KARAOKE
CAPITALISM
Management for mankind

Jonas Ridderstråle
Kjell A Nordström
7 Customer in charge 113
The iron-laws of information 115
Imperfect world; perfect markets 118
My way 122
Under siege by customers 124

8 Capitalists are crying 127
Bubbles burst 129
Profit enemy No. 1 132
The two-front war 133

9 Webs of wisdom 137
The autopsy and the matrix 139
The new knowledge landscape 142
Rocking all over the world 145
Putting two and two together 148
The brain bomb explodes 149
Beating the best before date 150
The Lego principles 152
Dead or alive 155

10 Innovation Inc 159
Talent is strange 161
Tall stories 162
Transfusing talent 165
Teaming up by splitting up 168
Kissing frogs 170
It’s a boy-girl thing 171
Thrills at the fringe 175
Pass the map 176
The big idea 178
Hire attitude 180
Give me one good reason 183
Dedicated to dialogue 185
Talk talk 188
Push me, pull you 190
The rules of creation 192
Experiment or extinct 194
Masters of mistakes 196
Inside the temple of trust 199

11 The holy grail of business 201
Moonwalking monopolies 203
Sure Thing Inc. 205
Monopolies of the future 210
Fit and sexy 212
Preface

Turn around. Look around. What do you see? Markets rule but protestors are marching against global capitalism. The nasdaq composite index has gone down the drain. Disasters have cast their daunting shadows. Perils are lurking at every corporate corner. Teargas has hung in the air of
Seattle, Gothenburg and Genoa. Stock markets have evaporated. Docu-soaps have invaded our living rooms. Corporations like ABB and Enron have been turned upside down and inside out. In brief: bricks and bullets, bubbles, bin Laden, big brother, and bosses bad to the bone.

No Logo
No Logic
No Method
No Moral
No Fun
No Funk

This is the backing track to *Karaoke Capitalism*. 

Our aim is simple: to take you on a trip around the gutters of commerce and society as well as the galaxies of commercial inspiration. This journey is based on the realization that, whether we like it or not, we are all citizens of a world dominated by markets. We are surrounded by the mania of markets and live in a society where money is meaning; where freedom does not always equal happiness; and where technological opportunity does not necessarily lead to profits.

*Karaoke Capitalism* was forged in times during which celebrating was often the last thing on anyone’s mind. Even so, *Karaoke Capitalism*— through the darkness—shines a torch into some of the more obscure recesses of capitalism in search of inspirational gold.

A few years ago, the not so democratic leader of a former USSAR republic proudly announced: “Yesterday my country was teetering on the abyss. Now we have taken a giant leap forward.” How right he was. Despite such dangers, we are going to ask you all to jump into the future. By all means keep your eyes open. This is no small step for man. Quantum leaps are required when we are moving from one world to another.

“Hard times give you the courage to think the unthinkable,” says Intel chairman Andy Grove.1 Now, the unthinkable is on the verge of becoming probable. Just consider the following signs of our times:2

- The best rapper is white
- The best golfer is black
- France accuses the US of arrogance
- Denmark sends a mini-submarine to a desert war.

In such weird, wonderful and worrying times, where everything is possible, the only thing to really fear is fear itself.

*Karaoke Capitalism* is a book of ideas, different perspectives, soundings in the darkness. It is a book about people—management for mankind—the individuals prepared to grasp the microphone and make their voices heard. The book shows that experiencing and expressing your individuality, being different, lies at the heart of the modern enterprise and modern life. We are all individuals now. The choices are ours. But so are the responsibilities—for our own life and the life of others. Liberty comes with duty.

The book brings back reports from the front. We write about what we see, read and hear—not about the world as we would like it to be. Before prescription there must be description. We’re not arguing that what is happening right now is necessarily god or bad, right or wrong. We’re merely suggesting that it is indeed happening now. Does this mean that we like all the things that we bear witness to? No. Do we dislike it all? No again. There is a difference
between the message and the messenger. “Nothing is good or bad but thinking makes it so,” noted William Shakespeare. The important point is that people must form their own opinion about the changes that we are experiencing and what kind of future they would like to create. The truth may set you free, but first of all it could well piss you off.

