“Smart organisations have been investing strategically in the digital economy for some time now”, he says. “And quite frankly, the organisations that have not done so will be left behind.”

“The rate of change will only accelerate. It will be harder and harder to keep up. Massive investment is needed to transform systems and processes for the new economy. And it’s not just traditional IT investment that is required, but a focus on social, cloud and big data.”

“Competitiveness today is about agility and rapid deployment”, he says. “There are companies in the US that are deploying changes to their customer-facing websites and...”

Continued on page 7
Humans are born totally dependent, demanding and needy. We are definitely not born as negotiators, and negotiating is not something we do naturally. Good negotiators are made, and negotiation is a learned skill. But who do we learn from?

Matt Lohmeyer, Program Director of AGSM’s Developing Effective Negotiation Skills program, is an expert in the field.

“I’ve been working with teams of executives for eight years, and I routinely ask people to define what they mean by negotiating”, he says with a wry smile. “Fewer than 20% can clearly identify the key characteristic of negotiating! And these are people who, in their organisations, are negotiating serious deals.”

Matt explains: “it’s not that they are necessarily doing anything wrong. But many don’t understand what to do right to get a better outcome.”

And he puts that down to the fact that nobody is born a negotiator. When we’re forced to begin negotiating – usually around the time when screaming and throwing yourself to the ground stops working – we learn by copying people around us. We learn on the job… out of necessity… and through trial and error.

Matt shakes his head in dismay and says “the problem is that learning on the job means we might be learning from the wrong people. In fact, sometimes the very worst!”

You won’t become a better negotiator by reading books and studying theory, just like you won’t become a better golfer by watching videos about Tiger Woods’ technique.”

He says the key to his program’s success is the experiential learning factor. “Just delivering information and raising awareness is fine. But the only way to really change someone’s behaviour is
through repeated practice, assessment and coaching. You won’t become a better negotiator by reading books and studying theory, just like you won’t become a better golfer by watching videos about Tiger Woods’ technique.”

The program format requires participants to prepare for a series of increasingly challenging negotiations and to negotiate an outcome. “We film the entire negotiation”, says Matt. “Then we replay the highlights. Where were the turning points? Why did it go left when it could have gone right? It’s a unique opportunity for executives to see how they actually negotiate and what effect their style has on the flow of the negotiation and on others. And then we do it again.”

Matt says learning to negotiate is about learning to control the pace and the process. “You shouldn’t move too quickly through the parts that need time and care. And when it’s time to move forward or to close the deal, don’t miss those opportunities.”

“Once you really understand the underlying structure, what is going on, when and why, then the whole process becomes easier to manage and more respectful”, he says.

“Our program participants improve their negotiated outcome each time they repeat the process, and this continues after the program”

“Our program participants improve their negotiated outcome each time they repeat the process, and this continues after the program”, he says.

“I love the entire coaching experience! The only thing I love more is when I get a call from someone a few weeks later saying ‘guess what I’ve just done? I’ve just made an extra $400k for my client’. That is just so satisfying”, he says happily.

“The other thing to realise is that negotiating is not just about money. Every deal includes many variables, such as timing, volume, quality, warranties, indemnities and who does what, when, etc. Matt stresses that his philosophy is “A better deal is available in all those areas. You just need to negotiate to achieve it.”

Matt believes negotiation is such an important skill that it should be taught in secondary school. “It would be of greater use to most kids than higher maths”, he says.

After so many years of coaching and negotiating in commercial environments, Matt is amazed that some companies are still reluctant about investing in skills training. “I hear some business leaders say they don’t want to spend money on skills building and lose that investment as soon as that person leaves the organisation.”

“I hear some business leaders say they don’t want to spend money on skills building and lose that investment as soon as that person leaves the organisation.”

“But what if they don’t invest in skills and the person stays? They’ll keep doing deals for the organisation, but they’re not doing the best deals because they haven’t had the best skills training. That would be a worry to me!”

“This AGSM program is as much about nurturing corporate performance and culture as it is about skill development.”

“By focusing on a cooperative negotiating style and building long term relationships, we will get a better outcome. Sure, you might get a better deal in the short term by being a hard nut, but you’ll do damage in the longer term”, says Matt.

“The power of the program is in the experiential process. Once participants see the opportunities they’re missing in a negotiation, they will begin to change even the most ingrained behaviour, and that’s when the journey to become a more skilful negotiator begins.”

Developing Effective Negotiation Skills

The next Developing Effective Negotiation Skills program starts on 3 April 2014. Find out more:
Go to agsm.edu.au/dens
In June 1966, the British Post Office was operating the UK’s telephone system and invited several glass companies to discuss the possibility of replacing the copper cabling in the telecommunications infrastructure with optical glass fibres. Among the companies represented was US industrial glass manufacturer Corning.

