

## Chapter 10

# You create your destiny

When it comes to our bigger, strategic decisions, overconfidence in our capability is the single biggest implementation deception. Therefore it is by default the single greatest opportunity. In his book *Left Brain, Right Stuff: How Leaders Make Winning Decisions*, Phil Rosenzweig argues that overconfidence is a misused term when it comes to decision making. He asks, “overconfidence with respect to what?” As he points out, having self-belief is extremely important to overachieve, to outperform. Without confidence, and more than the average amount of it, you are unlikely to win the close matches, whether they be in sport or business. Rosenzweig calls it having “the right stuff”. That is, in his studies of decision making, the leaders that had “the right stuff” took on challenges that others wouldn’t and won.

I feel Rosenzweig is right in many ways, however, it might be a case of which came first, the chicken or the egg. In my

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experience, the leaders I have met that have “the right stuff ” are also the people that are not afraid to do the hard-smart work. They will do what it takes to clarify what they are getting themselves into and what skills and experience they can bring to meet the challenge at hand. As importantly, when they decide to act, they systematically create their own destiny by assembling and building a team that will deliver the job. So when Rosenzweig talks of leaders with the “right stuff” he is not talking about those with bravado only, he is talking about those with bravado who are also smart.

How does a smart leader create their destiny? Essentially they build their success. First they define the purpose of the organisation or team and put the strategy they are embarking on into context. They clearly define the outcomes that will fulfil the purpose. They then choose leaders, who form teams of talented people. Together they set about creating the right environment for their people, providing them direction and giving them focus. Finally they monitor performance. When they see the laying of a strong foundation they build on it. When they see fault with the foundation, they fix it and rework it to be sure it is a solid base on which to grow. As the structure starts to form they look for ways to build faster, more efficiently and at less cost. More importantly they look to innovate. How can we improve the original design? When one team makes an improvement, the other teams are encouraged to build off it. Before long, one success leads to another and the smart leader is in that wonderful position where success cascades.

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Of course, cascading success requires plenty to go right and not so much to go wrong. So let's have a look at each stage of the process so you can implement your strategic decisions faster and more smoothly than ever before. Start with purpose.

### The power of purpose

From early on in this book I have spoken about purpose. How it is a strong motivator, how if people are not clear on purpose or are not fully aligned they may not make the best decisions. In finding your creators of your success, the ones that are going to give you your cascading successes, you will need to harness the "power of purpose".

President Kennedy's mission of "landing a man on the moon and returning him safely to the Earth" caused the creation of leaders, teams and many remarkable individuals that worked together to create the destiny JFK had mapped out. Kennedy gave the people of the US, in particular those in NASA, a true vision of the future. He gave them a powerful purpose. The extent of the power of that purpose is brought home to us by the story of JFK and the NASA janitor. The story goes that JFK was visiting NASA in 1962 and he approached a janitor who was carrying a broom and asked what the man was doing. The man replied, "Well, Mr President I'm helping put a man on the moon."<sup>55</sup>

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<sup>24</sup> Nemo, John (2014, Dec. 23). "What a NASA janitor can teach us about living a bigger life." *Denver Business Journal*.

Put simply, purpose inspires us. It motivates us to overcome obstacles, to work together to fulfil a common goal. Below are some examples of how organisations articulate their purpose in the hope of inspiring others:

- Walmart - "To help people save money so they can live better."
- General Electric - "We bring good things to life."
- Daimler - "To produce cars and trucks that people will want to buy, will enjoy driving and will want to buy again."
- Citigroup - "To improve the quality of life for children, families and the neighbourhood where we all live and do business."
- Samsung - "To lead the digital convergence movement."
- Nestle - "Make better food so that people lead a better life."
- Honda - "To seek technology that helps realise true peace and happiness on earth."
- Fiat - "To create mobility that has a truly human dimension."
- United Health Group - "To help people lead healthier lives."