Traditional business books usually excel at making vertical analyses. You find a well-defined problem and then start drilling. Sooner or later you hit intellectual oil and attempt to siphon it into your tank. In contrast, our approach is more environmentally and intellectually friendly (and unlikely to leave you with inflammable material on your shoes). *Karaoke Capitalism* is an attempt at making a horizontal analysis – linking changes in many different areas and walks of life together so that they form a tapestry of our topsy times.

In music you talk about composing and sampling. We used 5000 post-it notes in creating this puzzle. New ideas = old thinking put together in novel ways. Such a horizontal perspective was important to us because in a world of rapid change and information overload, it is easy to lose track of the big picture. Three questions guided our search. What has happened since we wrote our last book Funky Business? Why did it happen? And what are the implications for societies, organizations and individuals around the world?

Our first objective with *Karaoke Capitalism* is to invite people to think, rather than telling them what to think. Great questions open up doors – answers usually close them. Our second goal is to arm people with the most potent competitive weapon of our times: knowledge. If we have succeeded, the book is part survival kit, part hitchhiker’s guide to the galaxies of business. It is a self-help book, but a different one in that we have tried to build a bridge between the outer and inner contexts. In order to figure out how to create a good life for yourself, succeed at work and create competitive corporations you need a hypothesis about how the world works.

*The Clash* once advised us “know your rights”. In the age of the individual we must not only know our rights, we must all live our rights.

Of course, creating *Karaoke Capitalism* was not a glorious act of individualism. We had a real backing band rather than a tape.

Stuart Crainer of Suntop Media once again helped us hone our literary style. We are most grateful for all his help. Couldn’t have done it without you. Jan Lapidoth, Richard Stagg and all our other publishers across the world have provided valuable input to the book. Thanx! Britt-Marie Hesselbäck, Karoline Gustavsson, Sara Gazelius at SpeakersNet plus a global tribe of fantastic people at other speaker’s bureaus do a great job of helping us and our clients every day. We very much appreciate all your help. Our colleagues and friends from CASL, IIB and Executive Education at the Stockholm School of Economics always provide a lot of inspiration. Jonas Åkerlund and Robin Siwe are the artists behind the cover photo of the book – great job – our pleasure. Jaqueline Asker makes marvelous slides for our gigs. Christer Jansson and Katarina Lapidoth are responsible for the design of *Karaoke Capitalism*. They are most certainly true professionals.

Last but not least, we are much obliged to all managers, journalists, architects, researchers, artists and other interesting individuals who have listened and talked to us, sent us mails and letters during the last few years. If it hadn’t been for you, this book would not have seen the light of day.

Enjoy the ride.

*Jonas Ridderstråle & Kjell Nordström*

Stockholm October 2003
1 ENDLESS SOLOS

In the world of karaoke capitalism there is endless individual choice. But this costs. You can pay either in cash or competence. Inside the karaoke club regions, companies and single human beings face the ultimate choice: copy the others or create your own future. Benchmarking and best practice will merely get you to the middle. Don’t imitate – innovate.

The music of choice

Brothers and Sisters:
You have the right to remain silent. You may refuse to answer the questions.

Do you understand?

Anything you say or don’t say, everything you do or don’t do, may be used against you under the new laws of commerce.

Do you understand?

You have the right to consult someone before speaking or acting. If you cannot afford an adviser, you, alone, must answer the charges.

Do you understand?

Knowing and understanding your rights as we have explained them to you, are you still prepared to do business as usual or are you willing to re-think the questions and answers?

