

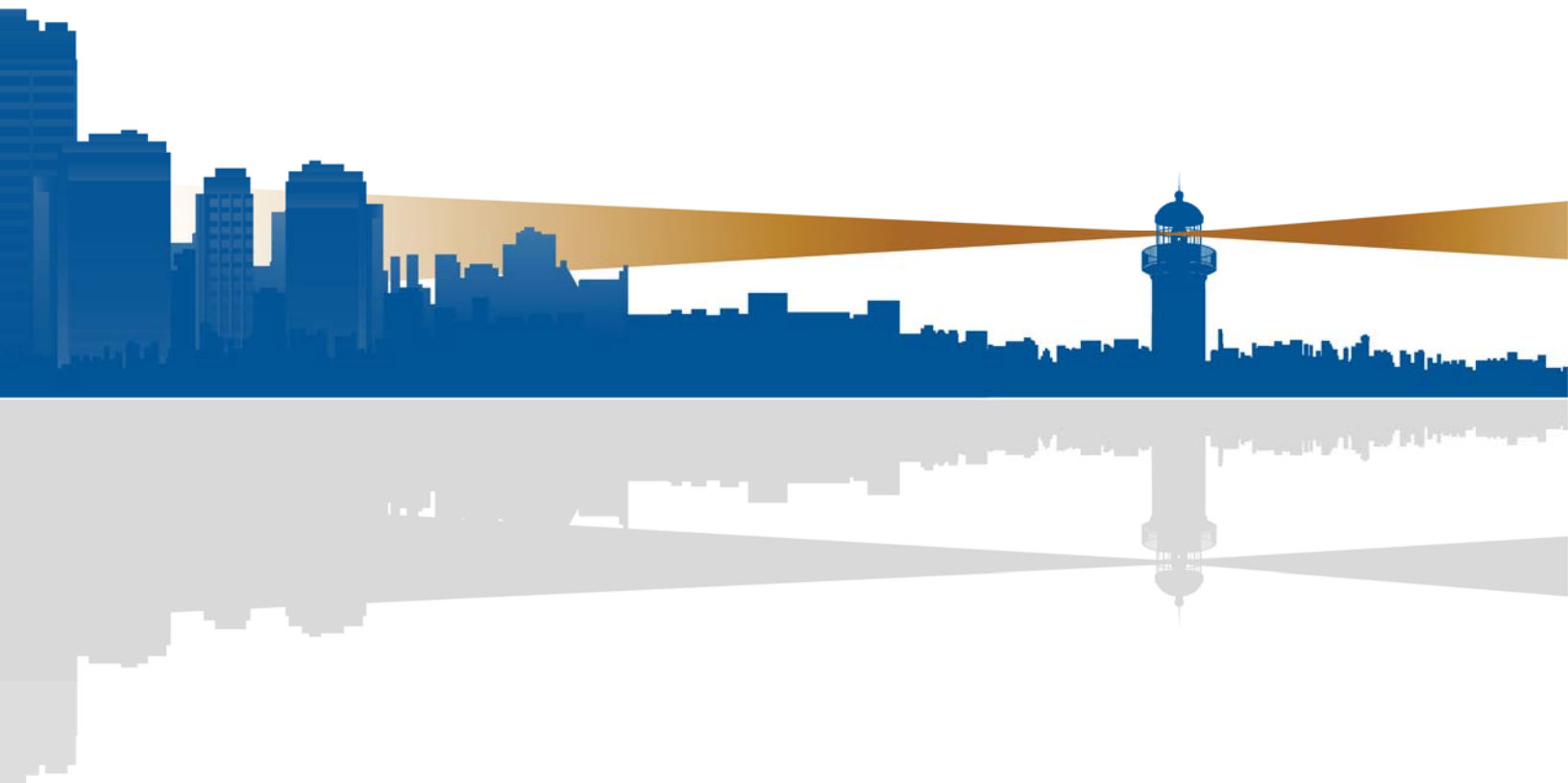


Navigate the Future™

The Perils & Pitfalls of the Knowing Doing Gap

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Our Quarterly Newsletter



In Our View ...

There are two particular books, amongst many, that have helped shape my understanding of the mystery surrounding chronic organizational underperformance, and why so many leaders fail to achieve anything close to their professed strategic ambition. These two books address the same basic phenomena, and attempt to answer the awkward question of why otherwise smart, driven and experienced executives allow themselves, and their organizations, to get off track.

