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'Embrace volatility and don't fear failure'

Rigidity is dead: long live turbulence. According to Harvard Business School's professor of leadership, John Kotter, directors should revel in challenging times awash with opportunity

Words Nick Scott

Here's to the crazy ones," mused a Richard Dreyfuss voiceover in a TV ad campaign which spearheaded what would turn out to be the most successful rebranding in history – Apple's, in the late 1990s. "The misfits. The rebels. The troublemakers... They change things. They push the human race forward." It's a safe bet that, up in Massachusetts, John Kotter – Konosuke Matsushita professor of leadership, emeritus, at the Harvard Business School – was nodding along vigorously.

As well as running his eponymous strategy execution consultancy, Kotter is a *New York Times* bestselling author. His latest book, the wryly titled *That's Not How We Do It Here!*, is an animal fable in which two clans of meerkats in the Kalahari – one large, well managed, but rigid; the other small, relaxed and innovative – attempt to survive in the face of sudden droughts and vulture attacks. It's a study of how past triumphs can instil a dangerous confidence in continued success, and how companies can turn threats into opportunities.

"It's easy for [older] organisations to slide into mature characteristics, one of which is that people tend to be complacent," he tells *Director*. "If something has survived for 30, 60, 160 years, you don't get much thought about the fact it might not survive the next five. Some of the most successful organisations on earth are far too arrogant. They've been too successful for too long and think they know everything, and that's toxic. That's a super-killer."

Even Bob Dylan would be pushed to think of an era when times were a-changin' more rapidly than now. "Five years ago, we started looking at statistics from 1950 up to the present – volume on stock exchanges, number of patents filed, the amount of data that goes



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around the Earth and so on," says Kotter. "And the curves you end up with on the graphs all go up exponentially; roundish curves, things changing faster every year. They don't go up smoothly either – they bounce around."

Therefore, he adds, leaders need not just a tolerance for such volatility, but an appetite for it: "Whenever you have changing conditions and turbulence, it's actually full of opportunities," he says. "Good times allow people to have a lot of bad habits and get away with them. [Adversity is] a brilliant platform for a company to say, 'Let's not make the goal just to survive, to not get hurt too badly – let's make the goal to actually advance and end up in a better position than we are today.'"

So why does inertia still reign? It's ingrained, Kotter says, in our business culture. "The average organisation is run by people who've been trained that making ideas happen is all about an elite few people," he says. "Why not get lots of people into the game – so, while doing their regular jobs, they help out with these bigger, more challenging issues? Having open discussions about opportunities is much smarter than appointing committees. The world has seen enough appointed committees. Then there's bureaucracy, rigid accountability, metrics that measure certain things that are relevant right now but discourage people from trying new things."

Fight or flight

A major tributary to this culture, says Kotter, is Darwinism. "Under conditions like Brexit, our brains – and this is something which has helped us survive for hundreds of thousands of years – have a mechanism that acts like a radar, constantly looking for threats. The second it sees one it sends off signals that create chemicals that put us in a flight, fight or freeze position. If you get a notice that inventory has jumped up and is going to mess up the quarter, you can work 12-hour days for nine days, then collapse. But none of our brain's hardwiring is designed towards looking at unknown, unpredictable, truly new problems and trying to figure out how to fundamentally change things to deal with them."

Natural selection will need more millennia to catch up with the change in human circumstances wrought by the industrial and digital revolutions. So how can we bypass it? First, de-stigmatise failure, says Kotter: "You have to make it clear, when you're trying new things, that you're not going to get it all right. In a traditional mature organisation there's so much emphasis on keeping the trains running on time that if a train is late, the first instinct is to figure out who to blame. When you're dealing with inventing the future, that's just a terrible instinct. It'll deter people who want to get involved, be creative and take intelligent risks. It's deadly."

Open forums – whether staff meetings or online suggestion facilities – are another way to implement



Kotter says turbulent times create great opportunities for success

CV

1968 Graduates from Massachusetts Institute of Technology with a BSc in electrical engineering, later completing a master's in management

1980 Given tenure and a full professorship at the Harvard Business School faculty, aged 33


1984 Publishes his first book, *Power and Influence*. His books, 19 in all, have been printed in more than 150 foreign language editions – total sales exceed three million.

2008 Co-founds Kotter International, a consultancy firm advising on leadership, strategy execution, transformation and large-scale change. He is currently chairman.

2016 Releases latest book, co-authored by Holger Rathgeber, the meerkat-based fable *That's Not How We Do It Here!*

a regime which Kotter, having observed organisations execute fresh strategies for over four decades, has seen succeed time and time again. "We had a European consumer products company which decided to expand to more developed countries, which is not cheap and requires a much better global supply chain. A guy from the outside came in and did all the obvious best practice stuff, and after a year wasn't even close to what they needed. So he tried what we've been talking about – think in terms of opportunities, involve people, broadcast successes, beat down the cynics. It was amazing how much they drove out unnecessary costs, invented new methods and passed them around.

"We've also done things in the pharmaceutical industry. One [client] couldn't make enough of the stock people needed, so they were losing revenue and throwing things away because they didn't pass quality inspections. A guy came in and tried a very different, opportunity-based approach. Lots of people engaged, and they have since been turning around plants, investing in manufacturing yield, and have more stuff to ship and, because of the nature of their products, are saving more lives."

If success isn't incentive enough, asks Kotter, how about the existential benefits? "The possibility here is not just making a few more bucks. If you're willing in this turbulent world we're living in, to open up, try some new things, ask, how much are you poised to take advantage of, for example, Brexit?... This will make lives – trust me – much nicer than would crouching under your desk, feeling like you're being assaulted by forces beyond your control." 



Watch John Kotter explain the meerkat fable behind his latest book at director.co.uk/JohnKotter



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