

BRAVE NEW WORLD OF BUSINESS

THE GAME HAS CHANGED FROM SLOW, STEADY, AND TOP-HEAVY TO LEAN, AGILE, AND SPEED-OF-LIGHT FAST. TECHNOLOGY HAS SHOWN US THAT VIRTUALLY ANYTHING IS POSSIBLE — AND IF IT ISN'T RIGHT NOW, A STARTUP SOMEWHERE IS WORKING ON IT. THE NEW GENERATIONS OF BUSINESS PEOPLE ARE MAKING SOME CHANGES — AND THEY'RE STICKING.

BY CAROLYN CAMILLERI PHOTO BY SIMON DESROCHERS

The 13th VIATeC Technology Awards, which saw 700 people gather at Victoria's Conference Centre, exemplified the new business spirit with inflatable orcas, sunglasses, confetti cannons, and boom boxes.



MORE NEW WORLD THINKING

HARMONIZING INNOVATION

"...I think what Victoria has is this unique overlap of arts and culture and tech and tourism, and everything is starting to play together ..." — Sage Baker

The atmosphere at the 2013 VIATeC Technology Awards is definitely more party than business: rock music, plenty of beer, and animated people attired in everything from jeans and shirts to suits and cocktail dresses — there's even a unicorn costume. Conversations are boisterous and friendly as the 700-plus attendees take their seats for dinner and enthusiastically embark on a centerpiece-building competition using items from wrapped magic boxes that have been delivered to each table. The creative energy soars as an array of images are beamed out on multiple mega-screens showing a live Twitter feed.

On stage, seating is arranged like a talk show and comedy plays a large part in the presentations, with recipients not just applauded but cheered. The awards conclude with confetti shot from cannons, inflatable orcas, sunglasses, and boom boxes — and the party moves noisily down Douglas Street to Club 9one9. Yes, it's chaos, but it's good, fun chaos at one of the most popular business events of the year.

The Big Shift

With tech being Greater Victoria's leading industry, and these awards going to the best among them, VIATeC largely represents the present and future of business. But the attitude of this group is a far cry from the stereotypical business thinking of the past — it seems the old rules are gone or at least have been re-written. There are new ways of thinking and behaving, but it's not anarchy — it's an admirable, sincere effort to survive and succeed in a changed world, and it is different at a really fundamental level.

"I think that we are seeing a generational shift in terms of people's values, both around their own careers and their sense of the role of business," says Saul Klein, dean and professor of international business at the University of Victoria's Gustavson School of Business.

"In terms of career, there is more attention being paid to ensuring individual values are aligned with organizational ones. This alignment

encompasses a broader perspective on the responsibility of business, not only to not do wrong, but also to be a force for positive change."

But how did that shift come about? For starters, this new breed has access to something previous generations never had.

The Internet Generations

"Wide access to the Internet and broadband that was actually usable was sort of late 90s and early 2000s," says Dan Gunn, executive director of VIATeC. "And in those 15 years, there is a lot more availability of information. People can get educated or informed a lot more easily."

People can also share and create groups or causes much more simply. "The Arab Spring and Occupy Movement — things like that — wouldn't have been possible 25 years ago," says Gunn. "There may have been the desire, but there just wasn't the tool — the ubiquitous tool that everybody had access to."

"You've got a generation that has now grown up with the Internet," he adds. "And so their expectations of how easy it should be to reach customers, to reach partners, what barriers to entry are acceptable, all of those things, changed and there are less restrictions and barriers to entry for just about anything."

But what stands out for them? This is something the younger generations really understand. "There is a sensibility among this generation of entrepreneurs of open-source, unique, close-to-home, genuine [for Gunn, this also explains the hipster movement] — these are all characteristics they are drawn to and ... their expectation is that things will be available to them at next to no cost to try."

And so the freemium business model was born: you get a game or application for free to try but pay to stop getting ads or if you want added access. "What has been created by the Internet culture is the ability to get people to try it and get them hooked and see the value," says Gunn. "And so it allows you to build a community."

YOUR BUSINESS IS WHERE YOU ARE

> A downtown corner office once meant you had arrived, but things have changed. "Why spend \$5,000 on a nice office unless you are doing a lot of customer engagement?" asks entrepreneur Kris Constable. "There are enough nice places in the city where you can bring people. Now, we can work from home or a coffee shop."

