

CSA WORLD

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QUESTIONS, NOT ANSWERS

GARRY KASPAROV



A WORD FROM THE EDITOR

Welcome to your new look CSAWorld. We've refreshed our design, so that it's as current as our articles. Just turn the pages to get inside the minds of world visionaries. And get their thoughts on dealing with the economic crisis.

In this edition, we reveal which type of organization will survive in the twenty-first century (see page 10: **Authentizotic Organizations** by Manfred Kets de Vries), why leaders need to obey rules (see page 5: **Leadership Code Drives Innovation**) and in an exclusive interview Frederic Mishkin talks blame, change and time-scales for improvement (see page 6 **Financial Forecast**).

Jacques Attali reminds us that we are at a potentially great turning point; he explains why we must act now to change the world economy for the better (see page 4 **From Crisis to Affluence**). At the same time, we need to consider the longer-term.

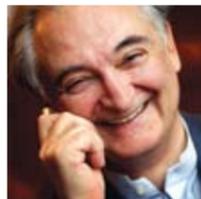
So, world champion, Garry Kasparov challenges us to move away from those comfortable routines that may be harming us and focus on strategies for sustained success (see page 13 **Questions, Not Answers**).

There is no doubt that we are living through an unprecedented global period. For the first time in history we are experiencing a truly worldwide economic crisis. Yet, we are also living in a fantastically innovative time. And if we can harness that innovative spirit we will find global solutions (see page 9 **A New Bretton Woods Moment**).



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JACQUES ATTALI

President of PlaNet Finance, gives us hope that we can, and must, find global solutions for the global economic crisis in *From Crisis to Affluence* – *Page Four*



FREDERIC MISHKIN

Former Member Governor of the Federal Reserve, reflects on the early lessons from the credit crunch and predicts how financial models might change in *Financial Forecast* – *Page Six*



GARRY KASPAROV

Former World Chess Champion, explains why the ability to identify weakness is so critical to sustained strategic success in *Questions, Not Answers* – *Page Thirteen*



JOSEPH STIGLITZ

Columbia University professor, looks at achieving a 'more stable global financial system' in *A New Bretton Woods Moment* – *Page Nine*



MANFRED KETS DE VRIES

INSEAD professor, bares the secrets of successful leaders and workplaces. And he talks a lot of 'sense' in *Authentizotic Organizations* – *Page Ten*



NICHOLAS STERN

Former World Bank Chief Economist, reveals the truth about climate change and how to reduce the threat it poses in *The Climate Battle* – science versus politics – *Page Twelve*



MARTIN LINDSTROM

Marketing guru, discloses the findings of his latest study into why we often don't say what we mean, and the implications this has on brands, in *Truthful Lies* – *Page Eight*



DAVE ULRICH, NORM SMALLWOOD, KATE SWEETMAN

All Principals at The RBL Group and specialists in leadership development, explain why the *Leadership Code Drives Innovation* – *Page Five*

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ON GREAT SPEAKING TERMS

HOW TO REACH THE RIGHT PEOPLE AT THE RIGHT TIME

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FROM CRISIS TO AFFLUENCE

Jacques Attali, President of PlaNet Finance, talks global solutions for our global crisis.

Six months ago, who would have believed those who dared to predict the bankruptcy of one of the largest American banks, the imposition of trusteeship on many others, the nationalization of the largest insurer in the world, the dismissal of tens of thousands of financiers on Wall Street and in the City of London, the collapse of the automobile and housing industries, the bankruptcy of numerous countries, the halting of interbank credit, the division by three or four of all of the stock values in all of the world's stock exchanges and the emergency meeting on November 15 of the twenty most important world leaders?

How did we get here? By allowing the Americans to live beyond their means. And primarily, by not giving the poorest among us other means to eat, move about and house themselves besides borrowing. And, more gene-rally, by allowing the world economic system to live on credit beyond that which is reasonable, to the

THE ENTIRE IDEOLOGY OF OUR INDIVIDUALIST AND DISLOYAL SOCIETIES WILL BE QUESTIONED

great benefit of the banks and businesses; with no one controlling them and no one wanting to listen to the alarmist messages being sent for years by the most clear-sighted observers.

And yet, it wasn't difficult to see that everything was being set up for the worst to happen: a distribution of income that was becoming more and more unequal; the poorest believing that they earn wealth by borrowing on the virtual value of their house. The lenders hastening to resell these loans to other banks or hedge funds who resell them around the world by securitization mechanisms covering themselves with very complex insurance mechanisms. And all of this without control: incestuous central banks lowering their interest rates in order to facilitate this indebtedness. And the assessment agencies, handsomely paid by the banks and enterprises that they assess without ever denouncing their madness. Altogether, without the IMF saying anything, without the G8 ever talking about it, the auxiliary products inflate until they greatly surpass the annual world wealth production; and American indebtedness, with all players confused, today surpasses the country's GDP three-fold, much higher than on the eve of the 1929 crisis.

Starting in the winter of 2006, certain American households revealed themselves to be unable to meet their payments. From warning shot to warning shot, the entire system panics. Banks, federal agencies in charge of housing, then the insurance companies, panic. And private investors withdraw their capital from numerous firms, in numerous countries. Each one protects himself, refusing to take any risks.