And then there is Apple. According to *The Economist*, Steve Jobs' s mission statement for Apple in 1980 was, "To make a contribution to the world by making tools for the mind that advance humankind."<sup>56</sup>

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<sup>56</sup> "Mission statement," *The Economist*. Retrieved from: <http://www.economist.com/node/13766375>

Now a word of caution. Purpose is powerful and in the words of Superman's father, "Use your powers for good instead of evil." Not everyone has Superman's father to advise them and sometimes purpose can lead to ruin. I am not talking about the obvious baddies, the hardened criminals or terrorists. I am talking about ordinary people caught up in a maelstrom of hype and activity towards a goal that, if they had had the chance to stop and look at what they were doing from a distance, they would see it wasn't acceptable to the common man or woman. There are the obvious ones like the protagonist in the movie *The Wolf of Wall Street*, Enron, or the big investment banks and their selling of collateralised debt obligations, which contributed to the 2008 economic crisis and the collapse of Lehman Brothers. There is also the controversy around high frequency trading started by Michael Lewis, and described in his book *Flash Boys*. Lewis' book is an exposé of how firms can position themselves, geographically, closer to the exchanges to take advantage of the milliseconds it takes for a trade to be transacted in the market. One company built a direct-fibre-optic link between the New York and Chicago exchanges. High-frequency traders can note a large transaction and buy or sell the stock in front of it, to take advantage of the price movement that comes with the large trade. It is a controversial exposé because the large banks, the stock exchanges and even the US government refute the claims made in the book. However, as reported in *USA Today* in May, 2014, the US Securities and Exchange Commission fined

the New York Stock Exchange \$4.5 million for providing “co-location” services which allowed traders to place their laptops closer to the servers transacting the business.<sup>57</sup> Perhaps we have not seen the end of that story.

The purpose of making money is one powerful driver that causes people to make less than optimum decisions. What are the others? Fame? Yes, look at all the athletes that use drugs to win. That feeling you get when you are standing on top of the podium is a powerful driver.

Not just athletes seek fame. Many business people want to leave their mark, to be “known for something”, something big. Driving the organisation hard towards a goal, which will see them lauded if it comes off can lead to ruin. However, being bold, like JFK was with the Apollo mission, can result in great leaders leaving an indelible mark. But, you need to strike a balance.

The last example of purpose gone wrong that I would like to point out to you is a sad one. It involves those institutions that for the most part are trying to do good in the world, however, because they become blinded by their purpose there is collateral damage along the way. The not-for-profit organisations that caused the greatest harm in the 20th century in first-world countries are the institutions to whom children were entrusted. Religious, education and cultural institutions

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<sup>57</sup> Krantz, Matt, (2014, May 1). “USA Today, Rigged market? SEC busts the NYSE”. *USA Today Money*.

all failed us. In Australia, the harm caused resulted in the formation of a Royal Commission into Institutional Responses to Child Sex Abuse. The second volume of the commission's interim report has 150 personal accounts, a mere selection, of horrific treatment by those in authority in organisations established for a "good purpose". Organisations that didn't respond appropriately when they became aware of the abuse of children because they didn't want the reputational damage that would impact on the fulfilment of their purpose.

Beware of the potential power of your purpose and channel it "for good instead of evil". Create your "super-people" to become your creators, however, coach and guide them as their cascading success could blind them from some harsh realities.

### **Creative leaders**

With your purpose and its potential power clarified in your mind, it's time to take a look at your leadership team. Is it the right team for the job? Do they have, or does the team collectively have, "the right stuff" ?

What I look for in a team leader is creativity. I look for a person that is not afraid to experiment, is willing to learn and when they see the opportunity they grasp it and turn it into true innovation. Great team leaders also have the ability to build trust, to be decisive when needed and consultative when not and to be calm and be able to hold a room when the moment calls for it. Couple these traits with a willingness to experiment, learn and innovate and you have yourself a creator that will help build

the cascading success your strategic decision requires to ensure it is a successful one.

Why is experimentation so important for a leader? Experimentation is the domain of scientists and they have a highly considered approach to establishing facts. First they establish theories and then try to disprove them. They design a multitude of experiments that should, if successful, disprove the theory. If they can't disprove it they become increasingly comfortable with the theory as a fact, without ever being able to prove their theory 100 percent. Similarly in business, we can never guarantee the success of a new product, but we can certainly increase our knowledge and hence our comfort levels by challenging the original theory with a few well-designed experiments.

How valuable is a creative leader? One who experiments and finds their way through difficult channels? Look no further than the valuation of tech companies like Facebook.