By its own admission, Corning knew little about telecommunications. But it had done a lot of research into fused silica, vapour deposition, light scattering and electronics during the previous 30 years. As a result, “Corning found itself in an advantageous position in developing fibre optics,” as US academic Gino Cattani has noted in his paper on the subject.

Vapour deposition, in particular, was a key process in the development of fibre optics. It had been used during the 1960s in applications such as telescope mirrors, spy satellites and ceramics. This technology and other innovations helped Corning to develop fibre optics as a viable communications technology and the company became the world’s leading manufacturer of optical fibres.

Corning had long employed brilliant researchers and had a culture of experimentation, but there was undoubtedly an element of luck in its development of fibre – it had worked on a range of technologies for different purposes, but unexpectedly found they could also be used for communications when the opportunity arose.

It’s an example of a type of luck that Australian School of Business (ASB) academic Martin Bliemel calls “exaptation” – the unanticipated and unexpected opportunity for entrepreneurs to co-opt their technology to a new context. Bliemel, who lectures on innovation and entrepreneurship at ASB, has been examining the nature of luck in tech entrepreneurship and the extent to which the occurrence of lucky events can be facilitated.

Luck, in the common mind and according to dictionaries, is governed by random chance – a man walks down a street and finds a $20 note. And luck is usually thought of as a binary condition – you’re either lucky or you’re not; you find $20 or you don’t. But Bliemel argues that, at least among tech entrepreneurs, luck isn’t totally random. “They can’t create luck, but they can certainly change the conditions that may or may not lead to luck,” he says.

Four Types of Luck

There needs to be an element of surprise or unexpectedness in a lucky event. Without that, it’s just a routine event. The surprise can be one of timing – something that would have happened anyway, but is surprising in that it happened so soon. Or it can be in terms of outcome – for example, when an entrepreneur is surprised by how well something works or how popular it turns out to be.

In his forthcoming paper, Technology Entrepreneurship and Lucky Events, Bliemel analyses 38 lucky events of 21 high technology ventures in Vancouver, Canada, and categorises four different types of luck.

He also considers how entrepreneurs can increase the likelihood of lucky events happening for them.

Corning’s exaptive development of fibre optics is also a case of trend-watching – monitoring the environment for new uses for your existing resources. “Public media is only so good,” says Bliemel.
“Attending regular trade shows, conferences and seminars and going to talks that you are only partially familiar with can also be good sources of inspiration.”

Second, there is experimenting with resources at hand: “Don’t just stick with what you know you can do. Take the risk to try new combinations of your own resources, including staff, equipment and materials.”

Third, there is pitching – asking for more than you can reasonably expect, particularly when cold-calling.

“Don’t be afraid to tell others what you are looking for, even if you think it would be foolish for them to help you,” says Bliemel. “You never know for sure why people end up giving what you asked for [and sometimes more], or referring you to someone else who would be in a better position to assist.”

Fourth, there is networking. But this isn’t networking as it’s usually conceived – where business-people are tactical and targeted about who they engage with. Bliemel argues that many entrepreneurs have found opportunities as a result of quite serendipitous connections, and while you can’t create these chance encounters “you can certainly mess them up by avoiding them, or being overly strategic about them”.

“If you try to network with only those people who you think matter – assuming they’re even at all interested in meeting you – and treat everyone else like chopped liver, then you are only doing yourself a disservice.”

Bliemel argues that tech entrepreneurs are more likely than large corporations to experience the four types of lucky events because they have to go out and establish their own networks. These networks can help entrepreneurs be aware of what’s happening in the world around them, reach out to other individuals, and be open to other people and their ideas.

“If you’re in a cubicle and told what to do, and if you report upwards through your organisational chart, and you get reported to up through the organisational chart, that doesn’t really create the right conditions for interesting things to happen,” he says.

**Spotting Opportunities**

Chris Styles, a Deputy Dean at the ASB and Director of the Australian Graduate School of Management, also highlights the role of an entrepreneur’s network in creating luck. Styles, along with other academics, has studied how entrepreneurs made their first move into international markets and found that a lot of events that at first glance seemed like dumb luck, in fact, were not.

Networks can be a source of ideas and information that trigger some sort of discovery or awareness of an opportunity; they can help mitigate risk for an entrepreneur by opening doors to joint ventures; and they can be a source of finance and talent.

“Those social networks can be very, very important to enable the idea to be discovered in the first place, but also to enact the idea,” says Styles. “A big part of [an entrepreneur’s] competency is their ability to extract those bits of information and those data points and connect them into a form whereby they see an opportunity that they otherwise wouldn’t.”