On October 3, 2008, after the bankruptcy of Lehman Brothers and, narrowly escaping, AIG, the world financial system comes close to collapse. On October 13, the governments announce their intention to supply their banks with resources that, incidentally, they do not have. After an incredible ideological pile up, the main banks are saved by nationalisation and the promise of non-existent public funds. Private debt becomes public debt.

The G20 meeting occurs just at the right moment to halt this infernal cycle. It is a success: first because it is held; then because it is not disputed, and finally because some policy decisions were made there – to restart growth, to better control the rating agencies, to give more means to the IMF and to better share powers. But the measures thus announced

will not be truly taken until President Obama takes office. Will it be enough? Difficult to believe – indeed, everyone says that, without very quick action, the crisis should only get worse: numerous economic sectors forecast declines of 15-30% of their business in 2009. The abandoning of debt in the order of 2,000 billion dollars in the United States alone, leads to the prediction of a stricken banking industry; an almost stationary housing industry; an automobile industry at the edge of asphyxiation; strangled contractors; an additional 20-40% decline in the stock markets; countries at the edge of bankruptcy; and a lousy interest rate, which means that no one has any more interest in financing budgetary deficits.

When China, in particular, who for years has helped the United States make ends meet, will progressively repatriate their savings, the United States will then no longer find anyone to finance their debts; and their external deficit, apart from a moratorium or inflation, both

of which will ruin all of those who hold capital.

Gurus already state that it is not a recession but a depression that we must expect. Two, if not five or even ten years of depression are threatening. If this takes place, this depression will lead to a massive decline in prices that even large reflationary measures by public expenditures will not manage to slow down. The world financial crisis, having become an economic one, will then bleed over into a larger social and political crisis. Hundreds of millions of people will be threatened by unemployment: democracy itself will be criticized, rejected, considered incapable of controlling the market golem that it contributed in creating. The entire ideology of our individualist and disloyal societies will be questioned. And democracy along with it.

If we want to avoid history taking this terrible turn, it is time to understand that everything has its source in the imbalance between the market and the rule of law

that reduces the market, transfers it into debt and creates financial, major, legal, illegal and criminal annuities. It's time to understand that we have human, financial and technological means for this crisis. We will be released from it only if information is equally shared and available for everyone at the same time: if the financial markets, worldwide by nature, are balanced by a global Rule of Law; if the profession of banker becomes boring again, as it should have never stopped being; if we can impose a better control over the risks, the demands for liquid assets, a revision of the payment systems, a separation between market and banking activities, an obligation for those who make others run a risk to play their own part; and if we can put large ecologically durable undertakings on a worldwide scale, as certain countries have thus far decided.

If this is done, the sub-prime crises could lead to thirty years of worldwide affluence.

LEADERSHIP CODE DRIVES INNOVATION

DAVE ULRICH, NORM SMALLWOOD, KATE SWEETMAN REVEAL THE FIVE RULES TO LEAD BY

As the world globalizes and flattens, as customers grow ever-more savvy and demanding, as competition heats up, most companies need to innovate to retain a distinctive edge. Lots of elements make innovation happen – systems, processes, skunk works, and the like. Underlying all of these is leadership. In researching "Leadership Code: 5 Rules to Lead By", we synthesized the existing research and identify the five fundamental rules that all effective leaders follow. When innovation is the objective, these rules apply more than ever.

First, excellent leaders have a strategy for innovation. They define the boundaries of the innovation landscape in ways that help the organization explore for real and valuable outcomes. They link actual customer needs to the innovation map to make sure that the innovation, in the end, matters. They map their form of innovation against that of the competition, and have clear ideas about where they can leapfrog their opponents. And, as leaders, they help to weave the quest for the right forms of innovation throughout the organization.

Second, excellent leaders know how to execute on that strategy. They ask questions that help others know what to do: do we have the right disciplines around innovation? Do we have clear accountability? Are our teams organized for creative thinking as well as executing on new ideas, products and processes?

Third, excellent leaders "lead talent." They make sure that the right people are in the right jobs with the right skills with the right attitudes to make innovation happen. In communicating the importance of innovation, they allow others to try new things, fail and learn. They craft incentives to support innovation.

Fourth, as human capital developers, these leaders build



Left to right: Dave Ulrich, Kate Sweetman, Norm Smallwood

innovation in the culture so that it becomes "the way we work," not a one-time initiative. They develop career tracks to build innovation more deeply into the organization and the individuals. They help to develop the firm's reputation for innovation in ways that attracts the right talent. They help to incorporate the wide diversity of talented people who can help the organization succeed in the future.

Fifth, the innovation leader herself is creative. She is curious, willing to experiment, reflective and willing to improve. She understands that others will occasionally fail when trying something new, and helps them to learn from it.

FINANCIAL FORECAST

Frederic Mishkin, Professor of Banking & Financial Institution and Federal Reserve Board Governor, 2006–2008, talks blame, change and timescales in this exclusive interview with CSAWorld.

What are the early valuable lessons from the credit crunch?

The first lesson is how important the financial system is to our economy. When it stops working well and we get a credit crunch of the type we have been experiencing recently, it can be incredibly damaging to the economy. We are now facing a worldwide recession, which has the potential for being the worst we have experienced over the last fifty years. The second lesson is that making sure our financial system works well needs to be a high priority of policymakers.

Who has made the greatest contribution to today's economic crisis?