On May 18, 2012, Facebook listed on the US NASDAQ exchange with a valuation in the vicinity of a US\$100 billion on annualised earnings of only US\$500 million. Almost two years later on February 19, 2014, the market capitalisation was about US\$170 billion, while the social networking company's 2013 earnings were around US\$2 billion. This made for a price- earnings ratio, or PE, of more than 100; more than five times the PE of US industrial stocks. The inflated PE of Facebook reflects the value placed on the creative ability, the intellectual capital, of Facebook. Investors believed that the creativity of leaders

of Facebook would be able to achieve much larger earnings in the future.

When you think about the future of thought processing and decision making across all sectors of our society, the more relevance creative leadership must have. We have long known that the amount of data is growing exponentially. Wiki's, on Wikidpedia, have moved from terabytes to petabytes, exabytes, zettabytes and now yottabytes, which is  $10$  to the power of  $8$  kilobytes. However data alone does not create knowledge, it simply creates opportunity to enhance knowledge. Creative leaders will be the ones who can devise the experiments that will turn data into knowledge, a step away from competitive advantage. All that is needed is that bit of spark to ignite a successful execution.

Looking for a practical example? Look no further than Ron Kohavi, Microsoft Distinguished Engineer and General Manager of the Analysis and Experimentation team at Microsoft's Applications and Services Group. Prior to joining Microsoft he was director of data mining and personalisation at Amazon.com, where he found many examples of how experimentation can bring great rewards.

In a presentation entitled "Practical Guide to Controlled Experiments on the Web: Listen to Your Customers not to the HiPPO", Kohavi describes a simple experiment run by Greg Linden of Amazon. Linden had the idea that as people added items to their shopping carts they would have other items recommended to them based on the items they had placed into

the cart. You may now be familiar with the offer, “other people who bought this item also bought …”

The experiment Linden proposed was to establish whether showing the recommendation would cross-sell more items and increase the average sale size or if it would distract people from checking out, make it all too hard for them and would result in a loss of sales. Enter what Kohavi refers to as the “HiPPO (Highest Paid Person’s Opinion)” who had recommended to stop the project all together. Despite the HIPPO, Linden was allowed to run the experiment anyway. It was hugely successful and the rest is history.

Kohavi with his teams at Microsoft have explored the value of experimentation over many years and he has come to the conclusion that people think too short-term, that they are fearful that an experiment will fail and consequently there is a cultural resistance to experimentation. Kohavi has also worked out that, “Our intuition is poor, especially on novel ideas.” Enough said, creative leadership is where it is at.

Now this might be stating the obvious, however, there are creative types and then there are creative types. As one of my colleagues from Thought Leaders Global, Oscar Trimboli, once wrote: “Great musicians can explore creativity when they have practiced the basics relentlessly.” So wind your mind back to the section on relentless execution in Chapter 9 and be sure you are choosing your leaders on that basis first, with all the other fine traits you are looking for. Then look for the gold, their creative ability.

## Talented teams

To ensure the cascading success you are looking for, you will need to support your creative leaders in building talented teams. Talented teams are those with the right mix of skills and attitudes for the challenge ahead. Skills are, of course, dependent on the challenge, while attitudes relate directly to the extent of alignment of the individual to the purpose of the team and the organisation. Once you have a team with the right skills and attitudes, their job is simply to identify the gaps between what they have achieved and what they need to achieve, to build bridges and to get the traffic moving across them. The traffic could be data, it could be customers, it could be money. Whatever it is, it needs to flow across bridges built for the purpose. Not too expensive yet solid. Taking account of aesthetics as much as possible, yet not being distracted by the need for it to look unique. And the bridges must be built to transverse the real gaps and must be built in the right priority order. Many decisions need to be made.

Now is the time to remember the value of a decision. The value of the strategic decision that you made and which has led to the creation of the teams of talented people you will need is, of course, the most valuable based on a volume measure. However, as I pointed out earlier, following every great decision there are literally thousands, or even tens of thousands, of decisions that follow that will make or break the original decision. While individuals make decisions all the time, when they are part of a team the lasting decision is usually made by the team, led by the

team leader. It is in the decision making of your talented teams that the rubber hits the road. Your job is to ensure, as far as is reasonably practical, that the right decision is made in pursuit of the organisational purpose.

