonders to ideas for new slides, is another critical success factor. Finally, a warm thanks to all colleagues at the Swedish Management Group (Mgruppen) and Ashridge. Just like family and friends you've been emphatic listeners as well as providers of valuable comments and support. I'm most grateful. Åsa, Joel and Siri, some time soon, a re-energized dad/husband will (re-)emerge from the shadows of our home-office. Promise!

Mark also has a few people to thank in name, either because they have given practical help and ideas or provided some kind of helpful intellectual stimulus. Writing this has required lots of both. This book wouldn't have been written without Stuart Sanderson, one of Marks's old professors at Bradford dispensing some of his wonderfully forthright wisdom. Had Mark not taken his advice to write a book he might still have been struggling with a PhD! On the journey there have been others who have helped in significant ways; Lucy Valentine for her contacts in publishing, Annie Medcalf, James Cullens, Roger Horrocks, Giuseppe Addezio and Roy White for their faith in methods and support when using them and Mark Jenkins, John McGee, Paul Sparrow and Dick Beatty for their valuable feedback on our ideas. Wider still Mark would like to thank two people in his early years who have inspired him and given him the confidence to do what he does. The first one is Malcolm Terry once tutor and early career colleague who inspired me to make a career out of learning and development. The second one is of course Rosemary Wilcox. Thank you for making me who I am and showing me the link between hard work and success. Thanks also to those closer to home who have lived with me as the book has evolved and given me the confidence to challenge and push on with it when it would have been so much easier to do nothing. So, massive thanks for the patience of Kath, Jo, Chris and Gary for tolerating me being at home more often and for making me proud of them in all that they do in their careers. I'm sure the next volume will be easier on everybody!



**PART ONE: WHY**  
Re-energizing Thinking

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# 1

## Beyond the talent war

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### The talent truce

Can you see the white flags of surrender – on both sides of the frontline? The war is over – for the moment. The war for talent announced early in the last decade has reached an unexpected end. The superstars of the organizational world suddenly realized that they need great organizations as much as these organizations depend on them. For most VIPs of commerce and competence, the ability to pick and choose turned out to be a figment of our collective imagination. A business world with only a limited number of corporations providing genuine “talent havens” did not result in unlimited choice for talent. As consumers, we’ve long known that any color so long as it’s black is no real freedom. Now, as “competents”, the combatants in the talent war, we can verify that truth. Bruce Springsteen was right; 57 Channels (and Nothin’ On).

Talent needs Talent Inc. No matter how smart you are, you need other people to leverage your competence. Intellectual isolation isn’t splendid. You need others because you’re a social creature. As C.G. Jung once put it: “I need we to be fully I”. In South Africa, people call this Ubuntu. You need others who you can love and at times loathe. We all crave colleagues who can provide us with that critical psychological boost. People need people.

Corporate leaders are also now beginning to realize that they can’t survive without the celebrities of a competence-based business world. Talent Inc. needs talent. Today, wealth is created with wisdom. Successful firms rely on intellect inside. For the relationship between companies and talent to result in competitive advantages, however, it has to be exclusive. So, merely betting on the business brilliants who live in Free Agent Nation won’t work. Corporations can’t and shouldn’t farm out the future to those mercenaries of competence who are willing to temporarily sign up to the highest bidder.

The result of the profusion of white flags is that organizations, as diverse as the Catholic Church and investment bank Goldman Sachs, now face the challenge of having to create places where talent wants to live and where ideas can happen.

Like any truce, the current one is fragile. As a leader, you're the guardian of it. Handle with care.

## Good news

The truce is great news for both sides. We're all winners. The best organizations will benefit greatly from nurturing talent and giving it an environment in which its full potential can be reached – and exploited. Yet, the truce doesn't mean that we've stopped competing for talent. Countries do it. Sports teams do it. Even opera houses do it. And corporations around the world most certainly do it. The reason is simple. Among the most eye-catching success stories of our times are energy-giving organizations built around talent. They and the people who hang around these force-fields are the true victors of the peace.

Think of it. The ideas and imagination of talented and motivated people are the sole success factor behind everything from Internet encyclopedia Wikipedia to Simon Fuller's *American Idol* on TV, from the super-innovative Chaos Pilot training-program in Denmark to Indian IT-service company Cognizant being able to boast more than 43,000 associates world-wide.

