



Economist.com

 PRINT EDITION  
**BUSINESS**

## Face value

### Get naked

Oct 16th 2003

From The Economist print edition

#### Every firm should have a nudity strategy, says Don Tapscott

MANAGEMENT gurus are expected to entertain nowadays, as well as to enlighten. On one occasion, Don Tapscott, a leading business "author and futurist", had Patrick Stewart—aka Jean-Luc Picard, a captain of the starship *Enterprise*—"materialise" alongside him on stage, seemingly transported there via teleportation. More recently, the organisers of an event in Singapore wanted him to appear on stage in a manner that illustrated the message of his latest book (co-authored with David Ticoll). Given its title, "The Naked Corporation", some risqué possibilities leapt instantly to mind. In the end, says a clearly relieved Mr Tapscott, it was decided merely to hint at what a sexy idea nudity is rather than actually to demonstrate it, by having him imitate James Bond—in a tuxedo, blowing smoke from an imaginary gun, flanked by scantily clad dancing girls.

Despite such gimmicks, Mr Tapscott is deeply serious. A Canadian business school professor, he coined, or at least popularised, such phrases as the "net generation" and the "digital divide" during the 1990s. Today he believes that corporate nakedness—guru-speak for making firms far more transparent to their customers, employees, investors and society at large—is the "big idea" that management thinkers have been desperately seeking since their last ones came a cropper during the dotcom bust. (Remember Gary Hamel's "Leading the Revolution", published, alas, just as the revolution came to an abrupt end?) In fact, Mr Tapscott is not alone in touting a big idea aimed at lifting the market for management books out of its deep post-bubble depression. Tom Peters, a co-author of the seminal 1980s tome, "In Search of Excellence", has just published "Re-imagine!", a "passionate wake-up call for the business world, educators, and society as a whole". Clayton Christensen, a Harvard Business School professor, terrified many bosses with financial death by a thousand internet clicks in his 1997 book "The Innovator's Dilemma". Now he has, at last, come up with "The Innovator's Solution".



Whereas Mr Christensen and his co-author, Michael Raynor, write largely as if the corporate excesses of recent years never really happened, and Mr Peters rants about Enron (and much else) in an entertaining but unfocused way, Mr Tapscott's big idea coherently, and mostly convincingly, combines an analysis of the recent crisis in corporate America with a celebration of the technological revolution that he began in earlier books, such as "Paradigm Shift" and "Growing Up Digital". His message should certainly provide a wake-up call to anybody left in the business world who does not realise that the days are long gone when a great industrialist such as Charles

Schwab, boss of US Steel a century ago, could talk but once in his life to a reporter—then break off contact when his words appeared in print.

Greater transparency, Mr Tapscott argues, is an unstoppable force. It is the product of growing demand from everybody with an interest in any corporation—what he calls its “stakeholder web”—and of rapid technological change, above all the spread of the internet, that makes it far easier for firms to supply information, and harder for them to keep secrets. (Firms now know that their internal e-mail may one day become public knowledge, for instance, and many big companies must co-exist with independent websites where employees can meet anonymously to air their grievances.) With greater transparency, says Mr Tapscott, will come greater accountability and better corporate behaviour. Rather than engage in futile resistance to it, firms should actively embrace transparency, and rethink their values and generally get in better shape. “If you're going to be naked, you'd better be buff,” is how he sums up his argument, ever aware of the need for a colourful soundbite.

Mr Tapscott believes that more transparency and better behaviour will bear economic fruit—not least by avoiding catastrophic collapses like those at Enron and WorldCom. He cites approvingly the transparent way the head of Microsoft's website shared details of problems occurring on the site, and Prudential Securities, which was so open with staff that their loyalty grew even as it made redundancies. He boldly predicts that, in a transparent world, advertising and spin will be less effective.

### **What about naked ambition?**

Yet perhaps you can have too much of a good thing. For now, greater corporate nudity is certainly desirable. But would capitalism really thrive in a fully transparent world? Mr Tapscott concedes that “as with all good things, transparency has a law of diminishing returns”: exposing proprietary trade and competitive secrets, or private employee and customer data, can damage a firm, for instance. Yet surely there are other dangers, not least that capitalism is not a fair fight and, as nobody is perfect, there will always be things happening within a firm that its enemies can seize upon to embarrass it, or worse. Mr Tapscott is particularly naive about the intentions of activist non-governmental organisations (NGOs) that criticise firms; there is growing evidence that they simply become more aggressive toward firms that seek to work with them (as Mr Tapscott urges) rather than giving credit where it is due. Nike now has some of the best factories in the developing world, yet is still unfairly branded as a sweatshop by critical NGOs.

Rather than flaunting their flabbier bits, or deploying the corporate equivalent of an army of personal trainers (probably lawyers) to keep themselves in perfect shape, surely firms will have to develop a “figleaf” strategy alongside their plans for greater nakedness. One obvious area to explore is how to make greater use of unrecorded verbal communication instead of e-mail. Mr Tapscott's big idea is broadly correct, and yet there remains a nagging suspicion: it is that, seen in the raw, the greedy drives and selfish ambitions that help to make capitalism so successful will never look especially “buff”.