Calling All Corporate Couch Potatoes

Jeanne Liedtka

"Don't go into the basement."

An email crossed my desk the other day from Daniel, head of Learning and Development at one of the client organizations for whom my colleagues and I design customized executive learning experiences. It read:

> *"We want to invest in helping our managers to grow their businesses in these tough times. However, we are being very fiscally conservative—the investment must be proven. Our Corporate Business Development function is shifting to build a cadre of professionals who can apply quantitative rigor to investments being made by the business. Can you help us?"*

How familiar does this sound? We are in the midst of the greatest meltdown in our collective personal histories, and there is widespread anxiety about not just the economy, but life in general. All of this is forcing leaders like Daniel to wrestle with a level of uncertainty that is unprecedented. Like most well-intentioned organizations facing accelerating uncertainty, Daniel's corporation is responding in the way that makes sense to them—battening down the hatches, focusing on cutting costs, and stepping up the rigor of the review process for any new ideas. Investment capital is scarce, so the bar is higher to get any of it. Levels of scrutiny multiply. Nobody wants to put a dollar at risk that they don't have to.

This well-meaning strategy has pernicious effects. It risks turning managers into the equivalent of corporate couch potatoes watching the latest slasher film—they are passive observers, horrified but with no sense of what to do about it. "Don't go into the basement," they scream—but it is all out of their hands and down the stairs the teenager goes as they reach for their next Dorito.

Answering Daniel's query was not difficult. I suggested that he didn't really need us—that it would be most effective and efficient, and humane, to just shoot himself and the rest of the Business Development staff in the foot immediately and without our help. Because, despite the best of intentions, Daniel's organization is setting itself, and its managers, up to fail. Everything my colleagues and I have learned about how managers succeed at growth and innovation points in the opposite direction from the path that they have chosen.

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But Daniel's organization isn't alone. Corporations the world over are following exactly this strategy and, because of it, are looking like the proverbial deer in headlights, frozen into inaction while the moving force bears down on them.

Run, Daniel, run! I want to cry, but the only kind of movement in that organization is going to be the hum of laptops booting up to show more Power Points. So little time, so many presentations to make…

I am convinced that a good many of the "survival strategies" that organizations are adopting are just *wrong*. Tragically wrong. For more than three years, my colleagues and I have been studying a set of managers who successfully grew their businesses in the face of uncertainty and scarcity. And they taught us an alternative path—a road less traveled—that suggests that growth needn't come with a high price tag and lots of risk. Their approach is custom made for today's climate of risk-aversion and limited capital. It may sound counterintuitive at first, and you've got to be willing to entertain a different view of reality to understand it. But, once you've wrapped your head around this different worldview—this "alternative reality"—you'll wonder why you didn't see it sooner.

Alternative Reality Number ONE:

What if trying to "prove" any idea to corporate's satisfaction is a fool's errand? Would you still play the game?

Corporations have always employed large numbers of people whose job it is to safeguard corporate resources and ensure that no money is spent until its use has been carefully justified. These are the organization's "professional doubters." They control and oversee the processes like obtaining capital, hiring employees, and getting IT support. In good times, the doubters tend to slow things down. In bad times, they tend to stop them altogether. It's nothing personal—it's just them doing their job.

The doubters are almost always the people managers are asked to prove things to—and that's where the trouble starts. We state the obvious when we point out that you can't get data to prove the value of a business proposition that doesn't exist yet. You have to make the numbers up. The only people generally allowed to make numbers up and get away with it are expensive consultants (and until recently, investment bankers). So the best that you can do as a mere manager is to extrapolate from some data you've already got. Trouble is—especially if your idea contains much that is innovative—this extrapolated data is not very convincing. It's got all kinds of assumptions built into it—it has to since you are using data from an old past to predict a new future. This kind of data is easy to find fault with—something professional doubters excel at. Imagine how smugly confident in their rigorous methods Daniel's Business Development minions will be after they find some business school prof to teach them all the latest analytical techniques.

The end result is like leading a managerial lamb to slaughter. You never have a chance. Despite all those hours spent in conference rooms giving PowerPoint presentations aimed at convincing the doubters, you will rarely win them over. Everybody knows the game being played, and the doubters have home field advantage. This is their game, played their way.

If you are like most managers in large organizations, you have been encouraged to analyze and plan business strategies carefully around forecasts and predicted outcomes. While forecasting and planning are effective in stable environments, relying too much on them in uncertain situations really gets in the way of even survival, much less pursuing growth. It causes managers to abandon good initiatives where data is unavailable, and to take more risk than is necessary in pursuing those that they do select.

The first step towards recovery is finding a different game to play, and getting up off the couch to play it. The key is to stop fighting corporate and save your energy for the marketplace. Even if we weren't in the midst of the great meltdown, asking for permission to do new things in large organizations is rough going. By the time you get it, you and your idea may well be too old for it to make any difference. In today's environment, queuing up for permission is just plain foolish. So start moving, and be prepared to ask for forgiveness if you need to.

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Alternative Reality Number TWO:

What if you were spending your own money? What would you do differently?

Crazy as it sounds, there's such a thing as having too much money to spend—or perhaps just the illusion of money to spend. Managers get tricked into doing things on a far grander scale than they would do if they were spending their own money. But small is not beautiful in big organizations. Everybody wants "needle movers." And when you combine a thirst for "needle movers" with a desire to "prove" that the investment is worthwhile, bad things happen. Like encouraging managers to take bigger risks than they need to. Like ignoring early feedback that disconfirms elements of their new value proposition. Like doing endless analysis with extrapolated numbers. Like pining for a great new asset or acquisitions instead of using what you've got. Like losing out on a lot of opportunities because they don't look "big enough."