The first of these books is *The Knowing Doing Gap* by Jeffery Pfeffer and Robert I. Sutton. The authors have done an amazing job of allowing us to get inside the flawed psyche of the leader who should know better. The second book is *Strategy and the Fat Smoker* by David Maister, who delves into why it is we are continually drawn to doing things we know are bad for us, even when the empirical evidence tells us we should not.

Unfortunately, over the last two years or so, we have seen more and more organizations, and their leaders, fall victim to the irresistible curse which both books identify. In simple terms, it is the paradox between knowing, intellectually, what is bad for us, and the ability to avoid the temptation to cheat. It occurs to us that until leaders address this issue head on and show the strength and resolve to do what is right, no matter what that takes, rather than do what they think they can get away with, we will see more disappointment in organizational performance than success. It is time to stop the compromises of convenience. Leaders must try harder to sacrifice some of the present to achieve a better tomorrow.

Yours truly,

R. Douglas Williamson
President & CEO

Lies, Damned Lies & Statistics ...

It has been said that former British Prime Minister Benjamin Disraeli used this expression, and Mark Twain then borrowed it, to help warn us of the pitfalls of believing what is not true and claiming it to be otherwise. The issue at the heart of this very human imperfection is that we can quite easily, in business, rationalize our actions and decisions and bend the truth to suit our purpose.

In a world where everything you need to know is available 24/7/365, thanks to the marvels of the Internet, it is becoming harder than ever to believe this "game" can continue to be played with so much careless abandon. As the authors of the two books noted above explain, the reason rests deep inside ourselves and the twisted logic of convenience. It is all about how, even though we know what to do and what is good for us (and our organizations), we do exactly the opposite. Simply put, we are not prepared to delay the gratification and the rewards, which will only come in the future, and face the disruption, discomfort and discipline required in the short-term to get there.

It is the organizational equivalent of drinking too much, eating all the wrong foods and not taking time to exercise and, yet somehow, expecting to live a long, fit, and rewarding life. In so many words, it's the chronic, repetitive lying and cheating that cuts away at our ability to build fit organizations.

Two quotes from David Maister make this point very well.

"Just because something is obvious, doesn't make it easy."

"There is no shame in aiming for competence, if you are
unwilling to pay the price for excellence."

The Focus Factory ...

In the mid-1970s there was a professor at The Harvard Business School by the name of Wickham Skinner who served as their Director of International Activities and, later, as Associate Dean. Skinner was amongst the first who suggested an organization needs to focus its attention, and simply cannot be good at everything at the same time. Skinner's wisdom was radical 40 years ago but, today, any organization that wishes to succeed must pick a "sweet" spot, a place where they have a distinct competitive advantage they can leverage. The four domains Skinner first proffered were quality, cost, variety and speed and, as time has marched forward, speed has become the current darling of the management experts, and they are probably right.

The fact is, it's not so much what you choose, as the fact you must choose something.

When an organization is truly honest with itself, and does not succumb to the temptation of the Fat Smoker, they generally find a way to create opportunity and, at this point it is the skill to choose among opportunities that becomes the master strategic competency. The sad reality is, too many leaders lose their drive and determination to focus on the creation of opportunity, and then muddy the waters by chasing too many fantasies at the same time.

In the process, people lose their confidence, drive and determination, and become lost in an array of conflicting agendas where they know what they should do but, instead, do too many things they know are actually bad for them – and their organization.

The difference is in their state of mind. Leaders know that building self-confidence in others is how you create performance leverage.



The Eager Pursuit of Challenge ...

There are six states of mind we believe Maister has right when he talks about overcoming the Fat Smoker complex. The first state of mind goes well beyond common drive, or what others may call ambition. It speaks to the burning need to constantly be pursuing ever higher mountains to climb, just because they are there. It is only when people are sufficiently dissatisfied with the present, that they choose the future instead. While there may very well be a physical stamina side to this mindset, the real fuel for the serial pursuit of new challenge is a mental one. Think about the difference between an organization that self-propels, not because the C-Suite demands it and controls it through scorecards and targets, but because the middle managers, and others, are relentless in their pursuit of more and better – all the time.

Utopia you say?

We think not.

While the key to the mystery of building the challenge oriented business begins with hiring the right people, its real energy is drawn from two other sources.

