Knowledge Review
by David K. Hurst

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Monomaniacs with a Mission

Certain individuals are born zealots. But from Hamel to Handy, gurus agree that the organization shapes their ability to lead.

Revolutionary, insurgent, heretic. The political, military, and religious metaphors suggest that zealotry has been with us since the birth of formal organizations. Indeed, the history of innovation in all kinds of organizations, from nations to businesses, is replete with stories of individuals and small groups of people who, through extreme focus, resolve, and passion, have had an impact out of all proportion to their numbers.

In his *Adventures of a Bystander*, Peter Drucker says of such individuals (and modestly doesn't include himself): "The single-minded ones, the monomaniacs, are the only true achievers. The rest, the ones like me, may have more fun; but they fritter themselves away…. Whenever anything is being accomplished, it is being done, I have learned, by a monomaniac with a mission."

In 18th-century England, the entrepreneurs who drove the first industrial revolution emerged mainly from small groups of religious dissenters such as the Quakers, Congregationalists, and Unitarians, groups that comprised less than 5 percent of the total population. However, it is

David K. Hurst
(dhurst1046@aol.com) is a speaker, consultant, and writer on management. His most recent article for *strategy+business* was "Learning from the Links: What Systems Thinking Teaches About Golf and Management" (Fourth Quarter 2000).

estimated that, at the end of that century, nearly 50 percent of the entrepreneurs were members of these nonconforming sects! The reasons for this have been debated, but it does seem that some community contexts can evoke the monomaniacal focus and obsessions that characterize business zealots.

These founders of the first industrial revolution started their own businesses; they didn't turn around existing ones. Eventually their businesses matured and usually were supplanted by other, more aggressive businesses using new technologies.

So just how feasible is zealotry — either overtly radical or merely incremental — in established organizations? What role does technology play? What about size and institutional structure? And why do some large organizations have an easier time innovating than others? Business incubators have been all the rage in Silicon Valley, but can you really stuff a mature chicken back into an incubator and produce anything other than an angry, ruffled bird?

Most writers on the topic of innovation and corporate change, especially those counseling managers in mature organizations, tend to adopt optimistic activist concepts of change and downplay the importance of context. Other observers, realistic or pessimistic, depending on your point of view, emphasize the importance of context, and some use developmental models to understand how organizations age and harden, constraining their ability to innovate. This review looks at a few of the more recent books on innovation to assess the importance of context in enhancing or inhibiting innovation.

Judging from Gary Hamel's new book, he is a flag-waving member of the you-can-do-anything-anywhere school of innovation. *Leading the Revolution* is a clarion call for the gray battalions of corporate America to rise up from their trenches and break out of the constraints of conventional management thinking.

This is, of course, not the first attempt to order this revolution. There have been many previous efforts, inspired most recently by the likes of the bloodthirsty Michael Hammer and the hyperactive Tom Peters. The names of those who ordered these large-scale offensives resonate with management scholars like the names of World War I generals in the minds of military historians. Indeed, like a general on the Western Front, Mr. Hamel promises a radical breakthrough and then opens his campaign with an extended artillery bombardment. His targets are the chief executives of failing firms, business school professors, and "big" management consultants.

During the Great War, the front-line infantry on both sides learned to loathe these preliminary shellings, especially those from their own guns! In fact, many of the poorly aimed shells fell short, creating innumerable casualties from what has come to be called friendly fire. I know how they felt. After all, Mr. Hamel is meant to be on our side, the side of outsiders, champions of nonlinear change, and fierce opponents of the rational, linear, formulate-then-implement orthodoxies of strategic management. But with support like this, who needs enemies?

Salvo after salvo of sweeping generalizations (e.g., "The age of progress is over…. Never has incumbency been worth less"), unsupported assertions ("The Internet has turned bricks and mortar into millstones"), and florid metaphors blast the managerial landscape, obliterating familiar features until little is recognizable. One moment concepts like organizational learning and benchmarking are there, and then they are gone, blown away in the indiscriminate shelling.

Eventually, the barrage slows, but only to reveal the familiar, serried ranks of yet another business school/consulting framework, an analytical attack on the well-bunkered secrets of organizational innovation. Mr. Hamel's Business Concept Innovation framework is as fine as any scheme developed by a competent, château-dwelling staff officer. Like a good staff officer, however, Mr. Hamel uses his framework not to tell the troops what to do, but to generate some excellent questions about the wisdom of the organization's current deployment.

The challenge for the line manager is how to use the scheme in any particular firm. The questions may be generic — all organizations must face them — but every answer has to be unique, reflecting the singular circumstances in which each organization finds itself.