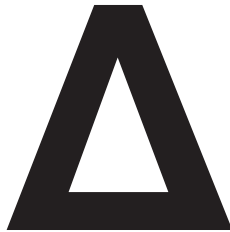
Ideas pay. A recent McKinsey report indicates that knowledge intensive corporations (organizations with more than 35% knowledge-workers) are more than three times as profitable per employee as labor-intensive companies. But, and this is perhaps even more interesting, in the former group of organizations, there's also much more variation in earnings performance. We've already warned you. Knowledge workers are fragile, and must be handled with care. They will want their piece of the pie and don't respond well to a Genghis Khan command and control leadership style. Talent requires positive energy to thrive. Star-power!

## Sustaining change

And now, the bad news. Organizations throughout the world find providing energizing environments in which talented people can reach their maximum potential incredibly difficult. And those that manage to create energetic environments often fail to sustain this energy. In the face of

rapid, radical and revolutionary change, we're afraid that most great organizations will not adapt, alter course, astonish us with new, amazingly innovative products or services and continue to prosper. Instead, they will deny, deteriorate and die. D-daze is a fact of life.

As we write in 2007, neither the Greeks, Romans or the British rule swathes of the world. Nor are companies like IT&T and Digital Equipment still with us. Similarly, the Scottish post-punk band *Simple Minds* no longer show up on the radar screen of what's hot or what's up and coming. The next big thing has a habit of arriving and then disappearing, whether it be an invading army, a corporation or a rock band.



We shouldn't be surprised. After all, the natural law of free-market capitalism states that all sources of competitiveness are temporary. Call it economic entropy – over time each and every competitive advantage that we can come up with will, slowly but surely, evolve, erode and then disperse. The reality is that like snakes, under the pressure of competition, regions, companies and people need to shed their skin to be reborn and live on.

## More good news

Change isn't an impossible dream, however. It can be done. Think back to 1987 when the US President Ronald Reagan was besieged with problems. The Iran-Contra scandal was at its height. The one-time actor suddenly looked out of his depth, an innocent in a world of vipers. Then, in West Berlin, in front of a crowd of 40000 people, he said: "Mr. Gorbachev, tear down this wall!" It was an historical moment and one which reversed the decline in Reagan's standing. Instead of appearing deeply troubled, he was the charismatic harbinger of a brave new dawn. While most experts were convinced that co-existence under a permanent balance of terror was constant, Ronnie was naïve enough to believe that change was possible. Indeed, it was and still is. His dream came true.

Or, for a more recent miracle, think about one time US Vice President and character of the cartoon sitcom *Futurama*, Al Gore, on his current

quest to save the planet. Even stiff and emotionless people can become stylish and popular if they chose to re-create themselves; from eternal loser – to eternal cruiser. Grow a beard and see the world anew.

Look around. The greats, in whatever field, have an appetite for re-invention. Think of Miles Davis churning out the hardest funk when he was near the end of his life. Think of Picasso flitting from fashion to fashion, one brush stroke ahead of the artistic crowd. The British football team Manchester United has made a series of comebacks since many of its young players, labeled the Busby Babes, were killed in a tragic accident outside Munich back in 1958. Think again. For over three decades, pop-star and fashion-icon Madonna has constantly re-energized herself – artistically and personally. She is the definitive chameleon.

## This time – it's personal

Change is no longer what happens to other people, other organizations, at different times. Change is what happens to you and your organization, today and tomorrow. Change is personal and, even more good news, you can make a difference! Whether you're the CEO of a Japanese Fortune 500 company, a school-teacher in Serbia, a football coach in Argentina, an Indian IT-entrepreneur, or just plain old you, doesn't really matter. People *are* the decisive factor – in society, sports and business.

Commerce and change is now about so much more than land and raw-materials, sophisticated machinery and financial capital. Just as everything mankind has ever done, and still does, has an enormous impact on life on our planet, all the things energizing leaders now do have an enormous impact on the well-being of our corporations and on organizational life.

Times change. People used to be referred to as *labor*, an insignificant but annoying production factor. Sometimes, under the influence of some strange socialist opiate, we protested, went on strike, threatened and cajoled, but usually, we behaved. As labor fell into line, physical capital – in the form of minerals, oil-wells, forests and fields – was the thing that wealth was weaved of. The money was in mines not minds.

Now, the future is at once both lighter and brighter. For sure, the price of oil is up, so are copper, zinc and nickel, to name but a few commodities. But, even so, the average raw material is still only worth about 20–40% of what it was valued at 200 years ago. Even Russian President Vladimir Putin, a man currently heavily reliant on the hard stuff, argues that in the long term, the future of his country is more dependent on having the right soil for growing talent than having the