- How those individuals are focused by intrinsic motivation
- How effective senior leaders are at removing barriers and roadblocks

There is nothing more debilitating to a pursuit driven organization than lack of resolve, on the part of senior leaders, to remove those hard obstacles and soft irritants that get in the way of allowing the best of the best to perform at their best.

Ask yourself –

Why do so many otherwise smart leaders allow so many things to get in the way?

Ask your people –

Where can we rip down walls and eliminate redundancy?

The Ability to Build New Muscles ...

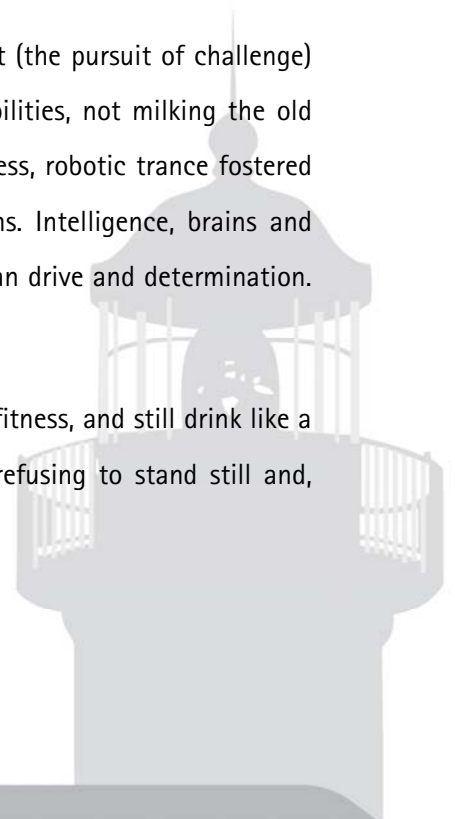
The second state of mind is around how well the organization re-tools itself on the fly, how well it builds new capabilities for current and future challenges. In today's environment, the two biggest enemies any organization faces are internal, and they are represented by complacency and its twin sister comfort.

The real question here is whether or not the leaders of the organization understand that developing new capabilities, on a continual basis, is the key to securing a fresh supply of new opportunities. If you think about it for a moment, the healthy organization usually does one thing better than anyone else, it creates a disproportionate share of new opportunities for itself. It's this ability – the willingness to do new things better, not old things better – that allows an organization to stay ahead of others.

So – your organization had better be in the opportunity game and, if it is, you already know the trade-off is between opportunity and perfection, and the choice is opportunity.

This only happens, of course, if people have the first mindset (the pursuit of challenge) and then it can only be exploited by developing new capabilities, not milking the old ones or training people to follow old processes in the mindless, robotic trance fostered by such programs as Lean Six Sigma and its Kaizen cousins. Intelligence, brains and smarts are all important, but they are also more common than drive and determination. Determination is what drives people to risk failure.

You can't have it both ways. You can't enjoy the benefits of fitness, and still drink like a fish and eat like a hog. Success is a choice you make by refusing to stand still and, instead, getting in the game.



The Passion to Choose New ...

The third state of mind is best described as an attraction (some may say an addiction) to the new and the novel. The high performing organization we all claim we aspire to become, already knows what it takes to succeed over and over again. It takes high levels of sustained energy and a super-fast metabolism. What this means, in practical terms, is that the organization is drawn towards the new stuff, the cutting edge stuff, the stuff that nobody else has done or created.

To achieve this heightened state of organizational nirvana, there has to be a burning passion, deep within people at all levels, to seek out those things that are fresh and interesting, not stale and familiar. This requires a mindset of discovery or exploration, and requires people who are drawn to the thrill of adventure, rather than the cozy comfort of homeostasis.

Risky you say?

We think not!

You need to consider that in the markets today, there is less customer loyalty than ever before, less willingness to accept a sub-par customer experience than at any time, and greater demand for stuff that not only works, but is attractive. Attraction is the emotion which drives people and organizations forward. It is the "pull factor" that lures us out of our complacency, and shows us something new and interesting.

Organizations would be well advised to think long and hard about the future. No matter how wonderful the past may have been, or how well those old processes may have worked, the future is in the future, and the sooner you get there the better.

Flexibility, Adaptability & Responsiveness...

The fourth state of mind is about how you (and your organization) act, and react, when things don't go exactly as planned or predicted. In an increasingly unpredictable world, there are a set of behavioural competencies that are vital if the objective is to respond in a reliably superior manner. Since no leader can have perfect insight into the future, and no one can plan for the unplanned, the only answer is to improve the collective ability of the organization to respond on the fly.

