INTRODUCTION

This book, *Your Last Differentiator: Human Capital*, challenges you to think differently about strategy and the workforce. The book is built around stories of companies that have responded to, or caused disruption to, their industry through innovative strategies. Those stories should be your starting point: put on your strategy hat and think through the underlying dynamics forcing change in your industry. It's easy to think in terms of the risk, no one wants to be on the losing side of economic transformations. But the real lesson from these stories is that the world is full of opportunities; why shouldn't your business be the one to seize them?

I challenge the reader to pause after the first chapter and notice the one story or idea that grabs your attention the most. What is it about the story that makes it stand out? Is it simply interesting in itself or does it mean something to your company or to you as an individual manager? In the end, it's this act of reflection that will bring the book home.

But it's not mainly about strategy

We all enjoy thinking about the big dramatic changes in the world of business, so one might leave this book thinking mainly about strategy in an age of disruption. What you need to notice is how Gordon continually leads you to what underlies both the creation and implementation of innovative strategies: people. The theme is right there in the title of the second chapter: "It's Hard to Hire an Entrepreneur."

The shift from just thinking about strategy to thinking about where that strategy comes from, is based on Gordon's observation that it's hard to build a competitive advantage based on traditional barriers to entry such as access to capital, unique technology, or control over distribution channels. The real advantage comes from two things: your ability to build a talented workforce and your ability to organize it in a way that doesn't suppress its capability.

The first point, building a talented workforce, is probably the more straightforward of the two issues. In Chapter One, we learn about Walmart's acquisition of online retailer Jet.com, and how that deal was as much about acquiring talent as it was about acquiring assets. In particular, Walmart had its eye on Jet.com founder Marc Lore who had a track record of success in online retailing. Professionals in the technology industry will be familiar with cases of larger companies acquiring smaller, innovative ones and then quickly discarding the products and services of the acquired firm. That seemingly cavalier act of tossing away assets reveals the strategic intent: they weren't really acquiring a company at all, they were just hiring a high performing team in one go. Acquisition used to be about assets, now it can be an extension of recruiting.

The second point, organizing your workforce in a way that does not suppress its capability, is surprisingly difficult. It's common for bright, energetic workers to flee the seeming constraints of larger firms at the first opportunity. In Chapter Three, Gordon introduces the story of GE Digital, which was set up as a separate division specifically to avoid the problems large established bureaucracies have with harnessing the power of innovative thinkers.

Readers would do well to follow Gordon down the path from innovative strategy to the innovative people who make it all possible. If you've paused after the first couple of chapters to think about a story or two that is especially relevant, then go further and think about whether you have the talent to implement that strategy.

And it's not all about white collar workers

Where this book differs more radically from books on strategy is that the importance of hourly workers lurks under the surface of all the success stories. It's natural to focus on the entrepreneurs, the CEOs, and the professionals who have disrupted business as usual. Yet where does the rubber actually hit the road? Do customers repeatedly go to their local Starbucks because of the vision of its long term CEO, Howard Schultz or because of how well that vision is executed, day in and day out, by the baristas?

It's easy to fall into a kind of maudlin cheerleading about how much we love our hourly workers. This kind of warm feeling isn't going to create competitive advantage. Hourly workers are a massive and complicated asset that organizations need to manage with great wisdom if they are to succeed in a continually disrupted economy.

The author's background is relevant to the issue of leveraging the hourly workforce; he's Vice President of the Data Sciences Practice for human capital and workforce management software vendor, Kronos Incorporated. The point of data science is to bring the discipline of analytics to determine how to best leverage the workforce. Gordon intentionally repressed the temptation to get into the specifics of crunching numbers — that's a different book. What the reader needs to take away is that the attempt to execute an innovative strategy won't be successful unless skill and discipline are brought to figuring out how to get the best out of the hourly workforce.

My challenge to readers is to imagine what they'd like their organization to be doing in ten years and the role of hourly workers in that scenario. It's easy to envision grand strategies driven by brilliant professionals, but what does the front-line look like? Have you given adequate thought to how you would organize and motivate the hourly workforce to deliver the vision day by day, hour by hour, even minute by minute?