The times are a-changing. For better or for worse, our rights may be used or abused. We may all be on our own, but we are certainly not alone. At this very moment, an Indian IT entrepreneur is packing up his luggage to move back home after a lucrative sojourn in Silicon Valley; a Spanish woman is telling her husband she doesn’t want to have any children; a graffiti-artist is spraying the words rap and hip-hop on a 19th century building in the center of St Petersburg; a British teenager, unwilling to pay an extra £300 for a sandwich and a beer, is booking a £10 airline ticket with EasyJet; an elderly Norwegian couple are buying a summer house in Thailand. All over the world, people are beginning to exercise their right to express themselves. Stop and listen to the variety of voices. The baroque clarity of church song has been relegated to history. Forget the choirs. The grand march of governmental brass bands is muffled. Corporate songs with their facile professions of loyalty are silenced. Man and markets dominate the scene. We are all soloists now.

I am. You are. In fact, you have never ever been more than right now. He is and she is, but we are no more. The riff of our times is the gloriously eclectic sound of individualism. Our world has moved from the Madonna of the Bible to “Lady Madonna” of the Beatles to Madonna the iconic chameleon; from we to I. Express yourself!

The new riff pulls us in improbable directions – Bollywood via the Buena Vista Social Club to Britney Spears. It is as individual as we are. As unique as DNA. Fingerprinting males and females.

Whether they are Harry Potter creator J.K. Rowling, golfer Annika Sörenstam, Nelson Mandela, super-architects Frank Gehry and Toyo Ito, or even our old friend Bill Gates, individuals are shaping and re-shaping the world. After the collapse of communism, the rise and fall of dot-communism, and the sometimes violent questioning of capitalism, the dominant ism left on earth is individualism.

Individualism knows no limitations. Even death. As we write Frank Sinatra is planning an unexpected comeback. Five years after the hunk of Hoboken passed away he is back on the road with ten shows at the Radio City Music Hall in New York. Old Blue Eyes will be displayed on a big screen with a 40-man live-band backing him. People are expecting the New York gigs to be followed by an international tour. As the British press recently noted, these days “being dead is a lame excuse for not touring”.3 It turns out that Frankie boy was absolutely, totally, 100% right. Now, we can all do it our way.
This point was brought home to us recently. We were in a nightclub. The club conformed to our stereotype of what we thought a nightclub should look like: dingy darkness, an obscure decorative theme, pumping music shaking the floor and expensive drinks.

We danced. Joining us was a friend who had also come along. After a while we noticed that our rhythmic movements bore little relation to hers. We may bear little if any resemblance to John Travolta in Saturday Night Fever – our dance moves being epileptic rather than eclectic – but in this case it was obvious that the she was dancing enthusiastically and happily to another beat.

Then we registered that instead of listening to the music provided by the nightclub, she was wearing her own personal MP3-player from which her favorite songs were being pumped out at maximum volume.

Welcome to the age of the individual

On October 31, 1517 individualism as we know it was born. Martin Luther nailed his ninety-five theses to the door of the Wittenberg Palace All Saints’ Church. The event signaled the beginning of the Protestant Reformation that was so fundamental to the development of capitalism. Rather than relying on the Church to interpret the Bible, Luther gave this right to single human beings. He re-invented Christianity. Some 500 years later, capitalism is re-inventing itself. People are now free to interpret just about any piece of information as they see fit. The arrival of such illuminated individuals will mean to our societies and organizations what Protestantism once meant to the Catholic Church. “Homo Faber” – man as his own maker – is here to stay. Get ready for the second reformation.

Not that long ago, the Scandinavian subsidiary of a large US multinational corporation received an e-mail from headquarters. Despite the harsh winter, one of the company’s top people was to honor them with a short visit. Attached was a list of requirements. The visiting American wanted a hotel room with white wallpaper. She also required white roses, lilies, tablecloths, curtains, candles and sofas. In the white room she expected to have a CD player with a collection of Latin and r’n’b artists as well as a VCR. To drink, she requested mineral water (Evian exclusively) and Snapples (lemon, raspberry and ice-tea). In addition, she needed a make-up table, plenty of fruit – but only mango, papaya, green grapes (without seeds), honey-melon and watermelon. Finally, she would just love to have some chocolate-chip cookies, brownies and vanilla ice cream.