Despite Bliemel’s four theoretically neat categories of luck, Styles says that how much luck has been involved in a particular technical innovation, and the point at which it came into play, is usually quite empirically hazy. This murkiness has been described as the single greatest tension in the concept of accidental discovery in the sciences – how much of the credit to attribute to the discoverer and how much to auspicious external circumstances.

For example, in the case of exaptation events, “It’s not always very, very clear whether the technology which is being used for a new process is complete or whether it requires some deliberate adaptation to the new context,” Styles says.

**Choosing the Right Problem**

The invention of Wi-Fi is a case in point. It has its genesis in the 1970s when Australian scientist John O’Sullivan was in Europe working on radio astronomy, trying to detect expiring black holes.

Two experiments by O’Sullivan and his colleagues failed to detect anything. But in the course of conducting the experiments the researchers made use of Fourier transforms – a mathematical process that enabled them to break a signal down into its constituent tones, which had been used in radar, medical imaging and astronomy.

Following the experiment, O’Sullivan thought it would benefit radio astronomy and be interesting to develop hardware that could affect Fourier transforms, much faster than the software
According to Program Director Rosamund Christie, "the 'glass-ceiling' was a clever metaphor for what we now recognise as 'unconscious bias'. Since it can't be seen, it is hard to have robust debates about the effect of it, and yet we witness those effects on a daily basis."

"the [Women in Leadership] program stimulates and challenges the way women think about how they exercise leadership in a complex and changing environment."

Designed for women currently in senior management and executive roles who want to be the agents of change in the workplace of the future and exercise leadership authentically, "the program stimulates and challenges the way women think about how they exercise leadership in a complex and changing environment."

Delivery over a period of eight months provides the opportunity for deliberate and reflective practice to occur back in the workplace, which Rosamund is committed to ensuring. The four modules centre on Authentic Style, Executive Presence, Adaptive Leadership and Thought Leadership and include a coaching session for individual career planning.

Rosamund believes that a highlight of the program is the quality of speakers it attracts, notable for the strength of their commitment to leadership opportunities for women, their energy in contributing to the discourse, and their personal success in fostering others. Some of the outstanding speakers to date have included Sally Macdonald (former CEO, Oroton Group), Victoria Budson (Executive Director Women and Public Policy Program Harvard University as well as an advisor to the Obama Administration), Cassandra Kelly (CEO, Pottinger), Holly Kramer (CEO, Best and Less) and Larke Riemer (Director of Women's Markets Westpac).

"Participants leave the program with a strong sense of personal leadership style, a clear outline of where they will take their career, and with a network of relationships that will remain with them throughout their lives. The strength of relationships formed with like-minded, high-achieving women is an inspirational outcome from the program," Rosamund says.

The AGSM Women in Leadership program, about to enter its third year, originated in a belief that every agency in our society, particularly a business school, has a responsibility to build a more diverse workplace.

Find out more +61 2 9385 0330  I  enquiries@agsm.edu.au

The next Women in Leadership program commences on 15 May 2014.
For full details, visit agsm.edu.au/wil
portals five or six times a day! Most companies here think they are doing well if they do that five or six times a year.”

“It’s not just about keeping abreast of new technology”, says Jeffrey. “You have to embrace a whole new way of doing business. Technology is one of the pillars of the digital enterprise. But there are two other essential elements.”

The way work flows and is processed is vital. According to Jeffrey, businesses that are bogged down in archaic processes will simply not survive.

“If you’ve got a business process that requires superfluous, serial sign-offs, or you’re significantly hierarchical and siloed, then you’re gone”, he says. “You’re probably operating at a speed slower than glacial.”

And speed matters. “Good enough is actually good enough in many instances”, says Jeffrey. “You need to ditch your hierarchies, cut your sign-offs and just get out to market.”

Build, Measure, Learn is the Lean Start-Up mantra that leaders need to take on board, says Jeffrey.

Jeffrey cites ‘Lean Start-up’ thinking to exemplify this point. “You do not want to spend years creating the perfect product which, by the time you get to market, nobody wants.”

Build, Measure, Learn is the Lean Start-Up mantra that leaders need to take on board, says Jeffrey.

With speed being so important, he says you are better to get a minimal viable product to market and then gauge the reaction from customers. Learn what works for them and what doesn’t. Then go back and build some more.

The third pillar of success in the digital age is – you guessed it – human capital. And this is where the conversation in some organisations gets a bit awkward.

A significant number of people in your organisation today may not make the shift to the digital economy.

“It will be a harsh reality for the CEO and director of HR to acknowledge they just can’t get the square pegs to fit the round holes. If they want the organisation to be agile, they need a nimble and adaptable human resource capacity.”