Do we really know how to manage an excellent hourly workforce?

In Chapter Six, Gordon mentions both the stress employees can be under and the need for companies such as Amazon to thrive on razor thin margins. There is a tension in organizations with large hourly workforces between treating them as people who need to be engaged and treating them as a large expense item that has to be managed effectively. What is the predominate feeling in your own organization? Does it favor engagement over cost management or vice versa? Would it set up staff schedules that minimize costs even if it made the employees' lives difficult or would it do the opposite? In either case, does it understand the tradeoffs it is making?

If we accept Gordon's view that the performance of hourly workforce is essential to competitive success, then we have to accept that we need both an engaged workforce and one where the overall costs are closely controlled. Most companies are not organized to deliver this. The organizational development team, which cares most about engagement can be far removed from the operations team, which cares most about efficiency. We need to find ways to bring those two perspectives together.

The title of this book is *Your Last Differentiator: Human Capital*. That human capital includes both salaried and hourly staff. Getting the best out of all your human capital doesn't come easy. Recent years have seen many books on the importance of talent, but too often the discussion of the hourly workforce is glossed over.

Gordon tells us that there is no single solution for managing an hourly workforce that will deliver your innovative strategy. That leaves me with one last challenge for the reader when they finish this book. Take time to sketch out a scenario of your organization's future, which considers the exciting strategic ideas the book shares, the kind of professional and managerial talent you need, and the oft forgotten role of the hourly workers. Do you have a vision? Have you thought about the organizational design and the organizational culture needed to implement that vision? This is a short book that should inspire a long period of thinking.

Enjoy the reading, and benefit from your reflection on what you've read.

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CHAPTER ONE

Your Last Differentiator: Human Capital

The hunter has become the hunted. It was around 2005 that every retailer had one thing on their mind: Walmart. The organization's strategy of keeping costs low, coupled with an extremely efficient supply chain, was making it virtually impossible to match price, allowing Walmart to have a material impact on every retail segment it competed in. When competing retailers were unable to match Walmart's low prices, they were forced to compete through improved customer service. Unfortunately, in many segments, it wasn't a particularly effective strategy. Customers continued to flock to Walmart for its low prices even though it was known for its lack of service.

Fast-forward over a decade and now Walmart is facing a significant challenge from Amazon, which is rapidly pulling away from Walmart in the fastest growing segment in retail: online sales. Through its online platform, Amazon has figured out how to create value beyond price. It's not as if Walmart was caught off-guard—the organization had been investing in online commerce for 15 years. But in 2015 Walmart only grew seven percent to achieve $14 billion in sales, compared with Amazon's 31 percent growth rate delivering $107 billion in sales. Walmart's numbers were even more disappointing considering the total online market grew at 15 percent.

Even with competitive pricing, Walmart could not slow Amazon's growth. How worried was Walmart? In September 2016, the organization purchased Jet.com, a new online retailer, for $3 billion in cash and about $300 million shares of Walmart stock. Even though Jet.com is losing money, it's growing rapidly, attracting 400,000 new customers every month, and is on track to sell $1 billion of merchandise in its first year.[1] Jet.com has attracted brands Walmart couldn't — and it's popular with upscale, urban Millennials, who represent an untapped market for the organization.

What accounts for Jet.com's fast growth? Jet.com has brought innovation to the electronic shopping cart. It determines prices by amount purchased, location of the stock relative to the customer's location, and the customer's chosen payment method. It also adjusts price based on services selected, such as free returns.

How did it become so innovative? Its founder, Marc Lore, has done this before. In 2001, he sold his online sports card trading organization, The Pit, to Topps for $5 million. In 2010, he sold Quidsi (Diapers.com, Soap.com) to Amazon for about $550 million. Walmart obviously recognized and valued that talent. The deal involved Lore running the online division for a minimum of five years.