OUT WITH HEAVY HIERARCHY

> "[Company structure] is flatter nowadays," says Sage Baker of Q5 Innovations. New-era businesses focus on eliminating costly, top-heavy bureaucracies in favour of flatter structures that move fast and courageously to conquer new opportunities.

AUTHENTIC LEADERSHIP

> The role of "boss" is being redefined as guide and leader, respected for wisdom and experience rather than his or her iron fist. Sage Baker, referring to the author of *Good to Great*, describes the new boss role as "kind of a Jim Collins' level-five leader: authentic, trustworthy ... that core person who says, 'I believe in leadership as inherent because I want people to be the best that they can be.'"

"OPEN" FOR BUSINESS

> Customers are increasingly demanding transparency from businesses — and new-era businesses are responding. Kris Constable describes one U.S. company that shows customers how much money it is making, in real time. While you may not want to reveal your balance sheet or confess secrets, it's OK to show customers that you are human, to admit mistakes, and to ask for input to solve issues.

ACCEPT TECH

> "Technology used to be a separate industry," says Baker. "[Now] technology underpins everything." That means technology should not be treated as something separate from your business. Instead, it should be woven into everything you do.

MORE NEW WORLD THINKING CONT'D.

BE REAL > Baker says that earlier in her career, she kept personal, family, and work life separate “like a bento box,” but that’s changed in the past two years. “I have allowed those worlds to merge. I am who I am. There’s full transparency, authentic —and it’s free, it’s real. And when you align with other people who are at that same stage ... you can do some pretty cool stuff.”

FAIL UNABASHEDLY > For new-era businesses, failure doesn’t carry the same stigma as it did in the past. In fact, it’s OK to “fail.” Rather than expecting perfection from the start, new business thinking advocates making corrections and adjustments along the way — and there is no need to be secretive about it. Think new releases, updates, upgrades, new versions — this is the new product development process.

MAKE YOUR OWN GROUP > Historically, says Dan Gunn of VIATeC, member industry organizations were kind of like a gated communities. “If you are not on the list, you don’t get in, and that worked fine because people *really* wanted in before. Now, if someone can’t get in, they just go and create their own meet-up group or their own Facebook group.”

BE SOCIAL > Embrace social media, but be authentic. “When it is falsified,” says Sage Baker, “it becomes pretty clear pretty fast ... when it is not coming from an authentic place and it’s just a tick box that you have to do, people are going to ignore you, and your voice isn’t going to be heard.”

HELLO EP245 > Instead of a five-year business plan, Kris Constable says many new businesses follow a Business Model Canvas called EP245. “EP245 was developed by Silicon Valley entrepreneur Steve Blank. You can get the template and Blank’s nine-lesson course on how to establish a startup, for free, at udacity.com/course/ep245. “It’s my number one recommendation to people if they have an idea [for a startup],” says Constable. “Just print off the business model canvas, and do that class, and you will know if you’ve got some legs on your business.”

From a business perspective, this means customers have the ability to choose based on where they see value — and that value includes values. “Customers are choosing to deal with suppliers who are seen to be more responsible and there is a marketing benefit that flows from this, as well as a threat from being seen to be acting irresponsibly,” says Klein.

But it goes deeper than purchasing. The ability to choose based on value alignment affects who they work for and with, and who they choose to have in their community.

“The younger generation has the ability to choose a little bit more,” says Sage Baker, CEO and founder of Q5 Innovations — and newly appointed executive director of economic development for the City of Victoria. “And if they have those options, are they going to stay an employee of an entity or are they going to go out and do something on their own if they are not believed in, supported, fostered?”

The New Economy: Not So New?

“The trendy term right now is the ‘new economy’ — that is what everyone is talking about,” says Kris Constable, a privacy and security consultant and a self-described “serial entrepreneur” who has two companies (One-Day Websites and Victoria’s IdeaWave conference) and is working on another. “The economy as we have known it is clearly changing and where it is going to end is still an unknown.”

Baker has difficulty with the term “new economy.” She prefers to think of it as an evolving economy that’s more tied to collaboration. “It’s Darwin’s theory of evolution but in a business context. It’s survival of the fittest. You look at what was working and what wasn’t working, and now you have to ask, ‘What do I want to be a part of and how is that going to impact my family and my community.’”

