

IN FAST COMPANY

THE RATE AT WHICH THE
WORLD IS CHANGING IS
ACCELERATING, POSING A
NEW THREAT TO LONG-TERM
BUSINESS SUSTAINABILITY.

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IF WE TAKE A LOOK AROUND, IT'S NOT JUST FINANCIAL MARKETS THAT ARE IN TURMOIL.

Social and political environments across the globe are also in flux. Entrenched governments are falling, new networks and communities for social change are forming. We've entered a time of heightened volatility, increased instability and significant change—change that is accelerating with each passing day.

As individuals, and as organizations, we are communicating and collaborating about this change at an astonishing rate:

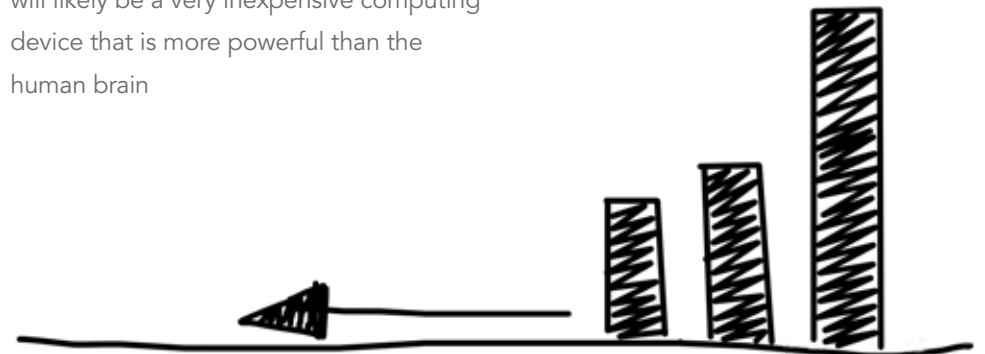
- **3000 books** are published every day on the earth
- **There are over 1 billion** Google searches conducted and more than 8 billion text messages sent, every day
- **Over 35 hours** of video are uploaded to YouTube each minute

- **It took Apple's iTunes** store nearly three years to sell its first billion songs (2003-2006). Just two years later (June 2008) it had sold 5 billion. And less than two years later again (February 2010) it had doubled to 10 billion

The labor market, as a consequence, is also in a phase of accelerating change:

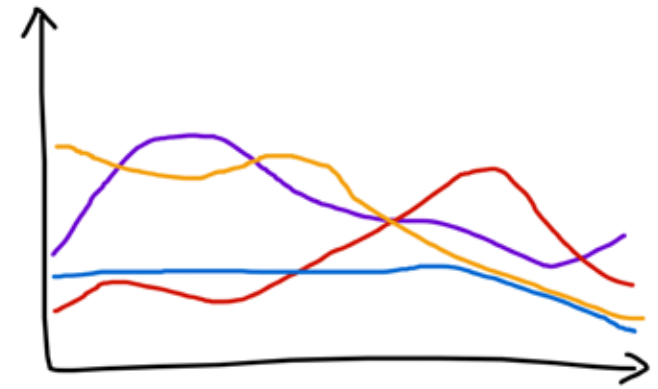
- **The top 10 jobs** a decade from now don't even exist yet

- **Half of what a university student** learns in their first year of education is obsolete by the time they graduate
- **Ten thousand baby boomers** exit the workforce every day around the world
- **When children born this week** enter the workforce 20-plus years from now, there will likely be a very inexpensive computing device that is more powerful than the human brain



IF WE REALLY WANT TO UNDERSTAND HOW THIS RAPID-FIRE CHANGE IS THREATENING THE SUSTAINABILITY

of even well-established, global corporations, we need only look to industries that have been subject to swiftly changing consumer behavior and the consequences they've experienced.



Think about **Blockbuster**. In 1985, the first Blockbuster store opened in Dallas, Texas. The expansion of the chain was rapid and successful and a culture of home movie viewing grew up and sustained this expansion for just shy of two decades. Then something happened.

As the world of 'on demand' took hold and Blockbuster's traditional revenue stream began to drop, they faced the ultimate test: change and change quickly.

Unfortunately, Blockbuster didn't make it in time. Their rejection of an offer to purchase

Netflix (now a major 'on demand' provider) back in 2000 for just USD 50 million turned out to be a fatal error. As Blockbuster's total worth dwindled to around \$24 million, Netflix added subscribers to its service at an astonishing rate, and continues to do so.