This implementation problem is common in many fields. Studying the history of art, for example, does not teach you *how* to create great art: It just helps you appreciate *why* it's great. Your studies may heighten your perception and stoke your enthusiasm to emulate the work of the masters, but you are still a long way from producing a great work. Similarly, the analysis of strategy allows you to appreciate *why* some strategies are innovative, but it doesn't teach you *how* to create them. Those skills, like those of great artists, are synthetic, not analytical. They cannot be taught conceptually — they have to be learned through well-structured experience.

Although Business Concept Innovation comes across as a left-brained thinking activity, Mr. Hamel does appreciate the distinction between the analytical and the experiential. He bolsters his framework with a series of injunctions on how revolutionaries should behave. We are told that they have to be novelty addicts who find discontinuities and search out underappreciated trends; heretics who uncover dogmas and never stop asking "why?" and so on. There are some excellent examples of individual zealots within IBM, Sony, and Shell, and of corporate radicals including Enron, Charles Schwab, and Cisco. The mini–case studies yield insight into exciting episodes in the evolution of these companies.

The question is, of course, to what extent are these lessons transferable to other organizations? They are desirable outcomes of development processes, the dynamics of which are not well understood. Enron, Charles Schwab, and Cisco, as well as the individual rebels that Mr. Hamel describes, have each gone through a development process that is unique to them. What's needed is a more systemic, context-sensitive developmental framework for understanding how organizations in general evolve, age, and renew themselves.

If Gary Hamel is optimistic about the ability of zealots to thrive in a corporate setting, English management writer Charles Handy is skeptical. In his recent book, *The New Alchemists: How Visionary People Make Something out of Nothing*, Mr. Handy sketches the careers of 29 entrepreneurs in fields ranging from business to charity to the arts. The profiles are fascinating, both in their diversity and in their commonalities, although the settings and contexts will be unfamiliar to North Americans who have not spent any time in England.

Although Mr. Handy's sample is too small to lead to new insights into the characteristics, contexts, and catalysts that evoke personal alchemy, they do support numerous findings from other works. He suggests, for example, that these alchemists all share great dedication to their cause, a doggedness that allows them to turn negative experiences into occasions for learning, and an ability to see things differently, as if through a "third eye" from outside the box of binocular vision.

Alchemists, like leaders, are

Zealous Resources

Works mentioned in this review.

Clayton M. Christensen, *The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail* (Harvard Business School Press, 1997), 225 pages, $27.50.

Peter F. Drucker, *Adventures of a Bystander* (John Wiley & Sons, 1998), 352 pages, $27.95.

Howard E. Gardner, *Frames of Mind: The Theory of Multiple Intelligences* (Basic Books Inc., 1993), 440 pages, $18.

Gary Hamel, *Leading the Revolution* (Harvard Business School Press, 2000), 336 pages, $29.95.

Charles Handy, *The New Alchemists: How Visionary People Make Something out of Nothing* (Random House, London, 1999), 258 pages, £18.99.

David K. Hurst, *Crisis & Renewal: Meeting the Challenge of Organizational Change* (Harvard Business School Press, 1995), 229 pages, $24.95.

formed — molded by experience — rather than educated: Education is necessary but not sufficient. Researchers at the Center for Creative Leadership, for example, have found that the best catalysts for leadership development are challenging assignments, significant bosses, and hardships that cover setbacks of all kinds. Mr. Handy discovers these types of facilitators in the family and working lives of his subjects. He cites Jean-Paul Sartre's quip that the best thing a father can do for his children is to die young! Although none of his sample experienced this tragedy, early responsibility and accountability seem to have been important.

His conclusions also support the now generally accepted finding that there is little correlation between creativity and IQ. Indeed, Mr. Handy suggests that his subjects support the theories of psychologists like Howard Gardner who contend that people possess multiple intelligences. (See "Howard Gardner: The Thought Leader Interview," *s+b*, First Quarter 1999.)

In particular, alchemists (again like leaders) are often distinguished by their awareness of their own feelings and empathy for others, a capacity that's been described as emotional intelligence. Some start their ventures out of a sense of outrage at what's happened to them or to others. "My businesses grow out of my experiences, usually my bad experiences," says Richard Branson, the founder of the Virgin group of companies, and probably the British alchemist best known outside Britain. "I see something done badly, which I know that we could do better — like an airline. No one was offering their customers a decent service. I was sure that whoever did so would not only have a successful company but would also change the whole industry." Such inspiration, however, may not be enough to change established organizations. Currently Branson is struggling to transform two railroad networks in what was formerly British Rail, a business whose erratic service has long outraged its customers.

None of Mr. Handy's subjects work for a large corporation, and he suggests few would survive if they did. As a result, he doesn't consider experience in a corporate context necessary for them to succeed as alchemists. Rather, he emphasizes the zeitgeist of city communities, where alchemists seem to thrive, and their professional development, for which he uses the French word *formation*. All 29 of Mr. Handy's subjects live in London (although he thinks Berlin may be the next hot place). They are attracted to it, he writes, because "Creative people flock where creative things are happening; where mavericks congregate, irreverence thrives and disrespect for convention and authority is accepted."