Constable says there is “... a distrust of the more archaic systems and their stability and a couple of other negatives that we are really trying to move away from, like bureaucracy,” which he says entrepreneurs avoid altogether. Much of this distrust stems from the 2008 economic crisis, says Baker. “Suddenly this falsified creation of wealth was cracked open and you couldn’t ignore it anymore ... There were businesses that were around for 200 years that went under in hours. It is a bit of a reality shift.”

Consequently, today’s smart businesses aim to build trust by being authentic and transparent. Constable describes a company in the U.S. known for transparency: “You can see their profit: you can actually see how much this company is making in real time.” He says that, overall, newer companies are being more open because their customers want that — they want evidence that business is acting responsibly.

Again, this is connected to the desire to align values and create communities — virtual communities through social media like Facebook. The result of all of it has been a new way of doing business.

“For me, the new economy is about the high-growth sectors that involve higher value-added and more knowledge-based industries,” says Klein. “The new economy requires us to re-examine how businesses interact with each other, how collaboration is achieved to enhance competitiveness, and what managerial skills are necessary to operate in this type of environment. It often involves greater geographical dispersion of activities and good cross-cultural abilities.”

Goodbye Five-Year Plan

Within this new way of doing business is a philosophy that, while not new, is certainly untraditional. Its keywords are “lean” and “agile.”

“Young businesses follow the lean and agile approach,” says Constable. “If your business isn’t using either lean or agile, you are not in the new economy yet.”

Klein also notes that new businesses are often very lean in their systems and structures, require high degrees of innovation, and a willingness to change fast. Agility and responsiveness are key to success.

This philosophy isn’t actually new. It was developed over the last 50 years by Toyota and is described simply as “the philosophy and toolkit to continuously enhance the customer value of your products, to improve the way you make them, and to develop your team members, taking a long-term view,” according to Amsterdam-based Heyunka, a company that develops tools to engage in lean and agile project management.

How does that thinking apply to young-generation businesses? Gunn describes the process: “What are we doing in the next two weeks? This. Test it. See what we learn along the way and then adapt, show it to customers, make the customers part of the product development.”

Essentially, says Gunn, the lean startup movement is taking agile software development ideas and applying them to business. It looks like this: “If you don’t know, don’t spend



WHAT’S NEXT?

The business world is changing fast, as evidenced by the attitudes of new business students and the rising interest in social enterprise. To learn more, go to douglasmagazine.com for two more articles on the subject of new business thinking: *Social Enterprise: The New Sustainability and Changing Values: The Next Generation of Business*, an interview with Pedro Marquez, dean of the faculty of management at Royal Roads University.

all your time on research: do it twice, A/B test it, release one message to half your customers and release another message to the other half and see which one they respond to. Then retract the message that didn't get the good response and send everybody the other message."

This approach incorporates a greater acceptance "that you don't have all the answers yet and that's okay," says Gunn. That's a long way away from the traditional approach.

"In the old days, the 90s, you had to build a business plan, and it was 50 pages long. You would spend six months doing that and then you'd sit and discuss that with shareholders and partners," says Baker. "The path and the trajectory were longer, would cost more, and risks were there."

Bureaucracy, and other negatives, is like an obstacle in a river, says Kris Constable. "You are just looking for the path of least resistance — as soon as you get that resistance, you just avoid that system altogether."

Constable says that, unless a company is trying for traditional financing, which many will avoid because of the bureaucracy, business plans are considered by most entrepreneurs to be archaic. "How many companies actually follow that formal, painstakingly detailed plan that cannot possibly take into account the myriad changes that will occur along the way?"

Instead, Constable says, new businesses are using something called the "business model canvas," which is a single sheet with eight squares on it — and it is constantly updated. He says many new businesses use something called EP245. "EP245 is really the modern way to plan a startup," he says.