Why does it seem competitors are moving faster than ever and impacting markets like never before? How do small startups change the dynamics of an entire industry in just a few years? Competitive threats have been around for as long as people have traded. These innovative organizations are thinking creatively about entire markets and taking advantage of trends and technology that incumbents have failed to recognize and act on.

As a leader in your organization, if you haven't turned over every stone in your efforts to make the most of available talent, you can be sure there's another organization or Silicon Valley entrepreneur that has.

The trends that are creating opportunities for startups to disrupt existing markets include:

- Interest rates are the lowest they've been in decades and are forecast to stay that way for the foreseeable future. As a result, investors are searching high and low for ways to increase their yields. The stock market is regularly bumping at its peak. Entities with money to invest (such as pension funds that need higher returns to fund their obligations) are willing to take on riskier investments.
- The Internet and smartphones have eliminated the last-mile challenge for reaching consumers. Uncountable ideas and products have

failed because they couldn't cross that last mile to the consumer, whether due to the economics of building a channel or competitive barriers to entry created by incumbents. These barriers are vanishing in industry after industry. All you have to do is look at the effect online retailing is having on brick and mortar retailers to understand the impact these technologies can have on an incumbent business.

- Increasing use of software and sensors is creating data that can be used to understand how processes are working and people are interacting. Analyzing this data represents an emerging opportunity for organizations to understand their customers, processes, and employees in ways that were previously impossible. If you appreciate a weather forecast, you've acknowledged the value of sophisticated collection and analysis of data. The next step is to understand how the data available to your organization can be put to work.
- Technology has been fully adopted by the consumer. We'll give Apple credit here. It was the first to truly crack the consumer ease-of-use challenge. Technology had previously been relatively difficult to adopt. Consumers were comfortable with installing software drivers or had a friend or relative who was. "Saturday Night Live" had a great recurring skit featuring an obnoxious IT nerd Nick Burns who was in his glory, with people completely dependent on him to get their computers working.[2] B2B hardware and software organizations are now redesigning their products with the goal of making them as easy to use as consumer applications on a smartphone. Customers recognize that business software doesn't have to be hard to use and are demanding more thoughtful designs.
- Traditional marketing channels have been upended by social media. No longer does the largest expenditure of marketing dollars guarantee the most widely known brand. Quality content in the right medium can outperform a multimillion dollar ad campaign.
- Brands now find a low-cost creation of trust through third parties. The salesperson's old saying — "people buy from people" — is shorthand for the belief that a trusted relationship is the differentiator in a buying decision when products or services are similar. This was one

of the major challenges for small online retailers in the late '90s. How does an unknown brand get customers to select a product from its website and enter a credit card number without their first being familiar with the organization behind the website? This problem was solved through aggregated customer reviews — reviews that have now become differentiators. Online customer reviews effectively neutralized a traditionally trusted brand that had invested in a physical presence and market awareness. By reducing the startup costs of building a brand and channel, organizations can now invest in differentiating the customer experience. Third-party reviews are expanding beyond consumer goods and services. Even B2B organizations are hearing from their customers in new and very public ways.

For an organization that hasn't started thinking about how it might be exposed, the tsunami of change is just beginning. Technologies such as nanomachines, drones, robotics, 3D printing, virtual reality, 3D GPS, self-driving cars, and artificial intelligence are being actively invested in and hold the potential to turn entire industries on their heads.

In 2011, American entrepreneur, investor, and software engineer Marc Lowell Andreessen predicted that these disruptive scenarios would continue to increase as organizations figured out how to replace existing labor and capital with software in his essay "Why Software is Eating the World."

The question then becomes, how at risk is your organization or industry to a startup that's re-thinking your business? Take a look at this list and put a checkmark next to the points that apply to your organization.[3]

- There have been no recent entrants into the market
- A lack of transparency in the market makes it difficult for customers to identify better options
- Interactions with customers are transactional and have relatively low risk of loss
- Your organization benefits from regulatory barriers that slow the introduction of new products and makes it difficult for competitors to enter the market
- Customers have limited access to products or services due to channel control

- Some assets or resources in your organization are not highly utilized
- Innovation in your organization occurs primarily in core processes and products
- Before investing in new types of technology, your organization waits until it sees how the market reacts
- Customers' experience with your organization's products or services is highly variable

If you made more than a few checkmarks, it's likely that your organization or industry has been targeted by entrepreneurs. Your organization could be at high risk for disruption and competition.

