



SEVEN WAYS TO SPARK A REVOLUTION



“Culture eats strategy for breakfast.” That’s what the sign says in Ford’s strategy war room. Ford might not be your reference point for the cutting edge, but the takeaway is powerful: organizational culture can either enable or destroy your ability to create change. The lesson, culture is important. It drives the success of all organizations, from tiny start-ups to multi-national brands.



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Conference
*Exploiting Chaos – How to Spark Innovation
and Create a Culture of Revolution*

At the World HR Congress, we’ll be thinking about how to reinvent organizations to inspire new ideas, enhance creative thinking and take our teams to the “next level.” To kick start your creative engines, I want to introduce seven thoughts on how to spark a revolution:

1) DON'T LET MONKEYS INHIBIT CHANGE

Long ago, five menacing monkeys were placed in a cage. In that cage was a ladder that led to a ripe bunch of bananas. The catch was that a powerful water hose was connected to the ladder.

When the first monkey raced up the ladder to reach for a banana, the entire cage was drenched with water. Another curious monkey made an attempt. She rushed up the ladder, greedy to grasp the yellow bundle, but she too triggered a shower on

the cage. At this point, it became clear to the monkeys that if one of them reached for the bananas, they would all get soaked.

Each time one of the original monkeys was swapped out of the cage for a new monkey, the newcomer would immediately race toward the alluring fruit, but the group would beat him down before he made it up the ladder. This cycle was repeated each time a new monkey was introduced to the cage.

Later the fire hose was removed, but it didn’t matter. The monkeys already had their lesson hardwired: don’t reach for the bananas. One by one, the monkeys were replaced until none of the original five were in the cage. The same behavior persisted.

Why? *Because that’s the way we do things around here.*

The lesson: the “old way of doing things” and fixed expectations are the enemies of adaptation.

2) REALIZE THAT NOW IS THE TIME TO CHANGE

Chaos is the uncertainty sparked by uncharted territory, economic recession, and bubbles of opportunity. Chaos causes organizations to retreat...but not always.

Disney, CNN, MTV, Hyatt, Burger King, FedEx, Microsoft, Apple, Gillette, AT&T, Texas Instruments, 20th Century Fox, IBM, Merck, Hershey's, IHOP, Eli Lilly, Coors, Bristol-Myers, Sun, Amgen, The Jim Henson Company, LexisNexis, Autodesk, Adobe, Symantec, Electronic Arts, *Fortune*, GE, and Hewlett-Packard. These iconic companies were all founded during periods of economic recession.

The reason is that in a time of change, people still buy things, but they become more particular about what they need. In other words, dramatic change and simple evolution give birth to a new set of market needs. Identify those needs and enjoy remarkable success.

For example, during the Great Depression, unemployment soared to 25%, 15,000 banks failed, and Wall Street was no longer a place of glamour. Four dreadful months into this depression, Henry R. Luce launched a pricey magazine titled *Fortune*. At \$1 an issue, the cover price surpassed the cost of a functional wool sweater. Seemingly bad timing.

Eight years later, *Fortune* had grown its subscriber base to 460,000 people. By 1937 the magazine reported an annual profit of \$500,000. Scaled for inflation, that amounts to more than seven million modern-day dollars. That's a lot of wool sweaters.

Kellogg Professor Andrew J. Razeghi suggests, "*Fortune* worked for the very same reason that all great new products work: it made a uniquely relevant contribution to its customers' lives (period)." *Fortune* was more than just a publication. It was a glimpse into the boardrooms of those that survived; *Fortune* was an answer.

The lesson: opportunity exists even in times of chaos.

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3) KNOW WHAT YOU NEED TO BE

- ▶ If you're powerful, you should act with humility – liberate entrepreneurial thinking, invest in disruptive companies, and seek ways to break down structure. Most importantly, feel threatened by little new entrants.
- ▶ If you're small, you should act with strength – steal customers from big companies, create partnerships that build scale, exploit your superior understanding of the customer. Take advantage of slow-moving incumbents.

4) SHIFT YOUR ORGANIZATION'S PERSPECTIVE TO SPARK A REVOLUTION

In 1993 IBM was caught in a downward spiral, losing nearly a billion dollars a month. Demise seemed imminent. Then, Louis Gerstner took over the role of CEO. Along the way, he realized that the key to change rested in culture: "If I could have chosen not to tackle the IBM culture head-on, I probably wouldn't have...changing the attitude and behaviors of hundreds of thousands of people is very, very hard. [Yet] I came to see in my time at IBM that culture isn't just one aspect of the game – it is the game."