Jeffrey is adamant: the entire enterprise needs to be focussed on digital, on making change, and making it rapidly.

“For a lot of people that is very scary”, he says. “But the organisation cannot afford to be held back by those individuals. The naysayers will have to go.”

On the relevance of social media to the enterprise, Jeffrey’s enthusiasm is infectious. “Don’t think for a second that social media is just for the social life of individuals and not for business.”

“The social dimension is vital for the digital enterprise”, he says. “Your customers are immersed in social media – your website and traditional offerings cannot rival the impact of such a pervasive medium. You need to be leaving a social footprint.”

In fact, Jeffrey says, the term ‘social media’ will vanish in the next couple of years. Social will just be the norm, like the water fish swim in.”

“So if you think social media is irrelevant to the enterprise, your business will be left high and dry”.

Jeffrey’s ultimate advice for CEOs is to “create a burning platform around digital, and build a coalition of executives who will institutionalise change throughout the organisation.”

“The shift to digital in almost every aspect of life is transforming business as we know it. Unless you make the change, your organisation will not survive. You need to move the people you currently have to a digital mindset – or move them out.”

And a final word of warning: the Gen X and Y digital natives that you’ll need in your business are becoming choosy. “You’re going to need them”, says Jeffrey. “And unless you can transform your business and speak their language, you’ll have a hard time attracting them.”

Jeffrey is very clear about what’s required in the digital enterprise. We are all in for an exhilarating ride in which last century’s rolling stock just won’t take the bends.

Jeffrey Tobias is a strategist for the 21st century. He has helped develop thought leadership and innovation in some of the world’s largest and most successful organisations. He also presents on a range of AGSM Open Programs.
that had been used up until then. At the CSIRO, O’Sullivan and colleagues invented a chip that could do this.

In the early 1990s, O’Sullivan began a project to commercialise some of the radio astronomy work as personal computing was taking off. “We thought, ‘what if we could do a wireless network that could run at the same speed as the wired networks’,” he says.

After some trial and error, which had failed to solve the problem of radio reverberation interfering with high-speed wireless data, the team decided to again apply Fourier transforms. Eventually the problem, which others around the world had failed to solve, was overcome and a major barrier to Wi-Fi was removed.

O’Sullivan says initial work in radio astronomy provided the “trigger” and the skills that were later applied to develop the technology used in Wi-Fi. The specific and diverse experience of his team meant they were able to develop a unique approach to the challenge. He agrees that luck had some role, mainly in choosing to tackle the right problem, in this case to develop a high-speed wireless network.

“I guess we could have easily been looking the other way at the right time and chosen to do something else,” he says.

But when it comes to the invention itself, O’Sullivan doesn’t believe luck had that much of a role to play.

“When you put the exact same challenge down in front of the same team, would the same thing have happened? It is difficult to be at all certain, I think it might have, actually,” he says.

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### Upcoming Open Programs

<table>
<thead>
<tr>
<th>Career Transitions</th>
<th>Leadership</th>
<th>Capability and Skills Development</th>
<th>Strategy, Change and Innovation</th>
<th>Business and Operational Excellence</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Manager Program</td>
<td>Leading from Within</td>
<td>Essentials of Finance for Non-Finance Managers</td>
<td>Developing the Strategic Manager</td>
<td>Lean Six Sigma Green Belt</td>
</tr>
<tr>
<td>Middle Manager Program</td>
<td>Women in Leadership</td>
<td>Developing Effective Negotiation Skills</td>
<td>Making Strategy Happen</td>
<td></td>
</tr>
<tr>
<td>Emerging Leaders Program</td>
<td>The Authentic Communicator</td>
<td></td>
<td>Leading Change with Impact</td>
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<tr>
<td></td>
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<td></td>
<td>26-30 May</td>
<td>19-21 May</td>
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<td>15-20 June</td>
<td>3-4 April</td>
<td>2-4 April</td>
<td>27-28 March</td>
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<tr>
<td>23-27 June</td>
<td>15-16 May</td>
<td>3-4 April</td>
<td>7-9 May</td>
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<td></td>
<td>24-25 July</td>
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</tr>
</tbody>
</table>

Find out more or book online: agsm.edu.au/open

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### Number Crunch

By 2020, about 75% of workers will use analytics, up from 30% today.

7% of IT executives and 9% of business leaders feel they’ve gained a true return on big data.

US retailer Macy’s says data analytics have helped to boost store sales by 10% and to automate critical reports, saving half a million dollars a year.

Data speeds are now 20,000 to 30,000 times faster than before.

Source: Knowledge@Australian School of Business

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### Contact the Editor

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