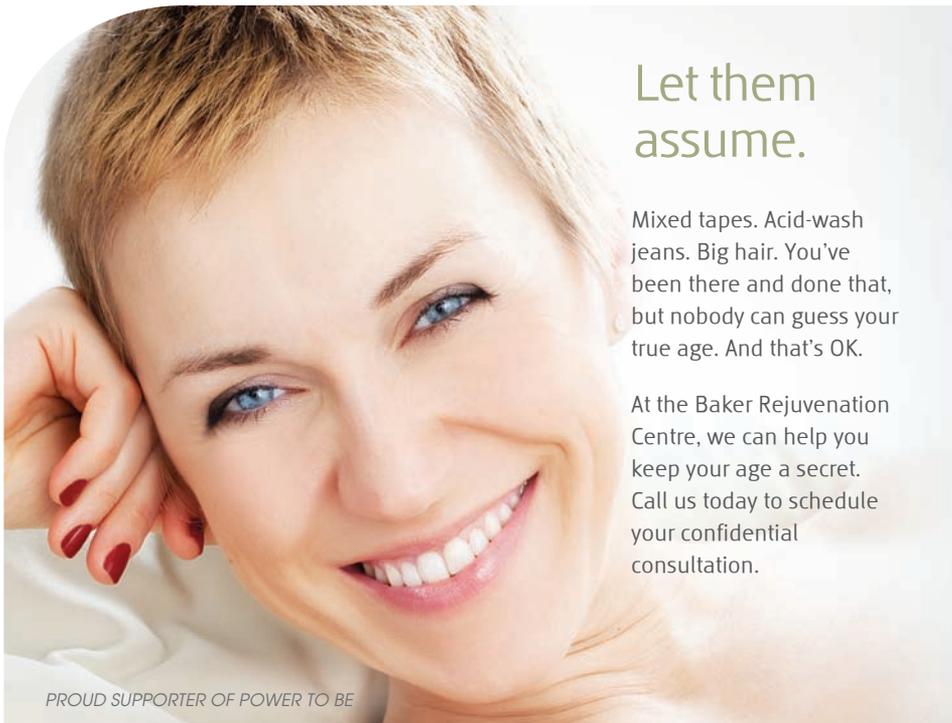
"You can do it faster, cheaper, more efficiently," says Baker. "You should fail faster if you are going to fail, or you should see some traction if you're going to succeed, and if you are not seeing that traction, then pivot — make a shift."

Empowering New Thinking

So how do more traditional business styles fit into with this growing new-era business thinkers? Baker says that the younger generations are highly driven and fast moving and have a different level of risk tolerance.

"That's great — empower them and then get out of the way," she says. "Stand behind them and kind of support them ... saying 'I've got that support there for you, but let's see what you are capable of.' It's empowering, mentoring, guiding."

And, you know, they just might be on to something good. ■



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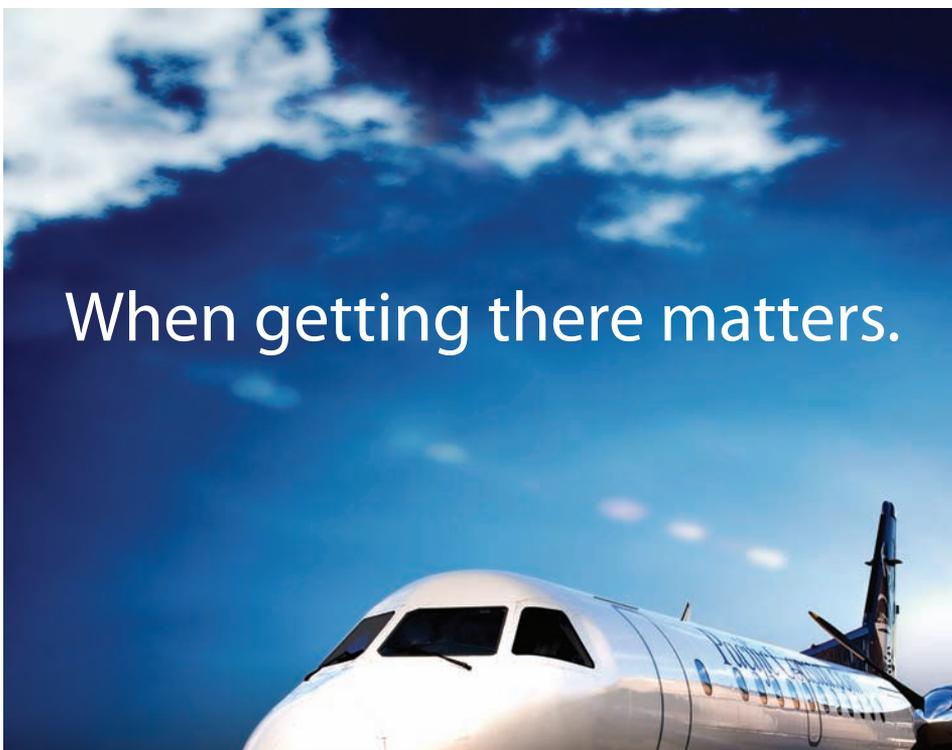
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