Big growth doesn't have to be about big risks—in good times or in bad. Consider how you'd act if you were spending your own money. You'd start small. You'd place some small bets in the marketplace and try to learn fast. You'd get a running start by using what you've got—no capital infusion needed. You'd make a habit of engaging partners early on. These might be upstream supply chain partners willing to be your source for product instead of having to build your own manufacturing capacity, or downstream distribution partners intrigued by your new value proposition and interested in helping you find a few shelves to test it out. You'd find an early "yes" to your idea from somebody outside your organization who mattered—ideally, customers. Then you'd create new value together, taking as few risks and shouldering as little of the investment yourself as possible. This is the alternative path, and it doesn't seem so counterintuitive after all, does it? In fact, it may be the only way that makes sense in today's turbulent times.

Potential customers (the kind who say yes in focus groups, but then don't buy) are a false positive. That's bad. Consider a "no" a favor. They might have said "maybe" and let you invest corporate's money while leading you down a primrose path to nowhere—something you'd never let happen if your home's equity was financing the deal.

So don't be afraid to raise the bar on participation by partners: seek specific commitments from customers as the basis for "go / no go" decisions. Rather than trying to predict what customers will or won't buy, what they will pay, and making predictions about the business prospects, focus on opportunities to ask for something material from customers and partners. That is the gold standard for yes. Rather than run spreadsheets that produce bogus ROIs, calculate what you can afford to lose. Work your way into opportunity from the least expensive options up to more expensive methods only as you are able to absorb the costs of being wrong. Focus on what you can do, what you're willing to risk, rather than on what investments are justified by market expectations or corporate requirements.

And then, be willing to call your baby ugly if your small bet didn't come in the way you'd hoped—and the sooner the better.

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Alternative Reality Number THREE:
What if your definition of "customer focus" was wrong?

In most of the organizations I work with, being "customer focused" comes down to trying to shove their products more effectively at customers, using a variety of segmentation schemes and emotional advertising. For the managers succeeding at growth that we studied, it means something quite different—being deeply interested in the details of customers' lives as people, not categories of consumers. One of these managers told us that he had abandoned being "customer centric" in favor of being "Cynthia centric." Then he described Cynthia to us. She was a single mother who had made a sacrifice to have his company's personalized candies delivered to her son's birthday party. Sadly, the product arrived a day late, and Cynthia and her son were personally disappointed. This manager uses Cynthia's experiences as a constant reminder of what it meant to be a day late in his business.

Knowing Cynthia doesn't come out of second-hand reports and market research studies. It is not primarily about understanding consumers' preferences and opinions, but more fundamentally about their daily lives. With this kind of insight, products and services exist in a context—the whole of the customer's experience—not the other way around.

The surest route to organizational survival in today's craziness is to create better value for customers, not gut your capability to do that by desperate cost cutting. You don't need to search far and wide for some "out there" idea on how to do that. It is not flashes of "out of the box" brilliance that determine success. More often, it is just some creative recombination of ideas that are already floating around—ones that enhance the value you create by hitting the bulls-eye on an unmet (and often unarticulated) customer need.

As you read this manifesto—right now—I can guarantee that there all kinds of possibilities right under your nose that you and your competitors have missed. And each represents an opportunity to differentiate your offering and solidify your relationships with important customers. Isn't that the key to survival?

Start by looking "outside in," through the eyes of your customers, rather than "inside out" from your own organization's needs.

What it takes to find them is looking through a different lens—reframing to locate overlooked opportunities that have been there all along. Start by looking "outside in," through the eyes of your customers, rather than "inside out" from your own organization's needs. This results in both finding new ways to grow and deepening customer relationships at the same time.

And because this reframing is anchored in how using what you have, rather than in acquiring or inventing brand new things, it minimizes risk and allows you to continue to pursue growth even when resources are tight and anxiety about the future is high.

Alternative Reality Number FOUR: What if you can't hide from uncertainty, you can only out-run it?

Managers who are succeeding in spite of, or maybe because of, uncertainty accept it as a fact of life and recognize that they have to let go of stability. It's that denial that slows you down, that produces the negative anxiety that creates blinders that block seeing new opportunities. Managers who succeed in today's challenging environment will need to lean into the uncertainty and befriend it. They will need to carefully distinguish between what they can and cannot control. They will stop trying to predict the future based on the past and use healthy anxiety as a positive force for growth.

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Your biggest challenge is not to find a way to trim another 10% off your work force. It is to make dealing with instability your sweet spot—to hone your ability to leverage surprise and uncertainty rather than just react. In doing so, you just might find a new set of possibilities that wouldn't exist in a stable, predictable world. Opportunities that you'd never find sitting on that couch.

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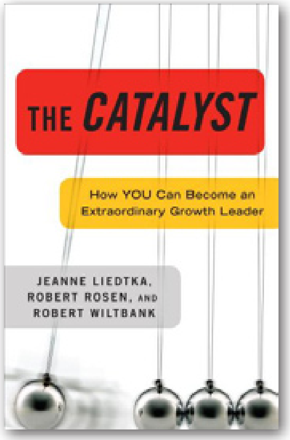

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