Looking again at the problems mature companies have in renewing themselves, the current travails of the AT&T Corporation and the Xerox

Corporate "alchemists" are often distinguished by their awareness of their own feelings.

Corporation are only the latest reminder of how easy it is, over time, to slide down the slippery slope from corporate icon to corporate idiot. But it's not a question of the IQ of the executives — these companies have been managed by some extremely bright people with stellar track records in competent companies. Consultants educated at the best business schools have counseled them. There must be some other systemic factors at work.

The extraordinarily subtle nature of some of these factors is highlighted by Clayton Christensen in his elegant book *The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail*. He tracks the evolution of the disk drive industry to understand the trajectories of what he calls disruptive technologies. These are technologies that undermine the viability of existing firms from below by starting as small-scale innovations in nonexistent markets and then growing up into major competitors. He documents this phenomenon in disk drives but also gives other examples, such as the emergence of the steel mini-mill threatening the large, integrated steel mills. Initially the major mills were happy to cede the markets for low-grade steel such as rebar to the minis, with their scrap-fed electric furnaces. But improvement in the minis and the quality of their product has far outstripped that of the majors. With their thin-slab casters, the minis are now threatening the integrated mills' core markets.

Mr. Christensen shows how corporations, in the process of creating capabilities, cultures, and practices to perform certain tasks, systematically preclude themselves from doing other things with equal competence. Capability and disability are two sides of the same coin.

In the 1980s, for example, the makers of minicomputers, with margins of 50 percent or more, struggled to come to terms with personal computers that generated much lower returns. It just didn't fit their value system. And the distribution and logistics systems for the two businesses were quite different.

Resources, such as people and assets, may be redeployed, but business processes and values are difficult to change, largely because this is not part of their design. Thus a corporation's skills can be much more context-specific than its managers realize, and, when contexts are disrupted by technological change, what is thought to be a strength often turns out to be a weakness.

Mr. Christensen outlines the three basic ways in which corporations can respond to contexts that are disrupted: by acquiring firms that have the necessary resources, processes, and/or values; changing their own; or spinning out particular units as independent operations. Of these, the middle option is probably the toughest but, once again, context matters. Resources can be moved around more easily than processes and values. Mr. Christensen suggests, for example, that Cisco System Inc.'s acquisition program has prospered because the company was clear that it was usually acquiring resources (which could be redeployed in an integrated firm) and discarding the nascent processes and values in the young firms they were buying.

How does one make any sense of systemic corporate innovation and the role that zealots may play in it? As I suggested in my book *Crisis & Renewal: Meeting the Challenge of Organizational Change*, one of the more helpful perspectives comes from ecology. Nature doesn't depend upon forests being renewed by the large, mature trees regenerating themselves individually. Over time the big trees are removed from the system, ravaged by disease, destroyed by fire, and eaten by insects. Their elements are recycled for use in the open patches and ragged edges of the ecosystem, where small-scale organisms, Nature's zealots (a.k.a. weeds), can flourish with equal access to the sun and the rain. Weeds give way to shrubs and shrubs to trees in a never-ending succession of destruction and renewal.

To the extent that corporations can structure themselves as ecologies, perhaps by lighting their own "fires," they may be able to maintain the open patches that allow zealotry to flourish. If their boundaries can be kept fluid, zealotry may thrive in the spaces created — the organizational equivalent of the intertidal zone, that highly productive region on a beach between high and low tide.

Not every organization can do this. The monolithic technology of integrated steel mills may constrain them to live out their lives as single organisms — great trees, magnificent to behold in their heyday, but doomed to die.

But it's not just technology that's the barrier to innovation: Processes and values matter too, and sheer size is also an inhibitor. When GM built the Saturn plant in Spring Hill, Tenn., and collected its *kaizen* zealots there, it was a brave attempt to create an open patch in which innovation might thrive and develop a production system that would be useful to the rest of the organization. Saturn was a qualified success (great car, happy customers, minimal profit), but GM has struggled to transfer the lean manufacturing process developed there to its other automotive divisions. Context may trump content when it comes to transferring process innovations.

Of course, a capitalist society shouldn't really care whether GM, as we know it, survives as an institution. It may well have served its purpose, and, if it fails or breaks up, its useful elements — knowledge, energy, and materials — will be taken up and used by the whole economy. Nature doesn't mind at which level renewal takes place. It's all part of Joseph Schumpeter's gale of creative destruction: Individuals die, but the system moves on, propelled by the energies generated by their life and released in their death. If as a society we can sustain the multiple contexts and catalysts for zealots to play their essential part in the process, renewal can take place at many levels. +

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