The visitor did not anticipate a Formule 1 hotel room. But who could request such things? The demanding hotel guest was none other than J.Lo – Jennifer Lopez, latino-r’n’b pop diva/movie starlet extraordinaire.

Now, free your mind of Ms. Lopez’s fondness for ice cream in winter and consider this: what would you do if the head of R&D, the best sales person, the top designer, or someone else with an absolutely unique talent at your company sent a similar list? Perhaps, they already do. In the future, some of them most certainly will. If not, there is a clear risk that you have recruited the wrong people. Individualism über alles.

Companies are getting the message. The new top-of-the-line Volkswagen Phaeton comes with individualized climate zones. The driver may be in the desert, while the passengers are in Patagonia. You decide. Unit-linked savings enable us to be our own personal investment managers. Soon, we may have “personalized medicine” where each patient will receive individualized treatment based on genetically determined drug responses. At Spanish conglomerate Mondragon individual employees have a say in everything from how work is conducted to the selection of the CEO. Today, everything is individualized. An open world requires open systems and an open architecture.
words open and transparent. Put it right next to your bed and look at these words every evening and each morning. Engrave them in your mind. Work against openness at your own peril.

You choose
Quirky tales perhaps, but they have a serious point. Whether dancing to your own beat or having people dance to your beat like J.Lo, individualism represents the triumph of choice over control and the victory of careful selection over chance.
We have come a long way in a short time. Not that long ago, our lives were largely shaped by chance. It was chance you were born and raised in East Germany. Chance that you lost all your hair before turning 30. Chance you never developed big breasts. Chance that you ended up working in the mine, the field, the forest, on the sea or wherever. And then there was nothing much that you could do about it. Lack of choice simplified things. But it killed opportunity and hope stone dead.
Now, the game of chance is over. We have been liberated. For more and more people throughout the Western world, and increasingly elsewhere, lives are instead shaped by choice. In fact, this process can begin before you are born. There used to be one way of getting pregnant. Today, there are almost 20.9 Later in life, you can choose to move to London, Laos or LA. You can choose to have a hair-transplant. You can be red and curly this week, and have garlands of dreadlocks next. You can choose the way you look through a myriad of different nips and tucks. You can choose to work for Sun, Siebel, Siemens or which ever company you prefer. And while you are at it, you might like to choose a different gender.
You have the freedom to know, go, do, and be whoever you want to be. You have the power of choice – with an eternal cooling off week.
Choice rules. The mayors of both Paris and Berlin have come out and are now living openly as homosexuals. Gay-bating rap-star Eminem and gloriously gay Elton John sing a duet. The Prime Minister of Japan is a middle-aged heavy metal fan with a slight resemblance to Ludwig van Beethoven (or is it Keith Richards?).
Individualism picks up speed like a rolling stone. Consider the case of Jerry Hall. After leaving Mick Jagger, she immediately found herself a new boyfriend. His name was Paul Allen – one of the two original co-founders of Microsoft – a man who people claim lived with his mother until the age of 40. It may only have been a small step for Miss Hall, but when we move from Stones to Bits, from a guy who wrote Sympathy for the Devil to the best friend of William Henry Gates III, it is relevant to talk about a giant leap for mankind. Jerry is no longer under anybody’s thumb. Satisfaction is based on choice.
There is no stopping us now. It’s up to me, myself and I.
Hand us microphones and we can instantly turn ourselves into entertainment superheroes. The opportunity to create new identities is a fact of contemporary life. The choice is ours. Reinvention happens. We are living in a cosmopolitan karaoke club with choice as never before – 1,958 songs and 1,966 different life-styles. And we can exercise our new won power and express ourselves as never before. We can be whatever and whoever we want to be. Pop-up personalities. Reality TV for real.
So, ladies and gentlemen – make up your minds. What would you like to change this week – your spouse, shirt, self or socks? In this world of karaoke capitalism, choice overwhelms.
Individual choice is the Holy Grail of market forces. Think about it. Demand is merely a reflection of millions and millions of individual decisions. And market forces are the most powerful faith of our times. Consumption has become an act of confession. “I shop therefore I am,” says American artist Barbara Kruger. Choices that once converged in the age of
collectivism are now diverging. Preferences are also increasingly personal. The compromise is on the verge of extinction. Average customers or normal colleagues are now on the list of endangered species. From freedom follows fragmentation.