The rate of change due to shifts in technology also plays a role. It's not as though organizations don't recognize that technology can change an industry. But some organizations fail to recognize the changing nature of their business in time to react. For example, did anyone believe that going to a store to rent DVDs was going to remain the preferred method of obtaining content as the popularity of Internet streaming grew? Blockbuster, the former chain of video rental stores, depended heavily on the in-store DVD rental model for its revenue even though access to the Internet was ubiquitous and the ability to stream video was growing. It was finally sold off in 2011, a casualty of changing business conditions. Netflix, however, readily adapted its model from mail order rentals to streaming and continues to grow both revenue and profits.

An industry in a tsunami of change: Trucking and Freight

Some industries are facing multiple changes simultaneously, making it extremely challenging to determine the timing and magnitude of impact. One example is the logistics industry, specifically trucking. First, the industry is dealing with a labor shortage as the pool of commercial drivers shrinks. This might limit an organization's ability to provide services or it could increase its costs. At the same time, driverless technology is maturing, potentially reducing the need for drivers. The U.S. government is encouraged by the prospects of increased safety and has provided automated vehicles policy guidance encouraging innovation and investment.[4] How should logistics organizations plan for the future? Will the industry model be based on a shortage of employees or a business model with fewer drivers? This isn't some technology in the far-off future. Uber delivered its first commercial shipment in October 2016 — 2,000 cases of beer for Anheuser-Busch — using a driverless truck. While a driver was on standby, ready to take over if needed, the driverless truck successfully completed the 120-mile trek through Colorado.[5]

Logistics organizations also face economic threats relating to how customers transport goods. In the Lean philosophy, moving products through the supply chain is considered at best a necessary waste. No value is added to the product by moving it, but it still must be transported from the producer to the customer to complete the transaction. As a result, customers of logistics organizations are constantly looking at ways to reduce waste and lead times related to moving goods. Examples of this include shrinking shipping distances by strategically locating factories and warehouses, changing logistics methods, and finding lower-cost alternatives.

Amazon is one of those customers. Its cost of shipping as a percent of sales has been creeping up over the past few years. In reaction to those rising costs, the organization is now building out its supply chain to provide cargo handling and freight delivery. Amazon has a reputation of first building services for itself and then becoming a provider of those services to the general market. Recently, Amazon leased 40 jets and purchased 4,000 truck trailers, and began experimenting with delivering its own packages.[6] And Amazon isn't just building out its operations to replicate existing supply chain techniques. It is rethinking how to deliver packages in entirely new ways. One example is Amazon's use of drones for rapid delivery. With drone delivery, orders could be delivered in hours rather than days, increasing convenience for customers. In December 2016, Amazon successfully delivered a package to a customer in rural England. While rural deliveries are expensive for traditional carriers because of the distance between stops, low population density in these areas makes it safer for drones to operate.

Existing logistics providers are well aware that the first impact of Amazon's supply chain investment will be a reduction in the volume of its outsourced package delivery. The larger threat arises if Amazon is able to reduce cost by increasing scale as it offers logistics services to others.

Through acquisitions and internal development, Amazon is building a presence in Germany, China, and the U.S., with a stated strategy to provide supplemental capacity during peak periods.[7 8 9]

What should logistics organizations do? How can they continue to provide a higher value offering than Amazon? UPS and a now wary Walmart decided not to wait. Both are actively working on their own drone strategies.[10 11]