The normal and required response of organisations is to respond with policies, processes and systems. The secret of course is to have the right blend of directed work and self-directed work. Contrast the different experiences of two of my friends who have changed jobs recently. One left IBM and joined CSC and the other left SAP and joined IBM. These are all large global tech companies. IBM has more than 400,000 employees, while CSC and SAP both have more than 70,000.

The one who left IBM after a long and successful career worked mostly from home and spoke of the mostly clear and well-thought out policies and processes within which he operated. When he moved to CSC he had to negotiate working from home two days a week as it was not the cultural norm. Nor were CSC's policies and processes like what he had experienced at IBM.

On the other hand, my friend who left SAP commented after just a few weeks at IBM how obsessed the organisation was with process. At SAP, the focus had been on getting the organisation a return on their investment in him, that is getting him productive; at IBM it was all about ensuring he followed their processes of induction and learning.

Now one might think that because IBM has more than 400,000 employees and the others had sub 100,000 that perhaps size is what mattered. My friend and I agreed that once you

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get into the tens of thousands, it isn't a case for a need for an increased ratio of processes to staff to manage them. For IBM it was simply how they do business. Same for SAP's and CSC's approaches.

I didn't take the opportunity to explore in any scientific way the relationship between the extent of processes and the extent staff were operating under directed and self-directed work. One could observe, however, given all of these organisations are successful in their own right that it is not the number of policies, processes and systems that matter, it is how they guide decision making of staff and, in particular, team leaders. It is the extent to which staff feel they have guidance, and also autonomy. That guidance may be found within a policy or process on the company intranet, or it can be found from a colleague a few desks away.

This challenge of balancing the extent of directed and self-directed work has never been more evident to managers as now. Gen Ys and Gen Zs motivations are different to their grandparents by a wide margin. They are connected as a group and have formed into sub-groups like never before. Their collective psyche is tangible.

Over the last 14 years or so, I have watched my kids move through their school years. The positive experience they have gained at speaking with a microphone or performing in front of crowds, of exploring different media, of being told that each one of them is special and that every one of them can achieve great things is light years from my education where fear of

embarrassment is one of my strongest memories. I have heard more than one of my generation say, “I worry about them when they get into the real world, they can’t all be CEO.”

I am astonished at the resilience of the youth and young adults I associate with. Embarrassments I may have feared in social situations are like water off a duck’s back to them. Yes they have things that embarrass them; it seems parents will remain eternal sources of embarrassment, yet not anywhere near to the extent of my generation.

Are you managing Gen Ys or Gen Zs? Have you worked them out yet? Do you know what motivates them most? If you have and you don’t have a term for it, it is called “intrinsic motivation”. The inherent reward felt in achieving something. Have you ever done a 1,000-piece jigsaw puzzle? Why? Because it was a rainy day? Because you had a blackout? When you started it you may have had one or more of these reasons, however, long before you finished it the sun came out or the lights came on. But you still felt the need to finish what you had started, you enjoyed the challenge and you certainly admired the result. So guess what? It is not just Gen Ys and Gen Zs that are driven by intrinsic motivation, so too is the average person. If you are still not convinced, I recommend you read Dan Pink’s book titled *Drive* where he unpacks what motivates us and repacks it into a number of very implementable techniques.<sup>58</sup>

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<sup>58</sup> Pink, Daniel H (2010). *Drive: The Surprising Truth About What Motivates Us*. Canongate Books, Edinburgh.

I know what you are thinking. Money is a pretty strong motivator. Yes it is, and in some organisations money will be more of a motivator than others. Think banking, in particular investment banking. And for some employees money will matter more than others. However, as decades of staff culture and engagement research has shown, money is not the prime motivator for the vast majority of people. Yes their financial needs must be met. You just have to pay people fairly, making sure bonus structures are based on measures that really matter to the organisation. From there you need to move on quickly to building intrinsic motivators.

The essence of intrinsic motivation is a challenge and what your talented teams need more than anything else is a challenge they can align with. The scale of the challenge should be dependent on both what you need to achieve and the capability of your teams. For some teams you will give them a mighty challenge like President Kennedy did with NASA and the American people when he announced the Apollo mission. For others you will choose a series of increasingly difficult challenges that your teams will handle as they increase their experience and confidence. In doing so you will be building your cascading success.