There is plenty of blame to go around. First are the originators of sub-prime mortgage loans, who cared more about earning their fees, than about making sure that borrowers could afford their mortgages and had the capability to pay them back. Second are the commercial and investment banks who also were earning large fees by underwriting mortgage-backed securities and structured credit products like CDOs, and also were not concerned enough about whether the ultimate holders of these securities would be paid off. Third were the credit-rating agencies who helped design complicated financial products that

they were unable to rate properly. Fourth were the regulators who did not worry sufficiently about the incentives in the financial system to take on excessive risk, and who did not ensure that there was adequate disclosure of information so that borrowers and investors could make good decisions.



Although there are plenty of people to blame, it is also worth noting that the history of financial development suggests that financial crises of the type we have been going through are a fact of life in capitalist systems. Often when there is financial innovation, like the development of the sub-prime mortgage market, financial markets make horrendous mistakes and the markets blow up. Bad luck is a factor here. For example, the mistakes made in sub-prime lending and securitization were made

worse by the glut of liquidity coming into rich countries from poorer countries like China, a historically unprecedented phenomenon. These capital inflows added fuel to the fire and turned what would have otherwise been a minor crisis into a major conflagration.

How do you think financial models might, or should, change as a result of the current economic situation?

There will be major changes in business models in the financial sector as a result of this crisis. The securitization model which did not worry sufficiently about who originated the underlying loans backing the security and what their incentives were is now dead. The ultimate holders of the securities will need to know that the originators of the underlying loans have more "skin in the game" so they have appropriate incentives to do careful credit risk analysis so that borrowers have the ability to repay their loans. Overly complicated structured products will be far less popular because investors will insist that the securities they buy are transparent enough so they can figure out what they are really worth.

The regulatory structure for financial markets will also change radically. Disclosure requirements will be

beefed up. Some loan products that are too complicated for the average person to understand may be banned. Compensation schemes for all the parties in the chain from origination of mortgages to distribution of mortgage-related securities may become subject to government regulation. Regulation and supervision of financial institutions to ensure that they have enough capital to cope with the amount of risk they take are likely to be strengthened. Banks will be forced to keep certain assets on their balance sheet because it is now clear that even if they are moved off of their balance sheet, they are likely to come back on when things go sour. Regulations to restrict conflicts of interest at credit-rating agencies and to give them greater incentives to provide reliable ratings will be strengthened, and the reliance on credit-ratings in government-set capital requirements will also have to be re-thought. More regulations, both on disclosure and how derivatives are traded, are likely to be put in place, particularly on derivatives such as credit-default swaps that have been characterized as "weapons of mass destruction" and helped blow up AIG.

If we were to assume that human flaws, e.g. greed, have contributed to the economic downturn, then how can we be protected against that?

As my answer to the question on who contributed to the crisis suggests, human greed was at the source of the crisis. Regulatory measures of the type I have outlined above can help protect us against a repeat of the recent episode by getting financial market participants' incentives better aligned with the public interest. There is a big danger however. Regulation can go too far. In trying to protect consumers and the financial system, regulation could become so onerous that it stifles financial innovation and financial products that could be highly beneficial to individuals and the economy.

How likely is there to be a shift in the public's attitude towards money and finance?

The average person is awfully mad about what has happened. The common attitude is that all those financial wizards who brought us the sub-prime crisis made obscene amounts of money and yet have inflicted a lot of pain on all of us. There is likely to be a backlash against money and finance. Clearly some of the recent excesses need to be reigned in, but the

FINANCIAL CRISES OF THE TYPE WE HAVE BEEN GOING THROUGH ARE A FACT OF LIFE IN CAPITALIST SYSTEMS

danger that the backlash against finance could produce bad policies that will make our financial system less efficient is very real. I very much hope that we have good economic leadership over the next couple of years, so that we get regulation that helps make the financial system work better and not worse.

How long will it take for world markets to adjust? When will we come out of the downturn?

We obviously can't be sure. This financial crisis and the economic downturn have been far worse than almost anyone was predicting. In some of my last speeches

as a Federal Reserve Governor this past summer, I pointed out that the rot exposed in the financial system by the sub-prime meltdown was so deep, that cleaning up the mess was going to take a long time. Even if markets start to recover soon, getting the financial system back on a sound footing is going to take years. We are likely to have strong headwinds in the economy for a substantial period of time.

CSA Celebrity Speakers exclusively represents Professor Mishkin for EU countries in co-operation with the BrightSight Group.



TRUTHFUL LIES

Martin Lindstrom, advisor to McDonald's Corporation, Procter & Gamble, Nestlé, Microsoft, the Walt Disney Company and GlaxoSmithKline explains why brands must reach for our subconscious...

Twenty-four hours before the 2008 New Hampshire primary, the polls appeared conclusive: Illinois Senator, Barack Obama would be the clear-cut winner on the Democratic side, while Arkansas Governor, Mike Huckabee, was predicted to carry the race for the Republicans. Both Obama and Huckabee were favored by political pundits, the media, and pollsters to extend their winning streak into a New Hampshire victory. But things didn't turn out that way. The actual winners, Hillary Clinton and John McCain, had trailed their rivals on paper by 9 and 12 percentage points respectively. So how had the pollsters, and the media, erred so badly in their predictions?

Most of us don't always know what triggers our feelings about a candidate,

or what drives us to vote for one over another. The fact is, we know a lot more about how we choose cars and beers and perfumes than how we choose our future leaders.