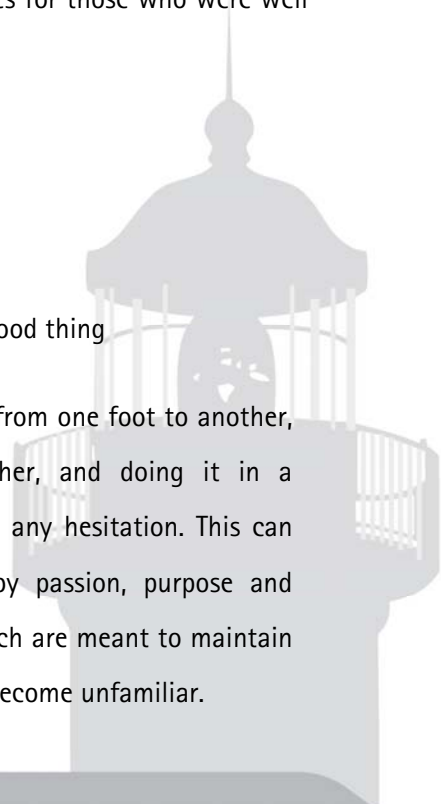
Once again, easier said than done, but the questions you should keep asking yourself over and over again are:

- Am I prepared to pay the price for excellence?, or
- Am I am perfectly at ease with just being competent?

There is a huge difference between these two options, which is why first place is reserved only for those who come first – there are no trophies for those who were well intentioned, but not willing to pay the price.

- It's not just good enough to be nimble
 - although that can certainly help
- It's not just good enough to be resilient
 - although bouncing back from adversity is a good thing

It's bigger than that, it's more than that. It is about shifting from one foot to another, from one speed to another, from one position to another, and doing it in a spontaneous, fluid manner, across the organization, without any hesitation. This can only happen if the organization is fit and is propelled by passion, purpose and principles – not rules, processes and decision authorities, which are meant to maintain the familiar and will do you absolutely no good when things become unfamiliar.



The Culture of Experimentation ...

The fifth state of mind is all about the "tinkerer" and how we put ourselves in a place where experimentation is embraced and rewarded. It is, perhaps, true to say we have all become too infatuated with Steve Jobs, who was an amazing personality and built an amazing business, but who was also one of a kind. It is simply not realistic for 99.9% of organizations to follow the Job's path to distinctive market dominance and value creation, but scale it back 10% and you find some principles we can borrow.

The story we have been building so far is about a culture in which individuals, and the organization overall, are wired in a certain way. A way that is centred on a new model, and is contextually and situationally relevant for the times in which we live.

The model assumes the continuation of the following factors:

- Fast paced, disruptive changes in the competitive climate
- High levels of ambiguity and uncertainty
- Unpredictable turbulence in the once more sedate industries

This climate requires us to question the merits of the traditional Strategic Planning methods we have used in the past, and suggests the need to shift to a more responsive Strategic Thinking model, where the willingness to experiment in "real time" replaces the rigidity of more traditional projections.

Simply put, organizations would be well advised to rebalance (and in fact radically reduce) the share of their time portfolio they allocate to formal planning, and provide more oxygen to the informal practice of experimentation.

Adam Smith died in 1790 and Frederick Winslow Taylor in 1915. Perhaps their approach needs to be adapted for the times in which we live, and the times we are likely to be facing in the future.

The Ability to Generate Passion ...

The sixth and final state of mind is all about people centred organizational design, and the need for a better, deeper understanding of the human condition as it exists within the modern organization. The fact of the matter is, we have been evolving as a species for a rather long period of time, but far too many organizations have stunted their growth with a stubborn refusal to adapt to the times.