### **Focused people**

It's useful here to think of elite athletes and how they succeed. Olympic gold medallist Alisa Camplin built a team around herself to help her succeed. She was extremely focused on the

task at hand. Focused people is what we want to help create our destiny and to make sure our smarter strategic decisions end up smartest. However, another word of caution.

Focus brings attentive, caring and talented minds to bear on the challenges a team is confronting. However, sometimes trying to give people focus can go too far. The greatest example of this I have witnessed is with an IT department at an insurance company that I was helping by facilitating a series of workshops with the operating divisions. Time and time again the problems with IT came up. It was obvious something was broken. The divisions had a series of challenges such as, the lack of critical functionality that required time-consuming work-arounds, the inability to get information out of a system, or the risk of a compliance breach because the IT department was likely not to make a change to a system in time to meet a change in legislation.

Because of the pressure the IT department was under, the manager had decided his people needed to remain focused and to minimise distractions. So the IT department moved to a new, secure floor in the head-office building. No one had access to that floor except for IT and a few senior managers. Not stopping there, the manager decreed that the IT help desk would be run by email, no phone calls.

What did this do for the IT team? They must have had fewer distractions and therefore could focus more on the projects at hand, however, it did much more than that. It ensured the IT department lost connection with the business. They

became a higher authority that could not be held to account. While team leaders raised problems with their management, the division managers simply toed the company line and said the IT department needed to focus to get the backlog of projects done.

The icing on the cake was that when a staff member emailed the IT help desk, the reply came back signed off, impersonally, as “IT support” . The staff member had no idea who they were dealing with and what did that lead to? Arrogant and poor customer service. The IT support staff soon worked out they were anonymous to staff and they did not feel the need to be pleasant or understanding in their replies.

By the time of my workshops, there was obvious hostility towards the IT department and things were about to unravel. In fact, they did. Being an insurance company, the business was heavily reliant on IT. Within a year, profits had turned into losses and some large contracts were at risk. Fortunately, with the issues of IT highlighted, changes were made and the company turned around its fortunes within a couple of years.

Getting the right focus for your people is the obvious goal. It starts with a clear purpose and a clearly articulated strategy and is backed up by actions that reinforce purpose and strategy. Unfortunately, when articulating a strategic decision to staff we are often too loose and meandering which leaves people thinking it's the same old strategy. Or, we go to the opposite extreme and communicate grand visions that leave people entirely unsure as to what the strategy actually is. If you are Australian you will

probably remember Kevin Rudd's grand 2020 vision, which is an example of both extremes at the same time!

In 2008, within six months of his election as prime minister, Rudd held the Australia 2020 Summit where 1,000 of "Australia's greatest minds" would come together for two days to form a strategic vision for Australia across 10 core policy areas. More than 900 ideas were generated and compiled into a report for government to consider. A year later the government adopted nine of the ideas and none of the political, economic or social pundits considered any of the nine particularly innovative, let alone revolutionary. Worse still for Rudd's government, he began to form a reputation for jumping from one hot idea to another. Stories began to emerge where he had bureaucrats work long hours and over weekends to get reports to him that he promptly sat on and on occasion never responded to. The bureaucracy was in a state of confusion. You can well imagine the disappointment of the Australian people. Rudd's popularity soon began to wane, and then plummet.

Contrast Rudd's vision with Kennedy's vision of "landing a man on the moon and returning him safely to the Earth". The best communicators of a strategic decision will clearly articulate what the end game looks like and what is in it for all stakeholders. Kennedy's vision was reinforced through the actions he took to ensure long-term funding from congress and his personal interest and support of the program.

It could be said that Rudd's 2020 strategy was much broader than Kennedy's Apollo mission. Rudd's was most definitely

broad when first conceived. He soon learnt that tackling policy initiatives on a broad front was too great an undertaking without absolute party majority at all levels of the legislature. On the other hand, Kennedy's seemingly narrow focus actually had a much broader agenda. It spoke to nation building, to combating the enemy in the Cold War and to the advancement of technology for the sake of technology and all it can bring to the world.