Skills, thrills and greenbacks
And now the bad news. The karaoke club isn’t open to all. Only shining stars are guaranteed entry. Elvis has not left the building. The owners reserve the right to refuse admission. Even in a world of choice money talks, indeed money shouts more loudly than ever. In reality, cash still shapes our lives. The freedom available to super-capitalist George Soros, CNN-founder Ted Turner or pop-stars Justin Timberlake and Robbie Williams is a whole lot greater than the freedom available to a poor, single, immigrant mother with six kids living in the decaying suburbs of one of our great metropolises.

Greenbacks lubricate the wheels (and sometimes own them). Michael Bloomberg spent $92 per vote out of his own pocket to become the new mayor of New York. All it took was $69 million to become mayor of the greatest city in the proudest “democracy” on planet Earth. The Italian Prime Minister, Silvio Berlusconi, owns a media empire. In Italy, at least, he knows the press is likely to be on his side.

Inside the karaoke club, celebrities rule and capital reigns. Or as another New Yorker, Woody Allen, once put it: “Money is better than poverty, if only for financial reasons.”

We have rid money from the physical fetters of the past. Before you have finished reading this sentence, enormous sums will have traveled the world from one country to another. In the boardrooms of Big Business Inc. or the investment banks of the City of London and Wall Street there is little room for sentimentality over the death of distance. Capitalists do not make pilgrimages to the grave of geography. Instead, they cheerfully dance around its tomb.

Choice can be bought either by old-fashioned cash or through the possession of the right skills. Our lives are increasingly shaped by competence, or by the absence of competence. Competence takes many forms – being a great athlete, singer, dancer, artist, or chef. Don’t get us wrong. An investment in knowledge pays the safest and often the highest interest. But joining the tribe of talent is not all about having a degree from the right university – though that helps. The gap between the median weekly earnings of high school and college graduates has increased from 28% to 43% in the last 20 years.14

To understand the power of competent individuals, consider Microsoft. The company went public in 1986. During the first day, the stock started trading at $21 and closed at $28. If you had held on to that original share for some fifteen years, adjusted for splits, it would have been worth $10,000.15 It would be a bit like buying a mountain bike and later trading it in for a BMW Z4 sports car. Henry Ford once shared some of his wealth by instituting the $5 per day salary. Bill Gates used stock options.16 So far, Microsoft has created more than 20,000 in-house millionaires.

Having no education can be an economic death sentence, while a unique talent grants you a global passport. Knowledge nomads are definitely free to know, go, do and be exactly whoever they want to be.17 As the renowned sociologist Manuel Castells puts it: “Elites are cosmopolitan – people are local.”18 We used to have aristocrats, then bureaucrats. Now we have cosmocrats – the new elite possessing either cash, competence or both.19

Today, more than ever, human beings are brands. My life is my piece of art, said Oscar Wilde. This was given a new meaning when Bill Clinton signed the contract for his memoirs. The New York Times estimated Clinton received more than $8 million which compares with the advance
of $8.5 million received by Pope John Paul II. (The pontiff obviously found this insufficient as, soon after, he moved into the more lucrative music business with his first rap CD – Abbà Pater. We joke not.) You don’t have to be a big name celebrity to cash in on your life. On our travels we came across a young British entrepreneur called Chris Downs. At the end of 2002, Chris launched an unusual auction on eBay. What was on offer was over 800 pages of personal information, including Chris’ bank statements, mobile phone bills, supermarket receipts and his credit reference data. And how much did Chris sell off his personal data for? £150. How much will you get?