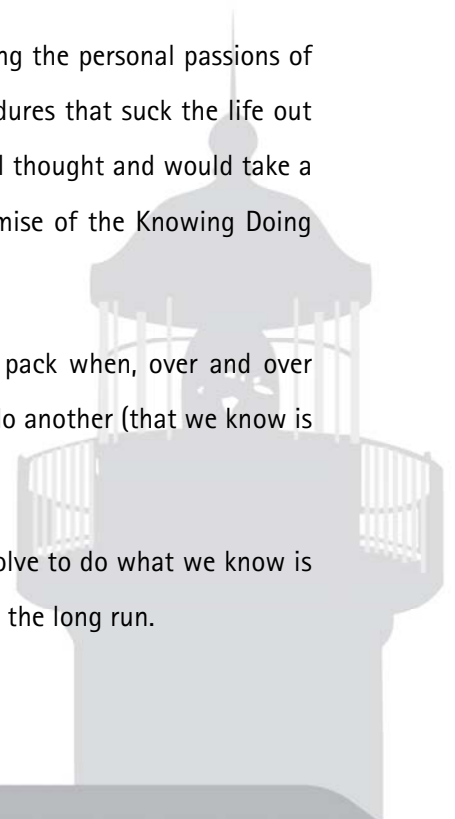
Long gone are the days when compliance could simply be demanded based on seniority, and human performance managed through a rigid set of mechanical processes of a totally soulless nature. The modern organization is a social community, built on networks and relationships which are totally outside of the official hierarchy, and cannot be controlled from above.

Ask yourself – how can we possibly expect a traditional, rigid structure to be the best way to organize ourselves in a non-rigid, fluid world?

It isn't ... and so we need leaders who understand that fuelling the personal passions of people is the answer, not more policies, processes and procedures that suck the life out of any thinking and feeling individuals. Granted, it is a radical thought and would take a certain leap of faith, but let's come back to the central premise of the Knowing Doing Gap and the personality of The Fat Smoker.

Why would we be expected to be able to out-perform the pack when, over and over again, we know one thing (the right thing to do) and yet we do another (that we know is just not smart in the long term)?

The answer lies in whether or not we have the long-term resolve to do what we know is right, and delay our immediate gratification in order to win in the long run.



Steps to Take :: Actions to Consider ...

In a complex world, we hate to offer up yet another simplistic "list" to help cure what ails us, but the common sense lessons of the recent past are worth repeating, as some of us seem to stubbornly refuse to pay attention – like the Fat Smoker!

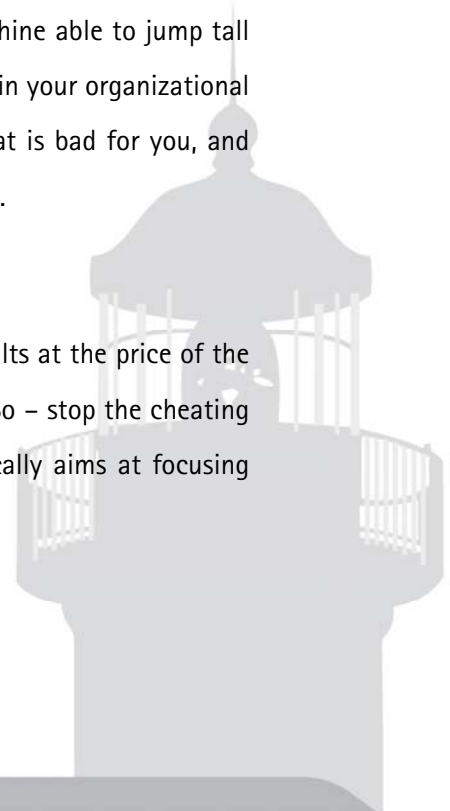
The real point here is to remind leaders to not allow their organizations to become infatuated with a new fad diet, or a new workout routine or, even worse, a magic mail order supplement which professes to do what needs to be done in 1/10th of the time. No – organizational transformation is tough stuff. It always has been, and it always will be. The reason we are attracted to fads is that our inner guilt can get to us and, in an effort to get back on track, we look for the quick gimmick over the long, hard work that takes deeper drive and determination.

Change Your Lifestyle

Chances are a new, widely popular and expensive fad diet isn't going to turn your organization into a flawless, high performance machine able to jump tall buildings in a single bound. No – it will require a change in your organizational lifestyle. Inevitably, that means cutting out the stuff that is bad for you, and sticking to a fitness routine for a sustained period of time.

Change the Scorecard

It's the paradox we all face. The need for short-term results at the price of the longer term investments we know are what it will take. So – stop the cheating and create a new truly balanced scorecard that specifically aims at focusing the organization and addressing the Knowing Doing Gap.



Get Serious About Leadership

How many more books or articles are you going to read on leadership before you realize it is not a knowledge deficit you are facing, but rather a doing deficit. A deficit based on a lack of resolve and a preference for the easy over the difficult, the expedient over the challenging and the short cut versus the hard, tough slogging.