How do you apply a Kennedy-like common vision and focus to your organisation? First, I firmly believe a brief, clearly articulated, catchy purpose statement is incredibly valuable. It gives people that high-level goal they can aspire to.

Second, take actions that reinforce the strategy. Ensure there is a budget. Perhaps more importantly, ensure there is guidance. As we explored in the previous section, it is about having the right amount of policies, processes and systems, ensuring they are designed well and implementing them efficiently to influence individual decision making. Finding the right amount is of course the challenge. Implement too many or some of the wrong kind and you will de-motivate people. Implement too few and leave things to individual interpretation, and the variation in performance will be too broad.

Third, people learn from decision making. That is why we use case studies to teach, to help people to process information, to analyse and diagnose. And don't forget, the people in your teams that are creating your destiny are making hundreds of smaller decisions each day. Just one, or a group, can derail your

strategy a little to a lot if you are not careful. Of course, it is okay for people to make mistakes; that is all part of the process of learning from decision making. It is about getting enough of the more important decisions right up front. So your mission is to let people make decisions in pursuit of purpose and when those decisions don't result in a good outcome, help them recalibrate and refocus so they improve their decision making and create smarter strategies.

## Tracking change

As you start cascading your success, as your creative leaders start experimenting, as your talented teams start building bridges and as your focused people make more and more of their individual decisions to act or not to act, you need to be tracking change.

Earlier, when I was exploring with you the implementation deception I was highlighting the need for organisations to be able to measure and monitor their capability. I also said that there were other things to measure. However, don't measure too much; measure what matters.

Cascading success requires you to track change. To reiterate, by its nature, if you are cascading success you are literally emerging out of the success of one initiative and into another one. The more teams and more people you have cascading success around you, the more you will need measures to identify the quicksand versus the gold.

There are plenty of change monitoring methodologies, however their results are often inconclusive, not only due to

the complexities of organisations, but also because change is subtle. While a project may have ended and several new initiatives may have spawned from it, often some other subtle change has happened. Attitudes may have changed, perceptions may have shifted regarding the utility or otherwise of an asset, a team, a process or a system. The result is that the influencing of individual and team decision making has also subtly changed. Collectively the change may be for the better, which you will want to grow, or it may be for the worse and require corrective actions.

You also need to track change at the implementation stage of your strategic decision. You can do so in a sophisticated way using software, or by simply using a whiteboard and taking a photo. The objective is to capture the important pieces of change and be able to compare them over time to pick up on the major subtleties. Mimic the technique of time-lapse photography, which captures subtle changes over long periods of time, showing you the changes, where and when they happened.

I mentioned earlier that the Australian Defence Department uses an approach where they identify the fundamental inputs to capability (FICs), where capability is the ability to perform operations as required by government. Their list includes personnel, organisation (organisational design), collective training, major systems, supplies, facilities and training areas, support and command and management. They monitor these FICs across the lifecycle of their major assets. Given that the lifecycle of many of these assets runs into decades – from

concept to delivery, to operation to disposal – having a detailed understanding of their FICs and how they are changing through the project lifecycle is one way they have of identifying the subtle changes in delivery.

This concept will fit almost any implementation of a strategic decision, no matter how big. You can draw one high-level view of the landscape on your whiteboard and then draw more detailed views as you drill down for larger projects. Choose an appropriate length of time for the pace of change for your project and re-draw your landscape maps. What might you see?

Much of what you would see would be how effective your cascading success has been. Also, you would identify the impacts of changes imposed from external environments. However, one area I want you to focus in on is your equivalent to Defence’s “command and management”. This is where the key decisions are being made. Ask yourself, which decision makers have changed roles and how has this affected the outcomes for the project, now and in the future? Have decision rights changed horizontally as reporting lines have changed, or vertically as delegations have changed? Has decision making further devolved to the coal face or has it been concentrated in the higher echelons and why?

In Part V I will give you some tips on how to ensure decision making by your people, teams and leaders is optimised. You will learn to look for changes in what is motivating staff, whether they are doing the hard-smart work to clarify their options and whether or not they have fallen into the implementation-deception trap.

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There are literally thousands of decisions following your one great strategic decision. Be on top of the quality of decision making all the way through. Watch it relentlessly and it will deliver the goals you have been planning to reach.