In 2005 I commenced Project Buyology, the largest neuromarketing study ever conducted. The \$7 million research project aimed to explore why we say one thing, but often really mean the opposite. By scanning thousands of people with sophisticated brain technology, I witnessed how people were inclined to profess their dislike of a certain TV show when we asked them, yet revealed, through brain activity, that they loved it. I saw that smokers, when exposed to those health warnings on cigarette packs, affirmed that they were strongly

influenced by them. Yet when their brains were scanned, we discovered that smokers were not one bit dissuaded from their habit by the gruesome health labels. It was evident that, whenever respondents claimed one thing consciously, their brain activity revealed the opposite to be true. They didn't mean to dissemble, but the science revealed that their truths had been lies.

The most revealing moment for me during the whole study came when we exposed Marlboro smokers to images of Nascar and Formula 1 racing cars—innocent red vehicles, with no Marlboro logos displayed on them. The red color and the sporting association was all that was needed to signal the relationship in the smokers' brains. When exposed to such triggers, the area in the brain called the nucleus accumbens lit up. This is the craving spot in our brains, responsible for addiction. In the absence of Marlboro logos or brand messages, the brain responded to a brand signal.

So are we all truthful liars? The fact may be that we're more observant than we ever admit to being. And our brains know better than we admit to knowing. The disconnection between our professed views and those revealed by brain scanning point to questions about the way we market brands. And that proven disconnection holds for all brand builders and the ways in which they design their campaigns to secure a 'vote' in our subconscious minds, which is the only polling that really counts.

WE KNOW A LOT MORE ABOUT HOW WE CHOOSE CARS AND BEERS AND PERFUMES THAN HOW WE CHOOSE OUR FUTURE LEADERS

A NEW BRETTON WOODS MOMENT

Joseph E. Stiglitz University Professor, Columbia University, comments on how political systems, organizations and economies are coping in current times. And suggests how and why the world banking system might change.

The current financial crisis, which began in the United States, then spread to Europe, has now become global. Even emerging markets and less developed countries that managed their economy well are likely to become embroiled and to suffer as a result.

This crisis was predictable and predicted. More than four years ago, as loose monetary policy and lax regulation was leading to a housing bubble that was fueling a consumption binge, I was among several economists who explained the dangers and what should be done. But even earlier, almost twenty years ago, at the onset of the securitization process, I described the downside risks of securitization, suggesting that markets would underestimate correlations and the probability of price declines.

We live in a world of globalization, and this economic crisis can only be addressed globally. Any global solution must pay due attention to impacts on all countries, including the developing countries. Without doing so, global economic stability cannot be restored, and economic growth, as well as poverty reduction worldwide, will be threatened.

Just as part of the reason for the current problems in the advanced industrial countries are related to failures in governance, part of the reason for the failure to create a stable and equitable system are long recognized problems in global governance. There is inadequate and in some cases no representation of emerging markets and less developed countries. The world has changed a great deal since the "United Nations' Monetary and Financial Conference" at Bretton Woods which established the Bretton Woods Institutions 64 years ago. We are now at another "Bretton Woods" moment. The current economic crisis provides an opportunity to reassess and to make deeper reforms in the global economic arrangements that would bring about a more equitable and a more stable global financial system.



A few options should be given serious consideration:

- 1 Enhanced global coordination in macro-economic policy. Such coordination would alter current practices, in which developed countries engage in countercyclical policies (lowering interest rates and increasing expenditures in downturns) and developing countries are forced to do just the opposite.
- 2 The creation of a global financial regulator. This would imply coordinated regulation of all financial centers, including offshore ones.
- 3 The creation of commissions at the national and international level to establish the safety of new financial products and to assess systemic stability.
- 4 The creation of a new international financial facility, financed particularly by countries (like China and Japan, and some oil exporters) that have large reserves. This facility could be used to help developing countries and emerging markets finance guarantees for the debt of

their corporations, forestalling the risk of a run on these corporations. If necessary, it could also finance guarantees for trade credit channeled to banks in developing countries.

5 The creation of a global reserve system. Instability in exchange rates have been particularly costly to developing countries, and the fraying of the current dollar-based reserve system is partly responsible.

It is imperative that we not just respond adequately to the current crisis, but that we begin the process of the long-run reforms that will be necessary if we are to have a more stable and more prosperous global economy.

Ten years ago, at the time of Asia's financial crisis, there was much discussion of the need to reform the global financial architecture. Little – too little, it is now evident – was done. At the time, many thought that such lofty appeals were a deliberate attempt to forestall real reform: those who had done well under the old system knew that the crisis would pass, and with it, so too would the demand for reform. We cannot let that happen again.

AUTHENTIZOTIC ORGANIZATIONS

MANFRED KETS DE VRIES

Organizations have always been important orientation points in a sea of change. In the past decades, however, we have seen the breaking of the “psychological contract.” With loyalty and organizational identity diminishing, the “organization person” of yesteryear has become an independent agent.

In the past, being associated with a company was an effective way to affirm one’s role in the world. Making a commitment of loyalty to the company helped an employee integrate his or her self-experiences; in other words, it is an important part in establishing a sense of identity. Affiliation with an organization also helped employees cope with economic and social upheaval, because organizations played the role of “holding environment,” containing anxiety through the agency of senior management; that too was part of the psychological contract. Yet now, in this age of overwhelming discontinuity, employees must do without that traditional pillar of stability.