As some doors seem to be closing in logistics, others are opening. 3D printing, commonly known as additive manufacturing, has the promise of digitizing part of the logistics business.[12] Organizations could send digital plans to logistics organizations for the manufacture of their products, or they could bypass logistics organizations altogether. While sending digital plans to remote 3D printers sounds easy, the devil is in the details. Techniques and limitations unique to 3D printing have to be learned through experience. Organizations such as UPS see an opportunity to be leaders in this business.[13] Just as logistics providers learned to execute final assembly to reduce inventories for their customers, UPS is investing in equipment and designers to allow customers to upload plans to a website. UPS would then determine the fastest and lowest cost manufacturing method and would ship the final product.[14]

Technology is the enabler, people make the difference

While new technology is often the cornerstone of a unique product or service, every organization has access to most technologies. Uber isn't the first organization to develop an app for a mobile device. Jet.com didn't make other online shopping carts obsolete. It's not the fact that Amazon leased new planes that's making logistics providers nervous. What's upending entire industries is the way that these organizations are rethinking operations, reevaluating what's important to customers, and then applying these technologies and assets more effectively than the competition. The ultimate differentiator between innovators and those who are losing out is people's creativity and ability to execute.

Deloitte's 2016 Global Manufacturing Competitiveness Study found that the number one competitive differentiator is talent, with cost competitiveness and workforce productivity next. It's not as though the value of talent isn't recognized by organization leaders. Some version of the statement "our people are our most valuable asset" is frequently heard in speeches and found in many annual reports. No doubt each of those organizations means it. What they struggle with is how to convert the potential of talent into high performance innovation and execution.

The diversity in how companies manage their talent is a good thing. It indicates that there's no one best practice for creating a high-performance culture. When there is no single best way, a company's successful culture will be a lasting differentiator that's harder to duplicate and is worth investing in.

Why is a culture so hard to create? It seems like common sense — hire great employees, treat them well, have them focus on their customers' success, pay them fairly, give them incentives to improve the organization, and let them put their ideas into place. Repeat.

Unfortunately, just starting is difficult. Leadership can say it wants to improve the culture, but it must walk the talk. Creating a successful culture requires significant investment and change. The returns could be uncertain. It's difficult to take away benefits once they have been provided, even if they don't deliver the expected results. For many organizations, choosing non-workforce related investments or even simply replacing employees through automation seems easier to justify and execute — and much less risky.

But some organizations are making these workforce investments. The Home Depot has been offering child care at its Atlanta Headquarters since 2012.[15] In addition to daycare, the organization also offers summer camp for school-age children. Because it's not economically feasible to offer onsite daycare at its 2,000 retail locations, The Home Depot instead provides 10 days of backup dependent care to employees by partnering with a national child care center. Breakdowns in back-up dependent care for unplanned situations such as snow days or sick children leave working parents with no other option but to miss work, which carries an even higher cost for the organization. This is a smart financial investment for The Home Depot.

Organizations that have succeeded in building a highly motivated and engaged workforce are reaping significant rewards. Amazon and Google don't seem to be bound by the usual limitations of other organizations as they have grown. Startups continue to out-innovate and out-execute incumbents based on creative ideas and rapid execution with just a handful of people. How can organizations that did not grow up in the digital age evolve their workforce to one that is innovative and motivated to execute?

For organizations with high levels of employee engagement, three themes emerge: transparency, trust, and respect. The attributes are exemplified in different ways in different organizations. These organizations have built unique cultures based on their leadership's philosophy on how to treat employees and customers. This diversity in cultures makes each organization a good fit for different types of employees with varying skills and aspirations. What these organizations do have in common, however, is a commitment to creating a positive employee experience. The result? Talent is their biggest differentiator and consistently delighted customers are the outcome.

How do these themes benefit an organization? Transparency leads to a more unified vision across the organization, a greater sharing of ideas and faster course correction when changes need to be made. Transparency isn't simply passive access to information. It means ensuring employees understand the purpose of the organization and how it serves its customers. As author and motivational speaker Simon Sinek details in his TED Talk "Start With Why," sharing the reason the organization exists, not simply what it produces is critical to helping both customers and employees emotionally relate to an organization. Communicating the "why" attracts customers (and employees) that believe what the organization believes.[16] By understanding the bigger picture of "why," employees don't become myopic in their daily activities and can identify imminent threats and opportunities more easily.