One of the ways Gerstner changed IBM's culture was by shifting vernacular and ritual. He noted that "you can understand a lot about organizations by their word choice...I choose my words very carefully."

Gerstner held a workshop with 420 company leaders. There, he introduced the adjacent chart which broke company lingo down into banned words and alternative vernacular. To inspire change, he read a quote in which Larry Ellison, CEO of Oracle, one of IBM's largest rivals scoffed, "IBM? We don't even think about those guys anymore. They're not dead, but they're irrelevant."

In the six years that followed, IBM became a profit machine. Its shares skyrocketed more than 10x. The change would be heralded as the greatest turnaround in corporate history.

The lesson: reinventing perspective triggers and shapes change.

5) WIN LIKE YOU'RE USED TO IT, LOSE LIKE YOU ENJOY IT

Instinctively, we are inclined to praise success and punish failure.

In organizations, this manifests in performance appraisals, hallway conversations, and team dynamics. The unintentional impact is that individuals become less willing to pursue change.

If there is no love for the people trying to integrate into a new industry, why would anyone clever ever want to be on that team?

If you want to encourage me to create breakthrough innovation, I need to feel protected. I need to know that I am better off trying new ideas and possibly failing than taking on riskless projects.

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The lesson: celebrate failure and you will liberate innovation.

6) VISUALIZE DISASTER AND OPPORTUNITY

Formula one drivers, professional wrestlers, and astronauts all share one incredibly powerful tool: visualization. I spent a decade as a ski racer, a sport where 70 mph speed and icy inclines force action and reaction to coexist.

Picture yourself tearing down a mountain at a blood-curdling speed. You carve your razor-sharp skis from gate to gate, hoping to best your rivals by fractions of a second. The incline lures you faster and the world around you starts to blur. Your heart pounds. You cut each corner recklessly close, pushing the limits of personal safety. At this speed, a crash would send you tumbling past your dreams. But you only get one shot, and you're fully committed.

At some point, you *will* be thrown off balance. You are moving too fast to act with reverent caution. But when the unexpected happens, you'll know how to navigate because you've raced this exact track a dozen times in your head. You've thought about every corner, every bump, and every hairpin turn. You've visually rehearsed your reaction to every possible scenario. In ski racing, visualization is not optional. It trains the human mind to react during unexpected situations.

A striking parallel exists between ski racing and innovating through chaos. In both situations, you navigate an unfamiliar course at uncomfortable speed. You'll make some mistakes, but how you react will make all the difference.

- › Chaos yields both risk and opportunity at the least convenient times.
- › Projects will unexpectedly fall apart.
- › People will quit when you need them most.
- › Superstars will be available when you cannot hire.
- › Competitors will falter.
- › New customers will become available.

How will you react to the urgent demands that prevail during both disaster and opportunity? How will you deal with sudden changes to customer needs?

7) DON'T CELEBRATE THE ATTAINMENT OF THE SUMMIT, CELEBRATE THE STYLE OF CLIMB

Cult brand Patagonia is a sporting goods company with a conscience. In their 1974 catalogue, co-founders Yvon Chouinard and Tom Frost published a surprising essay suggesting that people should buy fewer of their products. Specifically, they asked hikers to carry less gear to reduce adverse impacts on the environment. This is not the advice you'd expect from a profit-centered company.

The essay contained a statement that serves as a reflection of their culture: "It is the style of the climb, not the attainment of the summit, which is the measure of personal success."

Years later, Chouinard's hiking philosophy would become a metaphor for the way that Patagonia was managed. In the 1991 recession, aggressive borrowing forced the company to lay off 20% of its workforce. This deeply impacted Chouinard. Ever since, he has restricted the company's growth and borrowing, focusing instead on the style of Patagonia's climb. Despite the constraints, Patagonia has evolved into a coveted brand.

The lesson: celebrating the "journey" fuels morale and passion.

CONCLUSION

Remarkable companies have risen from chaos. The reason is that times of change create opportunity. To exploit those opportunities, organizational culture plays the dominant role, making now the time not just to change, but to spark a revolution. 🧑🏻🧑🏻