The costs associated with the breaking of the psychological contract are high: as the identification process has weakened, the work situation has become more stressful. This development does not augur well for the mental health of employees. Despite the gloomy outlook, however, organizational leadership can take positive

steps to make their companies healthier places to work. What can organizational leaders do to minimize the negative side effects of work and make the employees’ existence in their organizations more meaningful?

An answer to this conundrum can be found if we look at Fortune’s list of “best companies to work for.” An in-depth analysis of these companies reveals that they are steeped in humane values, such as trust, fun, candor, empowerment, respect for the individual, fairness, teamwork, customer orientation, accountability, continuous learning, and openness to change. These companies are also distinguished by being family friendly. These characteristics go a long way toward explaining the success of many of Fortune’s vibrant organizations.

What can organizational leaders do to get the best out of their people? What are some of the secrets of “Best places to work?” The secrets are not that secret; the problems faced by many organizational leaders are in the execution. To get the best out of people, an organization’s leadership needs to create among its employees:

A SENSE OF PURPOSE

Senior executives must create and articulate a vision of an ideal future state – a vision fleshed out with vivid description

of the organization’s fundamental purpose and culture. This will create a connecting bond and contribute to a group identity.

A SENSE OF BELONGING

Organizational leaders must build a sense of community, both by designing the appropriate organizational architecture (e.g. by creating small units) and through specific practices. A sense of belonging, with the concomitant preparedness to help others, fosters goal-directedness, a cohesive culture, and distributed leadership.

A SENSE OF COMPETENCE

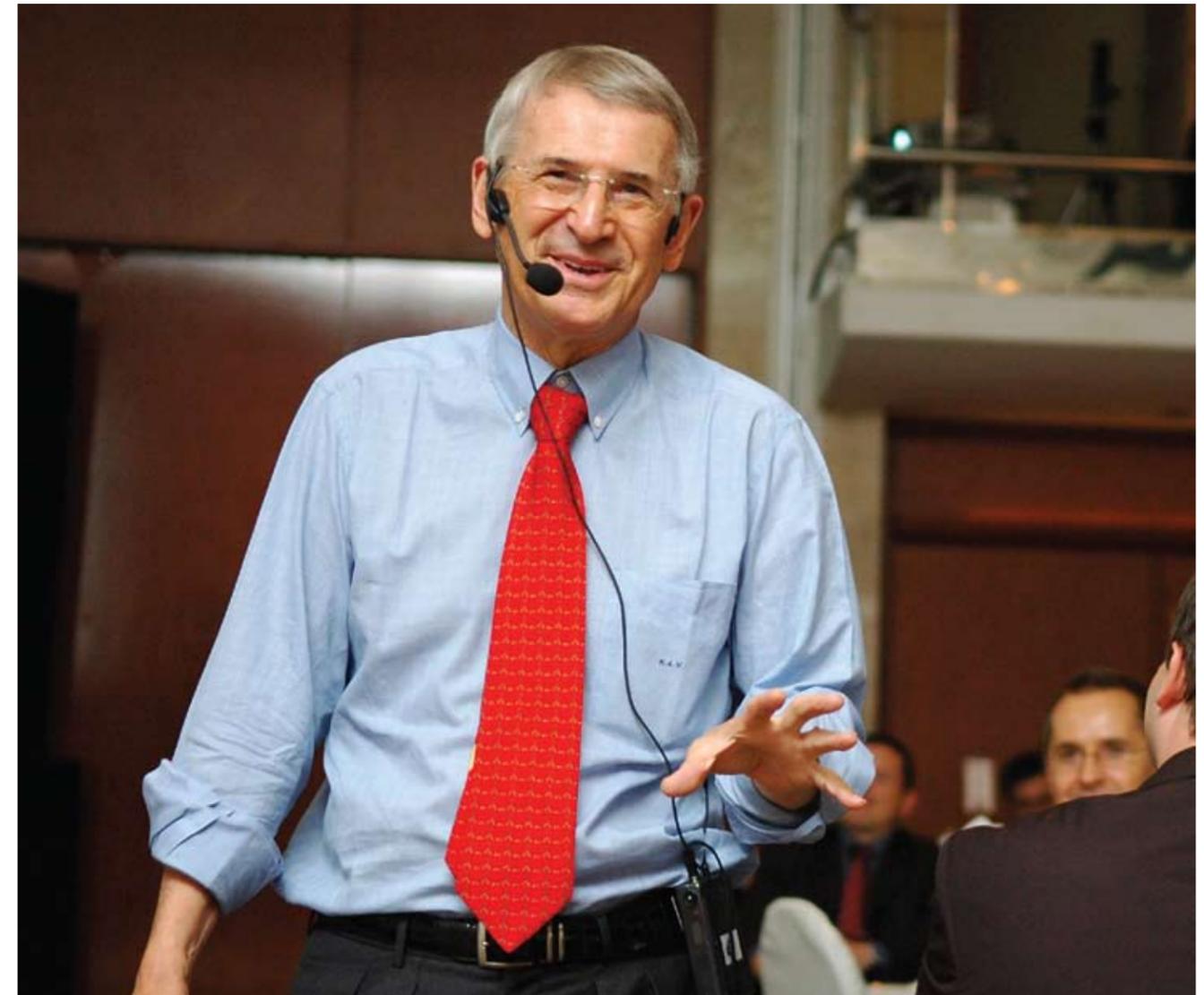
Leaders must ensure that organizational participants perceive ongoing personal growth and development. On-the-job growth and development reaffirm the self, preserve personal equilibrium, and cultivate creativity.