Capitalism karaoke style
Collectivism in all its many forms and manifestations – political communism, homogeneous national cultures, and monopolistic organizations – is being challenged. It was challenged in the Eastern Block and the Wall came down. It was challenged at IBM and the company almost went bust before it changed. It is challenged in Japan, causing deflation and a recession. In one week in August 1998, the Japanese stock market lost more market value than the Russian economy produces in a year. People and organizations in the industrialized world simply have far greater choice than ever before. They know their rights. Both our own lives and corporate destinies are shaped by the choices we make rather than through the vicissitudes of chance. Capital and competences may be the entry requirements, but not even access to these resources guarantees success. There is a final choice.

Position yourself in a karaoke bar. What do you see? People enter the stage and sing a Sinatra tune. In all likelihood it sounds terrible. Then they have a beer and their next performance is somewhat better. After five of six beers, not only do they think that their voices have improved dramatically – they also feel as if they are actually in the process of becoming Frankie. Formally speaking, a karaoke club is a place for institutionalized imitation – you go there to be someone else. Here’s the problem. Imitation only gets you so far – and may be bad for your liver. You can consume all the alcohol in the world or be extremely talented but this does not alter the fact that imitating someone else will never make you truly successful. The choice is clear. We can settle for singing someone else’s lyrics to someone else’s tempo and tune, or we can try to break free from the sameness of songs already sung – copy or create. And it is by no means only individuals who are living in a karaoke club. Our world is full of karaoke companies. In business there are even names for this imitation frenzy: benchmarking and best practice – as if these fancy labels would make a difference. Let’s face it. No matter what the pundits say, benchmarking will never get you to the top – merely to the middle. As individuals, organizations and regions we can blindly copy someone else - and we do. Minimalist architects are all studying Mies Van der Rohe. General Motors watches Toyota. Europe and Asia are looking toward the US. Now, many of us can be whoever or whatever we want to be whenever. The problem is that far too many try to be the same someone else, rather than themselves. Innovators don’t imitate. They know that there is no point in trying to become a “mini-me” GE.

People, companies and nations can continue to reduce uncertainty and become a me-too version of an original or they can embrace risk and create the future classics. Make a mental note of the fact that according to author Herman Melville: “It is better to fail in originality than to succeed in imitation.” Then remember that not even originals are always the real McCoy – not even Frank Sinatra. His great comeback is merely a karaoke copy of the concept that Elvis, or more correctly Elvis’ surviving relatives, launched a few years ago.

For some people, imitation is enough. A woman was telling us of a recent trip to Las Vegas. To celebrate their 40th wedding anniversary, she and her husband had gambled small amounts of money and wallowed in the ersatz splendor of karaoke capitalism’s spiritual home. They had taken a trip on a gondola, complete with fake Venetian gondolier and fake Venice. The lady loved it. She had, of course, visited Venice, but Las Vegas’ version of Venice – a kind of Las Venice – was much better. The water was clean. There were no unpleasant scents. The gondoliers spoke English. Fakery was preferable to reality. Dutch architect and thinker Rem Koolhaas refers to this as a world of controlled environments versus junkspace. Controlled environments are safe, secure and sound. Junkspace is for those without the hard currencies of our karaoke times. Certain individuals might of course claim that markets are always right. If fakery is what people want, let’s give them fakery. We beg to differ. Short term, imitators may beat true innovators, but in the long-term, creators thrive at the expense of copycats. This is true for countries, corporations and individuals. In fact, in a world where cover versions rule true originality is worth more than ever. As poet Robert Frost put it: “The best way out is always through.”

This is a call to arms. To succeed, as individuals and in business, we need to dare to be different. Cash and competence gain us entry to the club. Then you must make up your mind: either to accept the backing tracks or to express your own individuality. In the world of karaoke capitalism, success is not about getting a back-stage pass. Following the rules is merely an imitation of life. Only imagination and authenticity places us front-stage. And the future, as always, belongs to those at the frontier. The time has come to fall in love with yourself and your rights. Who knows, the world may just love you for it. Or as Marshall Mathers, a.k.a. Eminem, puts it: “Will the real Slim Shady please stand up, please stand up”!