In the first quarter of 2011 Netflix added around 3.3 million domestic subscribers to its web-streaming movie and TV products, nearly double that of the previous year. Meanwhile, a fire sale of Blockbuster has seen it purchased by one of Netflix's major competitors, Dish Network. It took a little over two decades for Blockbuster to go from powerful, successful

brand to being swallowed up by a once much smaller rival.

Both the music and film industries have been turned on their heads in under a decade—a very short time in the world of strategic planning and execution for large global organizations. It is tempting to look back on the Blockbuster example and think the shift and the opportunity was obvious, yet these dramatic falls are not new.

WHAT IS NEW IS THE INCREDIBLE SPEED WITH WHICH THESE CHANGES in the competitive landscape are taking place, and how quickly traditional rivals are trading places.

General Motors (GM) took 30 years to move from a market-leading position into bankruptcy. In 2007, **Toyota** surpassed GM as the largest corporation in the world, yet holding that position for 30 years, as GM once did, is increasingly unlikely.

In the tech space, the examples of dominant market positions changing quickly are even more stark.

Think **Motorola**, who dominated the wireless radio market – including having the message from the first men on the moon beamed back

to earth – but who missed the switch from analogue to digital. They are now riding the Android wave, but each of the players in the mobile device segment understands that change is always knocking at their door. Even BlackBerry, once supremely dominant among corporate users, has been forced to change with the popularity and swift adoption of the iPhone and Android.

Business is accustomed to, and thrives on, competition. But this is not just competition we're talking about. This is worldwide, frenetic change, which is fuelling in increasingly fierce

competitive landscape where dominance doesn't last, even if you think you have a 'killer' product.

Microsoft did not welcome the news of **Apple** surpassing it in terms of market capitalization in 2010, nor did **Dell** when the same occurred to them in 2006. **Sony** is only too aware that the dominance it once enjoyed through its compact disc technology is now harder to match. Tech giants everywhere are racing to unveil their own tablet computer to rival the iPad. And on it goes, change at an ever-increasing pace.



AS WE GAZE IN AWE OF THE SPEED, AGILITY AND INNOVATION OF THE APPLES AND GOOGLES OF TODAY,

we must remember that big falls come from great heights. It's clear that market leaders are acutely aware of the speed of change in the world they live in, and that they are helping to drive it, but no one is immune to these dramatic shifts in behavior and sentiment.

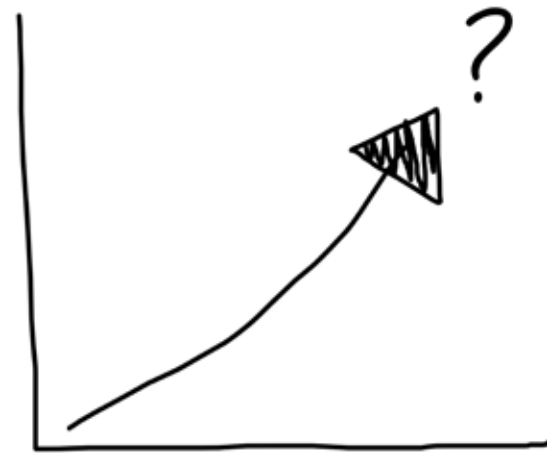
Each of the examples above illustrate the point that the pace of change within the business community is increasing substantially, and this is redefining the way we must think about business leadership.

If change is happening faster, even large global organizations that traditionally struggle with agility must find ways to:

- **do more with less;**
- **innovate faster;**
- **think beyond their current paradigm;** and
- **adapt continuously.**

Standing still is not an option. And many global organizations have learned the hard way that to operate differently, they need to think differently.

This is why innovative outsourcing solutions are becoming necessary to business sustainability over the long term. A workforce that is unencumbered by established processes, practices, beliefs, and infrastructure is going to challenge the norms of any business, but it's also going to offer new ways to react to rapid market change.



"IF YOU LIVE AMONG WOLVES, YOU NEED TO HOWL LIKE A WOLF"

RUSSIAN PROVERB

THIS IS **PART 1** OF *LIVING AMONG WOLVES*, A WHITEPAPER SERIES EXPLORING THE FOUR FORCES DRIVING THE UPTAKE OF HR OUTSOURCING.

ABOUT THE AUTHOR

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