A SENSE OF IMPACT

Each organizational member must be convinced that his or her actions affect organizational performance. Believing that each member of the organization has a voice is what empowerment is all about.

A SENSE OF ENJOYMENT

Playfulness is an important dimension of both organizational and individual mental



health, and it encourages imagination and innovation. In organizations that eschew fun, executives often behave like sleepwalkers. Executives in exemplary organizations, on the other hand, are fully alive, taking people on an exciting journey while encouraging them to have fun.

A SENSE OF MEANING

If work is presented as transcending personal needs and contributing something to society, employees perceive their work as having meaning. With that sense, they are willing to put their imagination and creativity to work, and as a result they experience a sense of “flow” – a feeling of total involvement in and concentration on their work.

Organizations that meet the criteria discussed above – organizations that will set the standard in the twenty-first century – are what can be described as

‘authentizotic’. This term is derived from two Greek words: authentikos and zotikos. The first conveys the idea that the organization and its leadership is authentic. In its broadest sense, the word authentic describes something that conforms to fact and is therefore worthy of trust and reliance. As a workplace label, authenticity implies that the organization has a compelling connective quality for its employees in its vision, mission, culture, and structure. This means that the organization’s leader has communicated clearly and convincingly not only the how but also the why of every job, revealing meaning in each person’s tasks.

The term zotikos means “vital to life.” In the organizational context, it describes the way in which employees are invigorated by their work. People in organizations to which the zotikos label can be applied feel a sense of balance and completeness. In such organizations, the human need for exploration, closely associated with

cognition and learning, is met. The zotikos element of this type of organization allows for self-assertion in the workplace and produces a sense of self-efficacy and competency, of autonomy, initiative, creativity, entrepreneurship, and industry.

Organizational leaders are challenged to create corporations that possess these authentizotic qualities. Working in authentizotic organizations will be an antidote to stress, provide a healthier existence, increase the imagination, stimulate creativity, and contribute to a more fulfilling life. Because authentizotic organizations help their employees maintain an effective balance between personal and organizational life, these are the organizations we need to hope and strive for. To quote an Arab proverb, “He who has health has hope, and he who has hope has everything!”

THE CLIMATE BATTLE – SCIENCE VERSUS POLITICS

In 2008 the Eduardo Barreiros Foundation held its International Conference in Madrid. This prestigious event culminated with a debate on 'The Challenges of the Future' led by Nicholas Stern and José Maria Figueres. Figueres, the former controversial President of Costa Rica, emphasised the need for everyone to become "agents for change", if the harsh effects of climate change are to be mitigated. While Stern, former World Bank Chief Economist, highlighted that "the scientific evidence is now overwhelming: climate change is a serious global threat, and it demands an urgent global response."

Prompted by their comments, CSAWorld invited Figueres and Stern to comment further on climate change...

MITIGATE AND ADAPT, OR SUFFER

JOSÉ MARIA FIGUERES, FORMER PRESIDENT OF COSTA RICA TAKES A TOUGH LINE ON CLIMATE CHANGE

Climate Change is here. With leadership and action, we can successfully mitigate carbon emissions, and adapt to the changes in climate already under way. However, if we maintain a 'business as usual attitude' we will suffer the severe consequences of major disturbances in the global climate system.

Action requires decoupling future economic growth from carbon emissions. While we continue to grow, we must emit much less carbon. This opens up the opportunity for a new era of innovation and technological applications as we reinvent the way we live, work, and interrelate within society.

During the past years we have enjoyed a period of unprecedented global economic growth. The present meltdown of financial markets, as dramatic as it seems, pales with respect to the occurring meltdown of glaciers around the planet and ice caps on both poles. As we work hard to rekindle the engines of economic growth around the world, we should do it in a way that shifts the paradigm towards a carbon free economy.

There is already movement in this direction. Wal-Mart is greening its entire supply chain. Portugal is the latest of several countries to have entered an

agreement with Nissan-Renault to roll out electric cars in exchange for non-taxation on the cars and the establishment of a network of public recharging stations. Gamesa in Spain is leading the charge in revolutionary solar-thermal energy generation. British Telecom is reducing the carbon footprint at the workplace through radically new solutions and increased technological connectivity.

We should throw the full weight and force of our knowledge and recent technological advancements, together with our economic and financial wherewithal, behind the quest to mitigate carbon emissions in such a way that also stimulates economic growth. Governments have a responsibility to create good regulatory frameworks to facilitate this. An important first step would be to put a price on carbon and reenergizing carbon emission trading at a global level, which would send markets the signals they need. This would create new business opportunities to apply existing technologies on a global scale, which would result in a 30% cut in emissions within a short period of time. Research and development linked to the 'greening' of our economy would blossom, creating new entrepreneurial business activities and new jobs around the world. Overall, a better, and safer planet – what a great legacy for future generations!