Transparency is also becoming a requirement for organizations that need the talents of a new generation. Younger employees live in a world of complete transparency due to social media and a 24-hour news cycle. Starting a career at a workplace where information is highly controlled is a foreign and unsettling concept for them. In fact, new graduates want to know before they begin working at an organization how transparent it will be.

Chris Policinski, CEO of Land O'Lakes commented on recruiting recent college graduates: "When I started, it was a very hierarchical world. I saw the CEO once a year when he gave the state of the union speech for the organization. Now, young talent expects personal interactions with leaders."[17]

Trust allows management to provide greater autonomy. This leads to more self-directed employees, which in turn leads to higher engagement and improved customer experience. It also means understanding failure is a part of the process. Spending time recognizing and learning from failure is just as important as celebrating success. Some jobs such as pharmaceutical research and front line sales have high failure rates. If failure is not viewed as an acceptable method of learning and growing, employees will become conservative in their actions leaving the organization vulnerable to a competitor whose employees are willing to take on the chance of failure.

Respect means that the organization treats its employees as contributing partners rather than expensive resources. The organization thinks beyond the paid work hours and views the employee as a complete person rather than a transaction of time and money. Respect for the individual provides the motivation for employees to execute beyond traditional expectations. This includes regularly recognizing employees for their contributions. If employees consider themselves "just a number" within an organization, it's time to rethink how the organization can improve the recognition for the work they do.

Putting these themes into effect can be challenging. Transparency without respect can lead to private information leaked at inopportune times. Too much transparency can frighten employees who are not accustomed to the roller coaster of events that leadership lives with on a daily basis. But if your organization limits transparency to control power, or the phrase "you don't understand the big picture," is used to respond to employee questions or ideas, employees will infer that their roles are purposely limited and their ideas are not welcomed.

Trust involves more than just assuming people will do the right thing on their own. It's difficult for an employee to do the right thing when they are not sure what to do or how to do it. Organizations will be disappointed if they provide autonomy without tools, guidelines, and direction.

Respect is easy to provide for those you admire or are easy to work with. True respect takes far more effort because it needs to be applied to everyone, including those that you'd rather avoid. In the words of Abraham Lincoln, "I don't like that man, I must get to know him better." Without respect, investments in transparency and trust will fall short. Recognition isn't the introduction of a quarterly award program, it's an education of managers in understanding and acting on the drivers of motivation for their individual employees.

Identifying opportunities through the employee journey

Creating a positive employee experience through transparency, trust, and respect requires getting to know your employees better. Imagine if the Human Resources department knew and treated employees as well as the sales and marketing departments know and treat customers.

Organizations have no choice but to make investments in sales and marketing because customers provide the opportunity to earn revenue. Investing in new revenue opportunities is challenging and risky. Communicating offerings to customers takes constant repetition. Results of these investments are highly variable and often out of control of the organization. John Wannamaker, a successful merchant in the early 20th century, is famous for saying, "Half the money I spend on advertising is wasted; the trouble is I don't know which half."

So why have sales and marketing moved forward in understanding customers at an individual level while Human Resources has lagged behind? Without revenue, nothing else matters. It has the full attention of leadership. The impact of a poor sales and marketing investment is immediately felt and the outcomes are easily measurable. As a result, organizations have invested more into attracting and servicing customers and over time, the techniques used in sales and marketing have become more sophisticated. Imagine a sales department that didn't accurately measure its pipeline and the status of potential business on a daily or weekly basis. Poor sales forecasts wouldn't be tolerated by leadership or operations because they are required to run a business efficiently and to communicate with investors.

Marketing departments are constantly trying (and abandoning) new technologies and methods in order to become more effective. Advertising budgets have shifted over the past decade from television and print to websites and mobile devices as consumer habits have changed. And the use of analytics to make better decisions has proliferated in sales and marketing, driven by data collected through almost every interaction with a customer.