Principles Trump Tactics

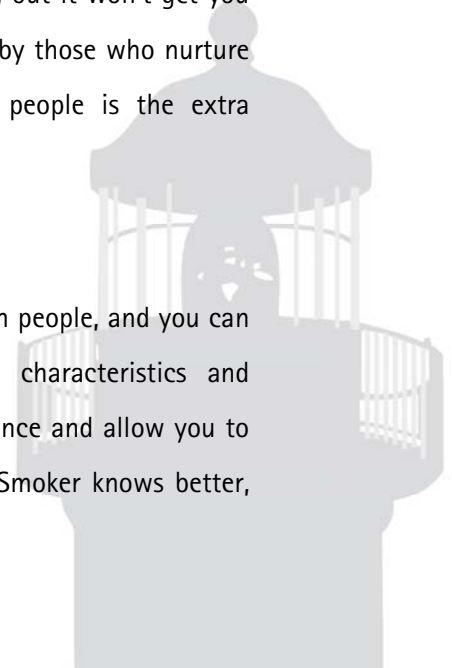
Leaders like to pump their own tires with inflated claims of how better processes and tighter controls will allow them to adjust on a dime, and allow mid-course corrections to be executed with seamless efficiency. Fact is – it is only an organization built on a solid set of principles that can be the opportunity seizing beast we need it to be in a hypercompetitive world.

People Must Volunteer

Forget bonuses, bribes and base salary increases, they won't buy you what you really need, which is intrinsic motivation. The other stuff may bring you competence and compliance (for a short period of time), but it won't get you over the hump and into the rich territory occupied only by those who nurture cultures where the discretionary investment of their people is the extra advantage they feed off.

On the Bus or Off the Bus

Jim Collins was right. You have to make tough choices on people, and you can never compromise when it comes to the qualities, characteristics and attributes we now know drive sustainable high performance and allow you to avoid the trap set by the Knowing Doing Gap. The Fat Smoker knows better, but can't do better. Can you?



The Beacon Group ...

We are a Canadian based professional services consulting firm supporting a diverse portfolio of clients throughout North America and around the world. We work with senior leadership teams in all sectors and industries, in the development of their organizational strategies and in leveraging their human capital.

We advise senior leaders on how to transform their culture, improve performance and build effective leadership capability at all levels. We help:

Identify critical gaps – which impact organizational and leadership effectiveness

Facilitate crucial conversations – in a direct, "straight talk" manner

Align resources – to achieve sustainable high performance

Develop talent – in order to navigate the future

Our practice is divided into four main areas of expertise.

OUR MISSION :: BUILDING THE HIGH PERFORMANCE ORGANIZATION OF THE FUTURE

ORGANIZATIONAL TRANSFORMATION

LEADERSHIP DEVELOPMENT



FACILITATION

We facilitate...

- ▶ Leadership Team Offsites
- ▶ Competency Design Sessions
- ▶ Strategic Planning Sessions



ORGANIZATIONAL ASSESSMENTS

We provide assessments of...

- ▶ Organizational Culture
- ▶ Employee Engagement
- ▶ Team Effectiveness



INDIVIDUAL ASSESSMENTS

We design and deliver...

- ▶ 360° Feedback Programs
- ▶ Talent Assessments
- ▶ Individual Diagnostics



DEVELOPMENT

We provide...

- ▶ Executive Development
- ▶ Management Training
- ▶ Executive Coaching

Our Point of View ...

Times have changed.

Organizations are facing difficult and complex challenges.

Leaders are being asked to make different choices to confront crucial problems.

In times of turbulence and uncertainty, The Beacon Group helps organizations navigate the future. We help senior leaders redefine their strategic ambition and identify the stubborn barriers that are getting in the way. We help them reimagine a new path and then support them as they take practical steps to enhance performance, improve effectiveness and achieve new levels of sustained excellence.

Our Promises ...

We Believe – mindsets, attitudes, behaviour and character matter and that clear, consistent and authentic relationships are at the very heart of any "Trusted Partnership" with a client.

We Commit – to being a progressive, passionate, customer driven partner. We are thought leaders who are not only responsive, but agile as well.

We Support – progressive leaders and ambitious organizations in transforming business performance, organizational culture and leadership potential.

We Partner – with senior leaders to help create robust strategies, solid frameworks and pragmatic solutions to their most difficult challenges and intriguing opportunities.

We Achieve – results that make a difference and allow our clients to lead with confidence, and execute with clarity and accountability.



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