A QUESTION OF CLIMATE CHANGE

A QUESTION OF CLIMATE CHANGE WITH NICHOLAS STERN, FORMER WORLD BANK CHIEF ECONOMIST

So much of what is reported about climate change gets challenged; predictions lauded by one expert can be guffawed by another. What do you believe can be said with certainty about climate change? There is little disagreement amongst the genuine climate scientists on the risks. Challenge to the science is largely from the inexpert, particularly unscientific and ill-informed politicians.

How do you go about organizing policy, on a global scale, to reduce the threats posed by climate change?

First, build a common understanding of the risks; second of the technologies and policy options that can drastically reduce those risks; third, show that the paths that are climate-responsible are far more attractive than high-carbon growth – the low-carbon growth option is the only sustainable option for growth. Fourth, construct a global deal that is effective, efficient and equitable.

What policy choices are available to us?

Key policies are:

- (i) A price for carbon
- (ii) Support for rapid technological development
- (iii) Stop deforestation

Who is carrying what burdens in terms of climate change?

The poorest countries are hit earliest and hardest. But all will suffer severely from unmanaged climate change.

Which governments and organizations do you admire for their approach to addressing climate change and why?

The Scandinavian countries have taken the lead in setting an example of energy efficiency and low-carbon growth. The IPCC has done an excellent job in setting out the science.

QUESTIONS, NOT ANSWERS

GARRY KASPAROV

In a time of global crisis, strategy is more important than ever. There is a tendency in an emergency to fall back on quick reactions and tactical responses that seem necessary at the time but that leave you far off course when the emergency is over. It can be difficult to think of goals when you are worried about survival.

The word "strategy" has become overused to the point of near meaninglessness today, so it is worth taking a moment to make sure we even have one. Tactics are all about "if" and programmed reactions. "If x happens, I'll do y." This is a primitive form of looking ahead, but it is not strategic thinking.

Strategy is first and foremost about goals and defining the meaning of success. If we find ourselves constantly looking for a new strategy it is likely we never had one in the first place. When our objectives are clear, our strategy should change only when it is failing to achieve them or when we must shift the goals themselves.

Keeping on track means constantly evaluating our results, mercilessly critiquing our successes as well as our failures. Learning from our mistakes is obvious, as natural as Darwin's law.

It is success that is dangerous. It is difficult not to take our victories as a sign of our superiority when a closer examination might reveal mistakes surmounted only by chance or by the failures of our competition. Such victories are almost always short-lived.

I spent 20 years on top of the chess world only by knowing that all my opponents were out there searching for my weaknesses. That meant I had to find them first. My worst defeat came when I became blinded by my successes and faced an opponent who found that one chink in my armor. After that I forced myself not just to work harder, but to revise or discard many of my old methods, despite how successful they had been overall, to stay on top.

Too often we fall into comfortable routines, trying to solve new problems with old methods. Instead we should take our problems, even severe crises, to look for opportunities to find new methods. This is where strategic planning meets creativity and innovation. Asking new questions and creating an entirely new framework is the only way to deal with the biggest challenges we face.



CSA AUDIENCE FEEDBACK



Frederik de Klerk was absolutely professional and very emotional whilst giving his address about leadership in a multicultural environment. He was, in a word, sensational and gave a classic 'President's' speech. It was a fantastic event and we all thought he was excellent."

Griwa Consulting AG, 6th Alpine Symposium

"The attendees at our Annual Conference were thrilled by **Dr Michio Kaku's** outstanding speech on the challenges of the future. A natural speaker, he engaged with the audience immediately communicating his message in a fascinating and well-considered way, with very relevant content."

MiP – Marketing in Partnership Limited

"At our recent CIO Summit, **Jonas Ridderstråle** gave an extremely thought provoking performance focusing on re-energizing the corporation. He is a great speaker and very professional. Our audience loved him and he has been rated the top speaker at all the events where we have worked with him."

Microsoft EMEA

"**Dr Kjell Nordström** is not only one of the finest speakers we have booked, he is also an engaging and generous man. His words on Funky Business Forever at our company meeting were enlightening and thought provoking and he delivers them in a very entertaining way. All 250 attendees rated him excellent."

Aldar Properties PJSC

"**Miha Pogačnik's** speech was fascinating and he presented a different perspective on the leadership challenge facing individuals and organisations. He captivated the audience with his engaging and full-on style. He plays his music both passionately and skillfully."

Daimler Financial Services

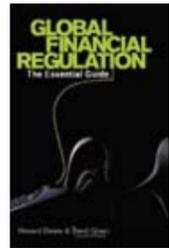
"The audience at our European Senior Manager's conference were electrified by **Professor Stéphane Garelli's** insightful speech about strategy in the changing world. Full of relevance, he was dynamic and entertaining and we thought he was just terrific. Our standards are high and Stéphane exceeded them."

Baxter Healthcare SA

BOOK REVIEWS

GLOBAL FINANCIAL REGULATION

Howard Davies and David Green

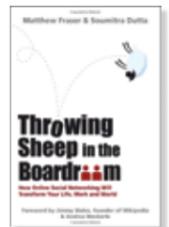


As international financial markets have become more complex, so has the regulatory system which oversees them. There is a plethora of bodies setting standards and their workings are shrouded in mystery, and their legitimacy is uncertain. Here, for the first time, two men who have worked within the system describe its origins and development in clear and accessible terms. This guide to the international system will be invaluable

for regulators, financial market practitioners and for students of the global financial system, wherever they are located. The book identifies weaknesses in a system faced with new types of institutions such as hedge funds and private equity, as well as the growth in importance of major developing countries.