Applying these same principles to Human Resources in an effort to increase human capital performance is not easy. As organizations grow and harden their processes to improve efficiencies, change and innovation becomes a special project for a select few. Government rules and regulations that affect employees are numerous and much more difficult to manage than those that apply to customers. Privacy concerns limit the amount of data that can be collected about employees and how it can be used.

To compound this challenge, what's unbearable for one employee may be a perfect situation for another. A retailer that examined the problem of store employees working too many hours found contradictory results. Some stores were overworking employees because they couldn't hire replacements quickly enough. Other stores had employees who worked long hours on the weekends to supplement the income from their weekday jobs. A policy to protect those that didn't want to work would have unintended consequences: Good employees who wanted to work the less desirable weekend shifts would seek employment elsewhere.

Segmenting customers and providing specific solutions is how Sales and Marketing attracts and retains different types of customers. Employees deserve the same.

Identifying opportunities to deliver high levels of customer satisfaction while improving operationally and maintaining an engaged workforce is a daunting proposition. But these kinds of complex problems have been solved before. There are techniques to help tease out the opportunities.

One technique that organizations employ to identify market opportunities and threats is called customer journey mapping. With it, an organization documents a customer's experience with an organization and its products and services. The journey map captures the highs and lows of that experience across organization functions and provides an easy way to highlight areas where changes can be made to improve the customer's overall experience. One thing that quickly becomes clear in the journey maps is that when organizations have an opportunity to delight or disappoint a customer, there is usually an employee involved. Automation is designed to handle repeatable processes. Humans are the ones handling the exceptions as well as complex, infrequent situations. For example, when a piece of equipment breaks down the technical support team is called. A customer who has a billing error seeks help from customer service. When a patient is admitted to a hospital they are triaged by a nurse.

A small but growing number of organizations have discovered the opportunity to delight a customer has greater odds of success when the customer interacts with an engaged employee. While this sounds like common sense, putting it into practices requires discipline and effort. To understand exactly what is needed for an employee to be high engaged, organizations and consultants have begun mapping employee journeys in an effort to help determine the employee experience as well as the customer experience. The employee journey includes knowing if employees understand the corporate vision and values. Do they have visibility to the entire process they are involved in? Do they have the tools and skills they need to effectively do their job? By mapping the employee experience, these organizations are viewing their employees as a part of the customer journey and are more likely to ensure that when customers and employees interact the result is delight, not disappointment.

Organizations that are "eating the world" are not simply offering the same product or service for less. They are completely changing the customer experience. They are rethinking the entire customer journey to provide not just incremental improvements but also substantive changes including better products, lower pricing, more selection, faster and more reliable service, and a determination to delight the customer every time.

Rethinking customer and employee journeys and leveraging technology to implement the resulting changes may not work out well for all employees. The quest for an improved customer experience and high levels of productivity may result in employees who find themselves replaced by lower-cost labor when the job can be relocated or by automation when their job can be mechanized or digitized. For these employees, as Mr.

Andreessen noted in his essay, the only favorable future is to increase their fluency with technology. This view is seconded by the CEO of a large industrial organization we will meet in a later chapter who requires all new employees to learn how to code.[18]

Education as part of the future must be addressed in the employee journey. Employees who feel they aren't part of the future will resist it, slowing organizations down and making it more difficult for these organizations to change and adapt. The employee journey must include a path forward for employees through growth in the organization or building marketable skills to help them find employment elsewhere. Only then will those employees see the benefit of change and help the organization achieve it.

In the next chapter, we will look at a start-up taking advantage of social media and online retailing to surprise and outmaneuver a titan of its industry. It's a clear demonstration of what can happen when creativity and execution is matched up against size and focus on optimizing existing business. In Chapters Three and Four, examples of how existing organizations facing competitive pressures have adapted to a digital world are showcased. In Chapter Five, we will look at the socioeconomic trends that are affecting employees and examine how organizations can help as employee's personal lives become intertwined with their work lives. Chapter Six details ideas organizations can consider for improving employee engagement while also improving their effectiveness.

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