THROWING SHEEP IN THE BOARDROOM

Matthew Fraser and Soumitra Dutta

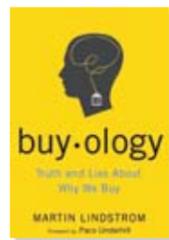


The rise of social networks like Facebook, MySpace, Bebo and Wikipedia is changing the way we see ourselves, how we interact with each other, how we work and how we do business on a daily basis. Refreshingly original, often unexpected and always insightful, Matthew Fraser and Soumitra Dutta, the authors of Throwing Sheep in The Boardroom How Online Social Networking

Will Transform Your Life, Work and World, examine the powerful forces driving the social networking revolution, the impact of these profound changes, and the far reaching implications of social networking; including making predictions about its long-term consequences.

BUYOLOGY

Martin Lindstrom

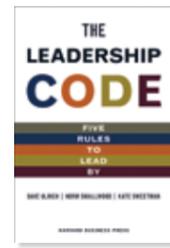


Convinced that there is a gulf between what we believe influences us and what actually does, Martin Lindstrom set up a highly ambitious research project that employed the very latest in brain-scanning technology and called on the services of some 2000 volunteers. Buyology shares the fruits of this research, revealing for the first time what actually goes on inside our heads when we see an advertisement, hear a marketing

slogan, taste two rival brands of drink, or watch a programme sponsored by a major company. The conclusions are startling showing the extent to which we deceive ourselves when we think we are making rational choices.

THE LEADERSHIP CODE

Dave Ulrich, Norm Smallwood, Kate Sweetman

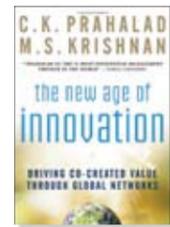


All managers aspire to be better leaders – but what is it that makes a leader effective? “The Leadership Code” synthesizes the best research and practice from the past 50 years to answer that question. The authors present 5 rules for great leadership applied to day-to-day actions. This book attempts to do the improbable, if not the impossible. In a brief and clear way, aiming to synthesize large numbers of frameworks, tools, processes, and

studies of leadership to identify the essential rules that govern what all great leaders do. Defining the essential rules of leadership serves two purposes: wanting to help leaders be better leaders themselves and simultaneously help those charged with building better leadership in their organizations.

THE NEW AGE OF INNOVATION

C.K. Prahalad and M.S. Krishnan



The latest voices reminding us that business is not all about Web 2.0 – and that innovation is a topic with a broad scope – are those of authors and University of Michigan professors C.K. Prahalad and M.S. Krishnan. Their book revolves around two ideas. Firstly that even the largest of companies needs to focus on individuals and their personalized experience and secondly that companies must

diversify how they operate. “All firms will access resources from a wide variety of other big and small firms – a global ecosystem,” write Prahalad and Krishnan. In other words, companies’ internal focus should be on gaining access to resources, not necessarily owning them.

SOME LIKE IT HAUTE

Katharina Balazs



Behind the exceptional success of three Michelin-starred restaurants are their great chefs, with their particular personality characteristics and behavior patterns. These visionary leaders create value by going beyond simply “feeding” their clients to fulfilling their dream through exceptional quality and creativity. Individuals of extreme talent, they create temples of culinary art thanks to both a panoramic vision of their

organization and a talent for implementing this vision. This book provides an in-depth analysis of the success factors of the great chefs that gives inspiration and advice to organizational leaders who are, regardless of the nature of their business, intent on cultivating excellence in their own company.

CSA HELPS CHARITY GET CLOSER TO A CURE

CSA JOINS ALASTAIR CAMPBELL TO FUNDRAISE FOR LEUKAEMIA RESEARCH'S 50TH ANNIVERSARY



CSA Celebrity Speakers has become the first company to answer a call to action from Leukaemia Research by pledging to raise £50,000 for the charity to mark their 50th anniversary in 2010.

Former Downing Street Communications Director, Alastair Campbell, who is Chairman of Fundraising for Leukaemia Research, is spearheading the campaign which aims to attract 50 top companies and individuals who will each raise £50,000 to help find better treatments and cures for leukaemia, lymphoma and myeloma.

Staff at CSA will be maximizing all fundraising opportunities as well as organizing office-based fundraisers.

“It’s great that CSA has pledged to help us get closer to a cure for this terrible disease,” says Alastair Campbell, who has lost close friends to the disease.

Since the charity was started in 1960, Leukaemia Research has invested more than £300 million in world-class research. The charity’s aim is to transform the lives of 110,000 people living with blood

cancers in the UK each year through better treatments, improved survival rates and a normal quality of life after treatment.

Leukaemia and blood cancers affect everyone. More people under 35 die from leukaemia, lymphoma and myeloma than any other cancer. One in 25 will be diagnosed, one in 45 will die from a blood cancer. Alastair Campbell says; “If more companies like CSA join us now, together



we can make sure 2010 marks a turning point in the treatment of these diseases.

To support CSA with their fundraising and to find out more about how your company can join in the 50th Anniversary Celebrations please contact Alex Robinson at Leukaemia Research on 020 7685 5136 or visit www.lrf.org.uk

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